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To: New Jersey Wealth Disparity Task Force
Re: Listening Session: Health Working Group
Date: August 30, 2022

Thank you for this opportunity to address where, in the context of health policy, the State of New Jersey can take steps to mitigate wealth disparity.

I would like to start by highlighting several places where the State of New Jersey is already a leader in addressing health care affordability and ameliorating the wealth disparity exacerbated by high health care costs and unequal access to care. For example, the state has taken advantage of several opportunities under the Affordable Care Act (ACA) to expand access to affordable health care coverage¹. First, the state expanded Medicaid, which has provided access to stable and affordable health coverage for almost 700,000 New Jerseyans. Additionally, in the last year, the state has expanded Medicaid coverage to 12 months postpartum for women. Second, the state created a state-based marketplace, Get Covered NJ, and also created an additional subsidy program to enhance affordability for those buying health insurance on the marketplace. And finally, the state is a leader in addressing the cost of health care, with the creation of the Office of Health Care Affordability and Transparency and the Health Care Affordability, Responsibility and Transparency (HART) Program's targets to slow the unsustainable rate of growth of health care costs.

I would like to draw your attention to a feature of the Medicaid program that does not garner significant attention but which is an example of how health policy can affect wealth disparity, and that is Medicaid estate recovery policy. Indeed, Medicaid estate recovery has both wealth disparity and health equity implications.

Medicaid Estate Recovery: Background

As you may know, Federal law requires that states recover from the estates of deceased elderly Medicaid enrollees, those who have disabilities, and adults in the new adult group age 55 and older, the costs of long-term services and supports (LTSS) and related services provided to them.

[State Health and Value Strategies](#) (SHVS), the Robert Wood Johnson Foundation-funded program that I direct out of the Princeton School of Public and International Affairs, published a toolkit to assist state officials in evaluating their current estate recovery policies and

¹ For more information on the ACA's impact on income inequality, see Matthew Buettgens, Fredric Blavin and Clare Pan, "[The Affordable Care Act Reduced Income Inequality in the US](#)," *Health Affairs*, Vol 40, No. 1, January 2021.

understanding where they may have flexibility to make the policies less burdensome for affected low-income families. I would like to enter the toolkit, authored by Anne Karl and Luis Bourgeois at Manatt Health, into the record: [*Making Medicaid Estate Recovery Policies More Equitable: State Toolkit*](#).

Medicaid pays for many long-term care expenses in the U.S. because long-term care is expensive, Medicare does not generally cover LTSS, and relatively few individuals have private insurance coverage for long-term care due to its unaffordability. Older adults with few financial resources are more likely to have severe LTSS needs, which concentrates the burden of Medicaid estate recovery on this population.

While estate recovery is intended to recoup funds to support the Medicaid program and ensure that enrollees and their families who are able to pay for LTSS do so, the burden falls disproportionately on families of color and exacerbates existing inequities in the distribution of wealth tied to the historical and contemporary realities of structural discrimination and racism.

Medicaid Estate Recovery in NJ

The Federal government has set minimum requirements for Medicaid estate recovery, but states have considerable flexibility in implementing their programs. There are opportunities for the state to improve its policies regarding Medicaid estate recovery to reduce the burden on the estates of former enrollees and their families and address the wealth disparities perpetuated by estate recovery.

I want to note that while New Jersey is pursuing several of these strategies, it is not implementing the full set of policies that states have the discretion to enact; if implemented, the state would start from a place of less punitive action while also promoting health equity and reducing wealth disparity.

For example, according to the Medicaid and CHIP Payment and Access Commission's [*Medicaid Estate Recovery: Improving Policy and Promoting Equity*](#), there are several existing policies in New Jersey that could be eliminated to reduce the wealth disparities perpetuated by Medicaid estate recovery:

- Placing liens on real property for benefits that were incorrectly paid
- Imposing post-death liens
- Recovering for non-mandatory services for individuals over 55
- Not including income producing asset in hardship criteria

I recommend that the state also complete the Questionnaire included in the SHVS *Making Medicaid Estate Recovery Policies More Equitable: State Toolkit* (see page 6) to identify whether there are other opportunities for New Jersey to reduce the burden on families of color in the state in the design of its Medicaid Estate Recovery program.

Thank you for your consideration.