

## Share of Cost Reform Fact Sheet

### Increase Maintenance Need Income Level

### *Make the Medi-Cal Share-of-Cost Program Affordable*

#### **Problem:**

The Medi-Cal share of cost program imposes an unfair financial burden on older adults and people with disabilities, effectively trapping them in extreme poverty. Under current law, a person earning \$1,732 per month qualifies for free Medi-Cal. However, someone with \$1733 in income is forced to live on \$600 per month and pay a \$1133 share of cost to access Medi-Cal benefits. Even though they may have similar health care needs, the \$1 income difference creates a \$1133 difference in the amount that each must spend on health care thanks to the “share of cost cliff”.

This cliff forces older adults and people with disabilities to choose between paying their non-medical bills, such as rent, or health care.

#### **Background:**

Under California’s “medically needy” program, persons 65 and older or who are disabled, and low-income families over income for free Medi-Cal can obtain Medi-Cal coverage in a given month by paying a “share of cost”. A share of cost is similar to a private health insurance deductible but the share of cost occurs monthly.

A person’s share of cost is calculated by subtracting a \$600 “maintenance need income level” from their monthly income. \$600 is the budget allocation for a person to pay for basic needs, such as food, housing, and clothing each month.

For example, a person with \$1800 per month has a share of cost of \$1200, which is their income minus the \$600 maintenance need income level. They must pay \$1200 each month in health care expenses to activate Medi-Cal coverage for that month.

The \$600 maintenance need income level has not been updated since 1989, despite the significant increase in the cost of living over the past three

decades. It is impossible for a person to meet their basic needs, pay for housing and food, with \$600 a month. In 2024, \$600 is just 48% of FPL.

#### **Solution:**

To create equitable access to Medi-Cal, it is essential to align the share of cost criteria with the same standard used for free Medi-Cal eligibility—138% FPL. Currently, persons just over the income limit for free Medi-Cal face a significant financial burden due to the steep share of cost requirement. For example, increasing the maintenance need income level to 138% FPL would reduce the share of cost for someone earning \$1,800 a month to just \$68.

This adjustment would help more people afford necessary long-term services and supports, like In Home Supportive Services, that are otherwise inaccessible. People eligible for the Share of Cost program have the same health care needs and are demographically the same as the free Medi-Cal population, but have no way to pay for their care. If more Californians could afford in-home care with a lower share of cost, they could stay in their homes and community, instead of more costly nursing facilities.

We cannot force Californians to live in poverty by limiting their income to \$600 a month just to access Medi-Cal. We can create a more equitable system and help older or disabled Californians pay for necessities like food and shelter while still qualifying for Medi-Cal. Additionally, fewer struggling Californians would go without needed care when faced with a high share of cost.

#### **Contact:**

Linda Nguy, Associate Director of Policy Advocacy, 916.282.5117, [lnguy@wclp.org](mailto:lnguy@wclp.org)

Yasmin Peled, Director of California Government Affairs, 510.334.9686, [ypeled@justiceinaging.org](mailto:ypeled@justiceinaging.org)