

CALIFORNIA'S MASTER PLAN FOR AGING

Make Medi-Cal More Accessible and Affordable

California has committed to developing a [Master Plan for Aging](#) in order to meet the needs of older adults today and for generations to come. The state has outlined four broad goals that the plan should accomplish: Every Californian should be able to 1) continue living in our communities and have the help we need to do so; 2) live in and be engaged in age-friendly communities; 3) maintain our health and well-being as we age; and 4) have economic security and be able to live in safe environments throughout our lives.

Advocates and service providers have broadly supported the state's efforts to develop the Master Plan, developing [principles](#) and [priorities](#) to guide the planning process. This issue brief focuses on the specific topic of health care affordability and Medi-Cal eligibility.

The Master Plan offers an opportunity to make health care more affordable for older adults and people with disabilities by improving access to the Medi-Cal program. Medi-Cal provides health insurance coverage to over 1.2 million low-income older adults in California and is critical to ensuring that older adults have access to the services that help them remain living in their homes and communities. Yet, Medi-Cal is not accessible to all low-income individuals, and the program's eligibility rules force seniors to live in deep poverty in order to receive services—this is particularly true for older women, immigrants, and populations of color who are more likely to rely on Medi-Cal.

Below we outline eight recommendations to make the Medi-Cal program more affordable, accessible, and equitable for older adults and people with disabilities.

1. EXPAND MEDI-CAL COVERAGE TO UNDOCUMENTED OLDER ADULTS

Undocumented adults in California are aging. Currently, ten percent are estimated to be over the age of 55. Because undocumented older adults have typically lacked access to health care coverage throughout their lives, when they seek treatment it is through costly emergency room visits or when their conditions have become serious. Ensuring that undocumented seniors and people with disabilities can count on routine and preventive medical care is vital to their well-being and long-term health.¹

California should continue its successful efforts to get to universal health care coverage by becoming the first state in the nation to remove immigration status as a barrier to full-scope Medi-Cal for all income-eligible undocumented adults, including those aged 65 and over.

¹ Broadus and Aron-Dine, Medicaid Expansion Has Saved at Least 19,000 Lives, New Research Finds, Nov. 6, 2019, available at <https://www.cbpp.org/research/health/medicaid-expansion-has-saved-at-least-19000-lives-new-research-finds>.

2. INCREASE THE MEDI-CAL AGED & DISABLED ASSET LIMIT

Medi-Cal's outdated asset test forces seniors and people with disabilities into deep poverty, disproportionately impacting seniors of color. Most older adults and people with disabilities enrolled in the Medi-Cal program are restricted to \$2,000 in a bank account and a couple to \$3,000. These limits have not changed since 1989. The current asset limit prevents people from having adequate resources to weather a crisis, such as an eviction, a leaking roof, or a vehicle repair. Forcing older adults and people with disabilities into poverty puts them at risk of foregoing needed services and homelessness.

Furthermore, the current asset test contains exemptions that aren't even updated in the regulations so many applicants don't know what they can exclude. The largest exemption, the home, advantages white applicants, who have higher rates of homeownership due to decades of discrimination in banking and housing. Increasing the asset limit will ensure more people of color have access to Medi-Cal.

California should increase the asset limits for most Medi-Cal programs to \$10,000 for an individual and \$15,000 for a couple, with annual indexing, and expand and simplify the list of excluded assets. Raising the Medi-Cal asset limit as many states have done, and simplifying asset counting rules will significantly increase the financial stability of seniors and people with disabilities.

3. ELIMINATE ASSET LIMITS FOR MEDICARE SAVINGS PROGRAMS

For many low-income older adults and people with disabilities, Medicare is not affordable without help from a Medicare Savings Program. For those in a Medicare Savings Program, Medi-Cal pays all or part of their Medicare premiums, deductibles, and co-pays. These critically important programs reach over 43,000 people with Medicare in California, who are too poor to be able to afford Medicare but do not qualify for other Medicaid programs. Currently, the asset limits are \$7,730 for individuals and \$11,600 for couples.

To increase the number of seniors and people with disabilities who can access Medicare Savings Programs, California should eliminate the asset test entirely. Over one third of California's seniors live above poverty and therefore are ineligible for public benefits, but are too poor to afford their most basic needs.² Eliminating the asset test will increase the affordability of Medicare and help improve the economic security of Californians who don't qualify for full-scope Medi-Cal programs.

4. INCREASE THE MONTHLY MEDI-CAL MAINTENANCE NEED INCOME LEVEL

When a senior or a person with a disability has even a small increase in their income it can negatively affect their Medi-Cal by making them pay a high share of cost. A share of cost is the difference between a beneficiary's countable income and the Maintenance Need Income Level, which is a fixed monthly amount that is supposed to be sufficient to cover basic living expenses, such as rent, food, and utilities. In California, the monthly Maintenance Need Income Level is \$600 for an individual and has not changed since 1989. Any income a person earns over \$600 in a month becomes that individual's share of cost. So, for example, a senior or person with a disability with a monthly income of \$1,300 would have to pay \$700 for their health care before Medi-Cal begins paying for services, leaving them with just \$600 a month to live on.

