



North Carolina Department of Health and Human Services

2001 Mail Service Center • Raleigh, North Carolina 27699-2001

Tel 919-733-4534 • Fax 919-715-4645

Michael F. Easley, Governor

Dempsey Benton, Secretary

May 20, 2008

The Honorable Beverly M. Earle, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 634, Legislative Office Building
Raleigh, NC 27603

Dear Representative Earle:

Session Law 2007-442 (House Bill 1537), "Medicaid Hardship/Estate Recovery/Data Share," directs the Department to provide expenditure, recipient and estate recovery information regarding personal care services and any recommendations for a "threshold to begin recovery from the estate of a deceased recipient of personal care services" to the NC General Assembly. It is my pleasure to present the report at this time.

Please direct all questions concerning this report to Clarence Ervin, Assistant Director for Program Integrity. He can be reached at 647-8000 or via e-mail at Clarence.Ervin@ncmail.net.

Sincerely,

A handwritten signature in black ink, appearing to read "Dempsey Benton".

Dempsey Benton

DB:ce

Enclosure

cc: Dan Stewart
William W. Lawrence, Jr., M.D.
Sharnese Ransome
Jennifer Hoffmann
Legislative Library (2)





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Michael F. Easley, Governor

Dempsey Benton, Secretary

May 20, 2008

The Honorable Bob England, M.D., Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 2219, Legislative Building
Raleigh, NC 27601

Dear Representative England:

Session Law 2007-442 (House Bill 1537), "Medicaid Hardship/Estate Recovery/Data Share," directs the Department to provide expenditure, recipient and estate recovery information regarding personal care services and any recommendations for a "threshold to begin recovery from the estate of a deceased recipient of personal care services" to the NC General Assembly. It is my pleasure to present the report at this time.

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Michael F. Easley, Governor

Dempsey Benton, Secretary

May 20, 2008

The Honorable Verla Insko, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 307-B1, Legislative Office Building
Raleigh, NC 27603

Dear Representative Insko:

Session Law 2007-442 (House Bill 1537), "Medicaid Hardship/Estate Recovery/Data Share," directs the Department to provide expenditure, recipient and estate recovery information regarding personal care services and any recommendations for a "threshold to begin recovery from the estate of a deceased recipient of personal care services" to the NC General Assembly. It is my pleasure to present the report at this time.

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Michael F. Easley, Governor

Dempsey Benton, Secretary

May 20, 2008

The Honorable William Purcell, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 625, Legislative Office Building
Raleigh, NC 27603

Dear Senator Purcell:

Session Law 2007-442 (House Bill 1537), "Medicaid Hardship/Estate Recovery/Data Share," directs the Department to provide expenditure, recipient and estate recovery information regarding personal care services and any recommendations for a "threshold to begin recovery from the estate of a deceased recipient of personal care services" to the NC General Assembly. It is my pleasure to present the report at this time.

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Sincerely,

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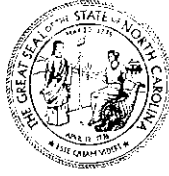
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Michael F. Easley, Governor

Dempsey Benton, Secretary

May 20, 2008

The Honorable Doug Berger, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 622, Legislative Office Building
Raleigh, NC 27603

Dear Senator Berger:

Session Law 2007-442 (House Bill 1537), "Medicaid Hardship/Estate Recovery/Data Share," directs the Department to provide expenditure, recipient and estate recovery information regarding personal care services and any recommendations for a "threshold to begin recovery from the estate of a deceased recipient of personal care services" to the NC General Assembly. It is my pleasure to present the report at this time.

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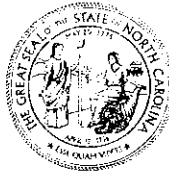
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Michael F. Easley, Governor

Dempsey Benton, Secretary

May 20, 2008

Lynn Muchmore, Director
Fiscal Research Division
Room 619, Legislative Office Building
Raleigh, NC 27601

Dear Mr. Muchmore:

Session Law 2007-442 (House Bill 1537), "Medicaid Hardship/Estate Recovery/Data Share," directs the Department to provide expenditure, recipient and estate recovery information regarding personal care services and any recommendations for a "threshold to begin recovery from the estate of a deceased recipient of personal care services" to the NC General Assembly. It is my pleasure to present the report at this time.

