

Sen. Larson, Rep. Brostoff: Introduce bill to repeal punitive “death tax” on poor Wisconsinites

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MILWAUKEE, WI – On Wednesday, November 10th at 10:30am, Senator Chris Larson and elder advocates hosted a virtual press conference on LRB 4675, the “Fairer Inheritance Act,” which seeks to repeal a harmful and unnecessary “death tax” on the estates of poor Wisconsinites.

Appearing with Sen. Larson at the press event were Janet Zander, MPA, CSW, who serves as Advocacy and Public Policy Coordinator at the Greater Wisconsin Agency on Aging Resources, Inc., and Paul Sturgul, elder law attorney with significant experience in estate recovery cases.

The bill would reverse changes made in 2014 to Wisconsin’s Medicaid Estate Recovery Program (MERP), which attempts to recover the cost of care for those participating in Medicaid-funded long-term care (LTC) programs after the recipient’s death. Federal law requires states to attempt recovery of the full cost of care from the recipient’s probate estate. Wisconsin joins a minority of states in going several steps further, including non-probate assets such as life insurance policies, joint property, spousal estates, home liens, and property held in trust to assets subject to recovery.

The MERP program is the only federal welfare program that attempts repayment of lawfully provided benefits from its recipients. Despite LTC services costing approximately 50% of the state’s Medicaid budget, MERP recovers an average of

just 0.55% of the overall cost of care.

Three-quarters of Medicaid recipients have less than \$48,500 in assets at the time of their death. In a time of record budget surplus and record rainy day fund balance in Wisconsin, there is no reason to go after poor families to recover such a small amount, which would mean far more to the families left behind than state or federal coffers.

In the long term, the entire MERP program should be repealed. For now, the least we can do is avoid the unnecessary cruelty of collecting more from poor Wisconsinites after they die than we are required to by federal law.