

December 17, 2025

THIS LETTER SENT VIA EMAIL

Ms. Courtney Miller, Director
Division of Program Operations
Medicaid and CHIP Operations Group
Centers for Medicare & Medicaid Services
601 East 12th Street, Room 355
Kansas City, MO 64106

STATE PLAN AMENDMENT 25-0039: TEFRA OPT OUT

Dear Ms. Miller:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 25-0039 for your review and approval. This SPA proposes to opt out of imposing pre-death liens under the Tax Equity and Fiscal Responsibility Act (TEFRA). DHCS seeks an effective date of January 1, 2026, for this SPA.

Since the passage of TEFRA, states have had the option to utilize TEFRA liens. Since 1994, California elected to include TEFRA liens in the Medicaid State Plan at Section 4.17, p.53 (Liens and Adjustments or Recoveries).

The State Medicaid Manual, Section 3810, subsection F, states: "You are not required to use TEFRA liens in §1917(a) of the Act. Section 13612 of OBRA 1993 did not mandate the use of TEFRA liens. The TEFRA liens allow you to place liens on certain types of property and recover specific types of payments as described in subsection F.1. and F.2."

Accordingly, this SPA proposes to update the State Plan, Section 4.17, page 53 to unselect and opt out of pre-death TEFRA liens.

A Public Notice regarding SPA 25-0039 was published on December 4, 2025.

DHCS has determined that a Tribal notice is not necessary for this proposal because it does not impact standards for setting payment rates for Indian Health Programs and Urban Indian Organizations.

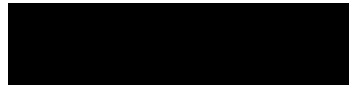
Ms. Miller
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Included in this submission are the following documents:

- CMS 179 Form
- Public Notice
- Revised State Plan, Section 4.17, p.53 (redline and clean versions)

If you have any questions or need additional information, please contact Oksana Hill, Chief, Third Party Liability and Recovery Division, at (916) 938-4226 or by email at Oksana.Hill@DHCS.ca.gov.

Sincerely,



Tyler Sadwith
State Medicaid Director
Chief Deputy Director, Health Care Programs
California Department of Health Care Services

Enclosures

cc: Lindy Harrington
Assistant State Medicaid Director
Director's Office
Department of Health Care Services
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Oksana Hill, Chief
Third Party Liability and Recovery Division
Department of Health Care Services
Oksana.Hill@DHCS.ca.gov

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 5 — 0 0 3 9

2. STATE

CA3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR

CENTERS FOR MEDICAID & CHIP SERVICES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 433.36(c), 1902 (a)(18), and 1917(a) and (b) of the Act /California Code of
Regulations (CCR) 50428(a)(1)(A)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 25-26\$ 0b. FFY 26-27\$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Section 4.17, page 53

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Section 4.17, page 53

9. SUBJECT OF AMENDMENT

To opt out of imposing pre-death liens under the Tax Equity and Fiscal Responsibility Act (TEFRA).

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED:

Please note: The Governor's Office does not wish to review
the State Plan Amendment.

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Tyler Sadwith

13. TITLE

State Medicaid Director and Chief Deputy Director

14. DATE SUBMITTED

December 17, 2025

15. RETURN TO

Department of Health Care Services

Attn: Director's Office

P.O. Box 997413, MS 0000

Sacramento, CA 95899-7413

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

Revision: HCFA-PM-95-3 (MB)
May 1995

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State/Territory: California

4.17 Liens and Adjustments or Recoveries

Citation

42 CFR 433.36 (c)
1902 (a) (18) and
1917 (a) and (b) of the Act

(a) Liens

- ☐ The State imposes liens against an individual's real property on account of medical assistance paid or to be paid.
 - ☐ The State complies with requirements of section 1917 (a) of the act and regulations at 42 CFR 433.36 (c) – (g) with respect to any lien imposed against the property of any individual prior to his death on account of medical assistance paid or to be paid on his or her behalf
 - ☒ The State imposes liens on real property on account of benefits incorrectly paid.
 - ☐ The State imposes TEFRA liens 1917 (a) (i) (B) on real property of an individual who is an inpatient of a nursing facility, ICF/MR, or other medical institutions, where the individual is required to contribute toward the cost of institutional care all but a minimal amount of income for personal needs.
- The procedures by the State for determining that an institutionalized individual cannot reasonably be expected to be discharged are specified in Attachment 4.17-A (NOTE: If the State indicates in its State plan that it is imposing TEFRA liens, then the State is required to determine whether an institutionalized individual is permanently institutionalized and afford these individuals notice, hearing procedures, and due process requirements.)
- ☒ The State imposes liens on both real and personal property of an individual after the individual's death.