

Increase Maintenance Need Income Levels

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

Problem:

Under current law, a disabled person, or person over the age of 65, with monthly countable income of \$1481 is eligible for free Medi-Cal, whereas another person with \$1482 in income must pay a \$881 “share of cost” before they can receive coverage. The \$1 difference in income between these two individuals creates a vast difference in the amount they must spend on healthcare thanks to the “share of cost cliff”.

The share of cost cliff forces older Californians and Californians with disabilities to choose between paying their non-medical bills, such as rent, and obtaining health insurance coverage.

Background:

Under California’s “medically needy” program, persons 65 and older or who are disabled, and low-income families with income over the Medi-Cal limits for free care can obtain Medi-Cal coverage in a given month by paying a “share of cost”. Share of cost is somewhat analogous to a deductible for private health insurance, but a deductible that has to be met on a *monthly* basis: Medi-Cal will cover an individual’s medical care only after they have met their share of cost for that month.

An individual’s share of cost is a set amount calculated by subtracting the “maintenance need income level” from their monthly income. For example, an individual who makes \$1500 per month would have a share of cost of \$900, which is their income minus the \$600 maintenance need level. They would need to pay \$900 out of pocket before they could receive Medi-Cal coverage that month.

The maintenance need income level is defined as an amount of money that a medically needy person should reasonably be expected to need to pay their non-medical living expenses, such as

food, housing, and clothing. This \$600 amount has not been updated since 1989, despite the fact that the cost of living has increased greatly in the past three decades. Considering that \$600 is just 55% of federal poverty level for 2021, it is impossible for an individual to meet their basic needs using only \$600 a month—especially in California’s high-cost areas.

Increasing California’s maintenance need income level to 138 percent of the federal poverty level, the current income cutoff for free Medi-Cal coverage, would eliminate this cliff. For example, an individual who makes \$1500 would have a share of cost of \$18—a more appropriate cost to obtain Medi-Cal coverage for individuals who have incomes just over the limit for free coverage.

Moreover, increasing the maintenance need income level would allow Californians who are older or disabled to keep more money to pay for necessities like food, clothes, and shelter while still qualifying for Medi-Cal. Just as importantly, fewer struggling Californians would go without needed medical care, as they do now, when faced with a high share of cost. Finally, fewer Californians would risk institutionalization if they were able to afford in-home care with a lower share of cost.

Solution:

This bill would:

- Increase the maintenance need levels to 138% of the federal poverty level.