Medi-Cal Asset Elimination: What Advocates Need to Know

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Justice in Aging is a national organization that uses the power of law to fight senior poverty by securing access to affordable health care, economic security, and the courts for older adults with limited resources.

Since 1972 we’ve focused our efforts primarily on fighting for people who have been marginalized and excluded from justice, such as women, people of color, LGBTQ individuals, and people with limited English proficiency.
Through the lens of economic and racial justice, Western Center on Law & Poverty fights in courts, cities, counties, and in the Capitol to secure housing, health care and a strong safety net for Californians with low incomes.

Many systems keep people in poverty – from institutionalized racism to unjust and unequal economic structures. We address those factors in every aspect of our work, and call out the ways they oppress people experiencing poverty.
Housekeeping

• All on mute. Use questions function for substantive questions and for technical concerns.

• Problems with getting onto the webinar? Send an e-mail to trainings@justiceinaging.org.

• Find materials and past trainings by searching the Resource Library, justiceinaging.org/resource-library. A recording will be posted to Justice in Aging’s Vimeo page at the conclusion of the presentation, vimeo.com/justiceinaging.

• Enable closed captioning by selecting “CC” from the zoom control panel.
Agenda

• Assets & Medi-Cal today
• Asset limit elimination in January 2024
• Related Medi-Cal rules in January 2024
• Frequently asked questions
• Your questions & answers
History of Medi-Cal & Assets

• Before July 2022, Medi-Cal’s asset (property) limits were $2,000 (single person) and $3,000 (couple)

• Limits applied only to non-MAGI Medi-Cal (people 65+ and with disabilities)

• In July 2022, the limits increased to $130,000 (single person) plus $65,000 for each additional person

• Countable assets include: cash, bank accounts, investments, second house, second car, and more

(Details in ACWDL 21-31)
Medi-Cal Renewals Today (1 of 2)

• Medi-Cal renewals resumed after 3 year pause – the “unwinding”
  • Negative actions and terminations paused during pandemic

• Renewals due between June 2023 and May 2024

• Respond to all requests from county
  • Mail, online, phone & in person
Medi-Cal Renewals Today (2 of 2)

• No asset limits during renewals!

• No need to report or prove assets!

• Details in MEDIL 23-19
Example (1 of 2)

Renato’s renewal is due in December 2023. Before COVID, he kept his bank account below $2,000. Since then, he inherited $150,000 that he keeps in a savings account.

What should happen when Renato renews?
Example (2 of 2)

What should happen when Renato renews?

- Leave asset/property sections blank
- If assets reported, county cannot take negative action based on that info
Asset Limits for Applications

• Remember - asset limits still apply for new Medi-Cal applications:
  • $130,000/single person
  • $195,000/couple
  • $65,000 additional household member

• **TIP:** Submit your Medi-Cal application today, and get approved for Medi-Cal starting January 2024 *without any asset limits!*
Example (1 of 2)

Rebeca applies for non-MAGI Medi-Cal in November 2023. She reports $175,000 in countable assets. The county denies her Medi-Cal application.

What should Rebeca do?
Example (2 of 2)

What should Rebeca do?

- Apply for Medi-Cal in December 2023
- No asset limit will be applied for eligibility starting January 2024
Goodbye, Asset Limits!

- January 1, 2024 - asset limits are gone!
  - Like other Medi-Cal programs, financial eligibility is based on income only
- Medi-Cal’s income-counting rules remain the same

(Details in ACWDL 22-25)
Impacted Non-MAGI Groups

- Aged, Blind, Disabled Federal Poverty Level & Medically Needy
- Share of Cost Medi-Cal
- Long Term Care
- 250% Working Disabled Program
- Medicare Savings Programs (QMB, SLMB, QI, QWDI)
- Multipurpose Senior Services Program (MSSP)
- Medically Indigent
- Supplemental Security Income (SSI) Deemed Groups
  - Pickle, Disabled Adult Child, Disabled Adult Widower
- All other non-MAGI programs (full list in ACWDL 22-25)
Example

Rebeca has worked all of her life and has saved about $250,000 in her savings account. When she retires in March 2024 at age 67, she plans to apply for Medi-Cal.

Medi-Cal cannot count her savings account.
When Assets Still Matter (1 of 4)

• Remember - Medi-Cal’s income-counting rules have not changed

• When assets generate interest, dividends and income ...
  
  • Only the interest, dividends, and income are countable as income!