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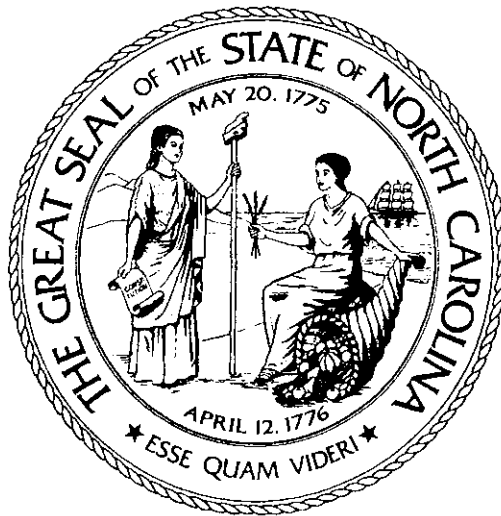
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Personal Care Services and Estate Recoveries

Report to the 2007 General Assembly



**State of North Carolina
Department of Health and Human Services
Division of Medical Assistance**

April 15, 2008



Report on Personal Care Services and Estate Recoveries

In Section 3.5 of House Bill 1537, SL 2007-442, the North Carolina General Assembly directed the Department of Health and Human Services to report on several topics concerning expenditures by the Department for personal care services and the recovery of some of these expenditures through the estate recovery process. The requirements of the report, as specified in Section 3.5 of S.L. 2007-442, are as follows:

"SECTION 3.5. The Department of Health and Human Services shall report, by April 15, 2008, to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Health and Human Services the following information:

- (1) For the previous twenty four months, the total expenditure for personal care services for each year, and the total expenditure for each setting in which personal care services were provided.
- (2) For the period beginning October 1, 2007, the total number of deceased recipients that received personal care services, the average expenditure for personal care services for those recipients, and the average value of the estate of those recipients.
- (3) For the period beginning October 1, 2007, for each estate against which recovery is sought for the provision of personal care services, the total amount of personal care services provided, and the value of the estate.
- (4) Recommendations, if any, by the Department for a threshold to begin recovery from the estate of a deceased recipient of personal care services."

Total Expenditure for Personal Care Services and the Total Expenditure for Each Setting in which PCS was Provided

The cost of personal care services has remained relatively flat from calendar years 2006 to 2007 – an overall increase of 2.6% for all age groups. In terms of dollars, this is a \$19 million increase, with the largest increases exhibited in the private living and domiciliary care environments, \$7.9 and \$11.2 million, respectively.

Table 1
Expenditures for Personal Care Services by Setting in which PCS was Provided During Calendar Years 2006 and 2007 (Includes All Ages)

<i>Setting</i>	<i>Calendar Year 2006</i>	<i>Calendar Year 2007</i>	<i>Change in Dollars</i>	<i>% Change</i>
Private Living Arrangement	\$585,394,065	\$593,250,436	\$7,856,371	1.3%
Skilled Nursing Facility	\$1,987,937	\$2,394,856	\$406,919	17.0%
Domiciliary Care	\$138,168,802	\$149,372,273	\$11,203,471	7.5%
Group Home	\$3,337,083	\$3,019,944	(\$317,139)	-10.5%
Intensive Care/Hospital	\$98,796	\$108,524	\$9,728	9.0%
State Hospital	\$3,574	\$4,909	\$1,335	27.2%
Foster Care	\$215,978	\$169,524	(\$46,454)	-27.4%
Total	\$729,206,235	\$748,320,466	\$19,114,231	2.6%

A comparison of Tables 1 and 2 confirms the fact that the major portion of the cost for personal care services is for Medicaid recipients 55 years of age and older. Seventy percent of all personal care services are rendered to these recipients. The largest increase in terms of dollars expended is in the domiciliary care environment.

Table 2
Expenditures for Personal Care Services by Setting in which PCS was Provided During Calendar Years 2006 and 2007 (Ages 55 and Older)

Setting	Calendar Year 2006	Calendar Year 2007	Change in Dollars	% Change
Private Living Arrangement	\$403,140,621	\$402,377,086	(\$763,535)	-0.2%
Skilled Nursing Facility	\$1,756,406	\$2,109,391	\$352,985	16.7%
Domiciliary Care	\$100,980,128	\$112,274,535	\$11,294,407	10.1%
Group Home	\$964,987	\$954,414	(\$10,573)	-1.1%
Intensive Care/Hospital	\$44,203	\$70,735	\$26,532	37.5%
State Hospital	\$2,576	\$3,903	\$1,327	34.0%
Total	\$506,888,921	\$517,790,064	\$10,901,143	2.1%

Total Expenditures for Personal Care Services for Medicaid Recipients Deceased During the Period January 1 through December 31, 2007 Including the Average Expenditure for Each Recipient

The Department is unable to provide the information requested in item 2 of Section 3.5, because there is no way to ascertain the value of an estate if the Division of Medical Assistance (DMA) does not seek recovery. Therefore, in lieu of the information requested, the following table presents a summary of the number of Medicaid recipients who received personal care services and died between January 1 and December 31, 2007. This table indicates total expenditures for those recipients, and the average, minimum and maximum costs to the Medicaid program.

