

SUMMARY

Enable Self-Sufficiency for New Jersey's Seniors through Increased Medicaid Asset Limits

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Problem:

Over 300,000 older adults and people with disabilities in New Jersey receive essential health coverage through NJ FamilyCare, the state's Medicaid program. The current low asset limits for New Jersey's Medicaid programs, including \$4,000 for the Aged, Blind, Disabled (ABD) program, \$2,000 for Managed Long Term Services and Supports (MLTSS), and \$9,090 for Medicare Savings Programs (MSPs), force many older adults and people with disabilities to spend down their meager savings to qualify for services, as the costs of their care far exceed their savings. This necessary but difficult choice increases their risk of financial instability and homelessness in the face of emergencies such as a leaking roof or major vehicle repair. Restrictive asset requirements also disproportionately punish older adults of color because they are more likely to have cash savings instead of an exempt home.

Background:

The Affordable Care Act allowed states to remove asset restrictions for individuals under 65. Once an adult turns 65 or becomes Medicare eligible, however, their eligibility is determined under a more restricted set of rules, which requires minimal assets to retain NJ FamilyCare eligibility.

The elimination of the asset test in public programs reflects a shift away from requiring low-income people to deplete all their resources prior to receiving help. This change also mitigates the risk of eligible individuals losing benefits due to an inability to complete asset verification paperwork. New Jersey has already eliminated asset limits for its NJ WorkAbility program, enabling disabled working individuals to maintain their employment and slightly higher incomes but still receive Medicaid coverage.

Solution:

Several states, including New York, Florida, Nebraska, and South Carolina, have significantly raised their asset limits in some or all of their Medicaid programs serving seniors. Arizona and California eliminated their assets test to simplify eligibility determinations.

New Jersey should increase NJ FamilyCare's asset limits to \$40,000 for the ABD, MLTSS, and MSP programs to align with the asset threshold for the state's Jersey Assistance for Community Caregiver (JACC) program.

Raising the NJ FamilyCare Asset Limit to \$40,000 will:

- ✓ **Reduce Age and Disability-Based Disparities** that subject older adults and people with disabilities to more restrictive asset limits than other Medicaid populations.
- ✓ **Promote Health and Financial Stability for Older Adults and People with Disabilities** by reducing their need to go without care and risk their health or further impoverish themselves to pay for services.
- ✓ **Reduce the Racial Wealth Gap** by promoting housing stability for renters, particularly Black older adults, who are more likely to have cash savings rather than an exempt home.
- ✓ **Streamline Administrative Processes and Lessen Confusion Amongst Enrollees**, making it easier for families to understand and navigate, while potentially reducing administrative costs for the state.