² Mutchler, Jan; Li, Yang; and Velasco Roldán, Nidya, "Living Below the Line: Economic Insecurity and Older Americans, Insecurity in the States 2019" (2019). Center for Social and Demographic Research on Aging Publications. 40 available at <https://scholarworks.umb.edu/cgi/viewcontent.cgi?article=1039&context=demographyofaging>.

California should increase and annually index the monthly Maintenance Need Income Level to ensure that the Medi-Cal share of cost is affordable for low-income older adults and people with disabilities. Six hundred dollars is not enough to cover the necessities of life in California, thus it forces seniors to choose between food and rent or health care.

5. MAKE SPOUSAL IMPOVERISHMENT PROTECTIONS FOR HCBS PERMANENT

Married seniors and adults with disabilities overwhelmingly want to live at home and age in place. To make this happen, Medi-Cal rules have to prioritize home and community-based services which allow people to stay in their homes and in their communities. Congress helped these efforts by expanding a Medicaid eligibility rule, known as the spousal impoverishment protection, to individuals eligible for home and community-based programs. The protection makes it possible for an individual who needs a nursing home level of care to qualify for Medi-Cal while allowing their spouse to retain a modest amount of income and resources. While this protection is permanent for a spouse in a nursing facility, the expansion of the spousal impoverishment protection to home and community-based services is set to expire on December 31, 2019, unless Congress acts.

To ensure Californians do not lose access to this important eligibility rules, California should make the spousal impoverishment protection permanent.

6. INCREASE NURSING HOME PERSONAL NEEDS AND HOME UPKEEP ALLOWANCES

People on Medi-Cal who live in a nursing facility are only allowed to keep \$35 of their income per month, an amount that has not changed since 1985. The rest of their income must be paid to the nursing facility for their care. This is too little to pay for things a resident might need that are not provided by the facility, like clothes and personal care items. California should increase the personal needs allowance to at least \$80 per month.

Additionally, individuals on Medi-Cal who must temporarily live in a facility are at risk of losing their home because their Medi-Cal share of cost does not leave them with sufficient funds to pay their mortgage or rent. The Home Upkeep Allowance was created to help solve this problem by allowing a person to keep some of their income to maintain their home while they were temporarily in a facility. Currently, the Home Upkeep Allowance is only \$209 per month, too low to actually ensure anyone can pay their rent or mortgage while in a nursing home. California should increase the home upkeep allowance to at least \$1,000 per month to ensure people have a home to return to after a short nursing facility stay and also revise the rules to allow people who may not yet have a home begin saving so they are not released to the streets.

7. SIMPLIFY MEDI-CAL RENEWAL PROCESS FOR MEDI-CAL AGED & DISABLED AND ENROLLMENT IN MEDICARE SAVINGS PROGRAMS

When the Affordable Care Act was implemented in California, the application and renewal processes for Medi-Cal were simplified. One key simplification was the statutory requirement to use pre-populated

renewal forms and notices. When a county eligibility worker checks available eligibility information, such as federal and state databases and other information in an individual's case file, the worker sends a renewal notice to those individuals who appear to remain eligible with the information used to make the determination. To those for whom more information is needed, a prepopulated renewal form is sent with all of the available information filled in.

Unfortunately, this system was only implemented for populations using the Affordable Care Act income counting rules known as "Modified Adjusted Gross Income." Most seniors are excluded from this system and still use the old Medi-Cal rules. However, they too would benefit from pre-populated renewal forms, particularly those on fixed incomes whose circumstances rarely change. Further, since most seniors are still subject to the asset test, California should implement self-certification of assets, particularly at renewal.

California should also ensure all counties are properly screening Medi-Cal beneficiaries for eligibility and enrollment in Medicare Savings Programs (MSPs). Today, only 67 percent of those eligible in California are enrolled. An additional barrier to enrollment in MSPs is the fact that California has not entered into a Part A buy-in agreement with Social Security. A buy-in agreement would make it easier for people without free Part A to enroll in an MSP. It would prevent gaps and delays in Medicare coverage by allowing these individuals to enroll in Medicare throughout the year without being limited to a standard enrollment period. This is particularly important for women and immigrants who are less likely to qualify for free Part A in Medicare. California is one of only 13 states that still have not entered into a Part A buy-in agreement. This change, which would also streamline state program administration, is long overdue.

8. INDEX ALL MEDI-CAL ELIGIBILITY CHANGES RECOMMENDED ABOVE

Many of the problems described above were created because California set a fixed dollar amount as part of its Medi-Cal eligibility rules and never indexed the dollar amount to increase over time. Because of inflation, fixed dollar amounts lose ground over time and are not worth as much as when they were originally set. This means that simply raising the dollar amounts again will ensure that this problem will persist. Instead, California should ensure that when improvements involving dollar amounts are made, whether that be an income or asset limit, those improvements should contain a mechanism for indexing increases over time.

CONCLUSION

These improvements to the Medi-Cal program will ensure older Californians and those with disabilities have access to affordable health care, and will directly improve their economic security by allowing them to retain more money. Californians should not have to live in deep poverty in order to access the benefits of Medi-Cal. These changes will help ensure older adults and people with disabilities can age in dignity.