
OLR Bill Analysis

HB 5226

AN ACT LIMITING STATE RECOVERY OF PUBLIC ASSISTANCE PAYMENTS.

SUMMARY

This bill generally limits the state's claim to recover certain types of public assistance from liable parents of beneficiaries to amounts federal law requires the state to recover.

Under current law, when children receive or have received cash assistance benefits under Aid to Families with Dependent Children (AFDC), Temporary Family Assistance (TFA, which replaced AFDC), or State-Administered General Assistance (SAGA), their parents are generally liable to the state for the full amount of aid paid to or on behalf of either parent, their spouses, and dependent children. Under the bill, parents are only liable for amounts federal law requires the state to recover. The bill makes conforming changes to the state's claim and ability to recover assistance (1) when parents receive windfalls through lawsuit proceeds or inheritances and (2) through annuity contracts when a beneficiary dies. Existing law, unchanged by the bill, also gives the state a claim for any child support these parents owe or any child support arrearage.

Beginning July 1, 2022, the bill prohibits the state from recovering cash and medical assistance from a lien filed on any property or property interest, including windfalls, unless the state is required to recover such assistance under federal law or for child support payments. The bill also requires the state to release any lien on real property or any claim previously filed to recover public assistance that is not required under the bill.

More broadly, when a beneficiary of aid under the State Supplement Program, Medicaid, AFDC, TFA, or SAGA acquires property or interest

in property, current law gives the state a claim for the amount of assistance paid that the state is required to recover under federal law. The bill clarifies that the state's claim is only to the extent that federal law requires the state to recover the amount. The bill makes conforming changes in provisions on recovery of lawsuit proceeds and inheritances, estate recovery, and annuities.

EFFECTIVE DATE: July 1, 2022

WINDFALLS

Under current law, when a liable parent of an AFDC, TFA, or SAGA beneficiary receives a windfall from a lawsuit or inheritance, and the windfall is not subject to recovery under federal law, the state's claim for both public assistance recoveries and child support payments is capped at (1) 50% of the lawsuit proceeds or inheritance received by the parent or (2) the amount the parent owes, whichever is less. The bill limits this provision to only apply to the state's claim for child support payments.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 19 Nay 1 (03/08/2022)