Problem:
The outdated Medi-Cal asset test drives financial instability for seniors in a racially inequitable way. A senior enrolled in the Aged & Disabled Medi-Cal program, is 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 seniors from having adequate resources to weather a crisis, such as an eviction, a leaking roof, or a major vehicle repair. When faced with the choice of having Medi-Cal or having additional savings, most seniors rationally spend down their savings as the cost of their health care is more than they have saved. This puts them at risk of further instability or homelessness when financial crises happen. These rules also disproportionately punish seniors of color because they are more likely to have cash savings, instead of an exempt home.

Background:
The Affordable Care Act eliminated the assets test for most of the Medi-Cal population including children, parents and caretaker relatives, and most other adults under age 65. Once an adult turns age 65 or becomes Medicare eligible, however, their eligibility is determined under a more restricted set of rules, which requires that they have minimal assets to retain Medi-Cal 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. For example, the CalFresh program virtually eliminated the assets test for households earning less than 200% of the federal poverty level.

Several states, such as Florida, Nebraska, New Jersey, New York, and South Carolina, significantly raised their assets limits in some or all of their Medicaid programs serving seniors. Arizona eliminated its assets test completely to simplify eligibility determinations.

Updating and expanding the Medi-Cal asset limits will also decrease inequality in the program. The Medi-Cal program has long allowed certain exclusions to the assets test, including for real property used as the primary residence. These policy choices lead to racial inequities given the disparities in homeownership between black and Latinx Californians and white Californians. For example, a low-income senior who owns an expensive home in the Bay Area can qualify for Medi-Cal, but a renter with the same income would not get Medi-Cal if they had $2,001 in the bank. Significantly raising the Medi-Cal asset limit will increase financial stability so seniors can save for a crisis and decrease racial inequality so seniors of color aren’t punished for racial disparities in homeownership.

Solution:
This bill would:
1. Update the assets limits for programs serving seniors to $10,000 for an individual and an additional $5,000 for each additional household member, with annual indexing;
2. Expand and simplify the list of items to be excluded from the assets test for those Medi-Cal programs still subject to the assets test; and
3. Eliminate the assets test entirely for the Medicare Savings Programs, programs where Medi-Cal pays for an individual’s Medicare premiums and co-payments.