Table 3
Expenditures for Personal Care Services for Recipients Who Died During 2007 (Includes All Ages)
Table Includes Average, Minimum and Maximum Expenditures for PCS for a Medicaid Recipient

Number of Recipients Who Received PCS and Who Died During 2007	Total Expenditures for PCS for Recipients who Died During 2007	Average Expenditure for PCS for a Recipient Who Died During 2007	Minimum Expenditure for PCS for Any Recipient Who Died During 2007	Maximum Expenditure for PCS for Any Recipient Who Died During 2007
6621	\$34,721,697	\$5,244	\$7.30	\$39,777.20

Recovery from Estates for Personal Care Services since October 1, 2007 – the Total Amount of Personal Care Services Provided and the Value of the Estate

Data concerning estate assets of deceased Medicaid recipients for personal care services (PCS) is very limited. DMA does not collect information on the estate value of

all deceased recipients. Rather DMA obtains this information only when seeking an actual recovery.

Programmatic changes to allow the accumulation of Medicaid payments for personal care services and their inclusion in the claims against the decedent's estate went into effect May 1, 2007. For the period October 2007 through January 31, 2008, recoveries from the estates of 27 recipients totaled \$359,669 of which \$6,826 represented recoveries for personal care services.

The following table presents information for cases that were closed with recoveries for the time frame of interest.

Table 4
Number of Cases Closed After October 1, 2007 and Amount Recovered

<i>Cases Closed with Recovery after October 1, 2007</i>	<i>Number of Cases (Recipients)</i>	<i>Dollars Recovered</i>
DOD SFY2007	15	\$252,721.65
DOD SFY2008	12	\$106,948.24
Total Cases	27	\$359,669.89

Only two of those cases actually included PCS on the invoice.

Table 5
Cases Closed After October 1, 2007 that Included Recovery for Personal Care Services

<i>Date of Death of Recipient</i>	<i>Invoice Amount</i>	<i>Value of Estate</i>	<i>Dollars Recovered</i>
7/2/2007	\$3,094.74	\$30,239	\$3,094.74
8/9/2007	\$3,731.14	\$441,740	\$3,731.14
Total	\$6,825.88	\$471,979	\$6,825.88

Recommendations for a Threshold to Begin Recovery from the Estate of a Deceased Recipient of Personal Care Services

The Estate Recovery program only seeks recovery against assets of estates if:

1. the Medicaid program has paid more than \$3,000 for services that as specified in § 108A 70.5, and
2. if the estate assets are greater than \$5,000.

A small survey conducted three years ago of twenty-one states revealed the following information that is presented in Tables 5 and 6.

Table 6
Number and Percentage of States* with Estate Value Thresholds Greater than, Equal to and Lower than North Carolina's Threshold

<i>Number of States Surveyed</i>	<i>Estate Value Threshold Lower than North Carolina's \$5,000</i>	<i>Estate Value Threshold Equal to North Carolina's \$5,000</i>	<i>Estate Value Threshold Greater than North Carolina's \$5,000</i>
21 (100%)	14 (67%)	3 (14%)	4 (19%)

Table 7
Number and Percentage of States with Claim Value Thresholds Greater than, Equal to and Lower than North Carolina's Threshold

<i>Number of States Surveyed</i>	<i>Claim Value Threshold Lower than North Carolina's \$3,000</i>	<i>Claim Value Threshold Equal to North Carolina's \$3,000</i>	<i>Claim Value Threshold Greater than North Carolina's \$3,000</i>
13 (100%)	13 (100%)	0 (0%)	0 (0%)

The Department recommends that the claim and estate value thresholds be maintained at these levels for personal care services.

*Survey included the following states: Alaska, California, Connecticut, Delaware, District of Columbia, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Nevada, Pennsylvania, Rhode Island, South Carolina, Utah, Vermont, Virginia, West Virginia, Wisconsin, and Wyoming

Glossary:

Skilled Nursing Facility – institutional level of care

Domiciliary Care – residential care for an aged or disabled person with the shelter or personal care that an aged or individual with a disability requires

Group Home – homes for individuals needing behavioral or mental retardation levels of care

State Hospital – institutions for individuals with mental disorders (IMD)