• The underlying asset value is not counted

(Details: ACWDL 23-21 & 23-20)
When Assets Still Matter (2 of 4)

• **Interest & dividends:**
  • The account balance does **not count** as an asset
  • Income received counts depending on the **type of account**

(Details: ACWDL 23-21)
When Assets Still Matter (3 of 4)

• **Annuities:**
  - The balance does **not count** as an asset
  - Only **payments received** count as unearned income

• **Retirement plans:**
  - The balance does **not count** as an asset
  - Only **distributions received** count as unearned income

(Details: ACWDL 23-20)
When Assets Still Matter (4 of 4)

• **Rental property:**
  - The property does **not count** as an asset
  - Only **net income received** counts as income

• **TIP:** You can prove all income received from assets in a **sworn statement**

  (Details: [ACWDL 23-20](#))
Example (1 of 2)

Renato applies for Medi-Cal and has a $250,000 Individual Retirement Account (IRA) and receives monthly distributions from his State Annuity for Certain Veterans.

What counts as income or assets?
Example (2 of 2)

- Renato’s $250,000 IRA does not count as an asset
- But his monthly IRA distributions count as unearned income
- His State Annuity distributions do not count as income
Trusts

- In general:
  - Trust payments directly to Medi-Cal beneficiaries count as **unearned income**
  - Trust principal (balances) **do not** count as assets
  - You can prove your trust income by **sworn statement**

(Details: ACWDL 23-22E)
Long-Term Care Transfer of Assets (1 of 2)

- Transfer penalties apply only to transfers or gifts of non-exempt assets by a person on Medi-Cal who enters long-term care.

- Penalties depend on when a transfer was made:
  - Transfer on or after January 1, 2024 - no penalty
  - Transfer before January 1, 2024 - penalties can apply

- The lookback period can only extend back to July 2021 through December 2023, but it could be much shorter.
Long-Term Care Transfer of Assets (2 of 2)

- **Example:** Rebeca applies for LTC Medi-Cal in March 2024.

  The lookback period is only 28 months: September 2021 to December 2023.

  (Details in [ACWDL 23-28](#))
Spousal Impoverishment Rules

• Rules to help married couples when one spouse enters an institutional settings, such as skilled nursing facility
  • Community spouse can retain income and assets, up to certain limits
• Community Spouse Resource Allocation no longer applies starting January 1, 2024

(Details: ACWDL 23-16)
Estate Recovery (1 of 2)

- Asset elimination does not change estate recovery
- Estate recovery does not apply to every Medi-Cal individual
  - Payments for nursing facility services, home and community based services & related hospital and prescription services
- Counties should not ask about assets for estate recovery purposes
Estate Recovery (2 of 2)

• Exceptions to estate recovery
  • Applies only to assets in probate
  • Survived by spouse or registered domestic partner, child under 21, or a disabled child of any age
  • Hardship waiver

• See more at MEDIL 23-39 & CANHR resource
Overpayments

• Counties **cannot** compute and report potential overpayments based on excess property when the payment occurred **on or after** January 1, 2024

• But counties **can** compute and report potential overpayments that occurred **before** January 1, 2024

(Details: **ACWDL 23-17**)

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Low-Income Subsidy/Extra Help

- Federal program that lowers Medicare prescription costs

- Medi-Cal, Medicare Savings Programs, or SSI recipients, are automatically eligible
  - Regardless, whether a person meets Low Income Subsidy/Extra Help’s separate eligibility criteria

- 42 C.F.R. §423.773(c); POMS HI 03001.005
Frequently Asked Questions (1 of 2)

• Will Medi-Cal income limits change?
  • No. This change only applies to the asset limit.
• Does this apply to CalFresh, CalWORKs or SSI?
  • No, this change is specific to individuals who receive Medi-Cal directly
• What happens to Medi-Cal Share of Cost?
  • Share of Cost is based on income and calculations that remain the same*

* Stay tuned for Share of Cost improvements in 2025!
Frequently Asked Questions (2 of 2)

• What happens if people were denied Medi-Cal for excess assets before January 2024?
  
  • By February 2024, Medi-Cal will send a letter to everybody who was denied Medi-Cal because they were over-asset between July and December 2023. They can re-apply for Medi-Cal to get covered.
Medi-Cal Forms Updates

• Currently undergoing user testing:
  • Notice Regarding Standards for Medi-Cal Eligibility (DHCS 7077)
  • Application for Medicare Savings Programs (MC 14A)
  • Non-MAGI Medi-Cal Info. Sheet (Pub 10)

• Already updated for January 1, 2024:
  • Medi-Cal Eligibility & Estate Recovery Standards for Distribution by Insurers, Agents and Brokers (DHCS 7102)
  • Medi-Cal Renewal Forms (MC 210, MC 217)
  • Additional Household Info. Needed (MC 604)
  • Non-MAGI Informing Notice

(DHCS forms website)
Resources

- DHCS: Medi-Cal [Asset Limits](#)
- Medi-Cal asset [outreach materials](#)
  - Flyers
  - Social media graphics
  - Talking points
  - FAQs

- Available in [19 languages](#)!