



The Medi-Cal Asset Test: Options for Change

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Medi-Cal Eligibility Overview

- Provides health coverage to low-income individuals
- Eligibility based on categories set forth by Congress (mandatory and optional), e.g. –
 - Low income families, including children
 - Low-wage workers (e.g., newly eligible)
 - Seniors and
 - Persons with disabilities (“SPDs”)

Source: Unless otherwise specified, citations for information herein are located in Sze, F., California Health Care Foundation Issue Brief, “Understanding Medi-Cal’s Asset Test for Seniors and People with Disabilities” (Apr. 2019), available at <https://www.chcf.org/wp-content/uploads/2019/04/UnderstandingMediCalsAssetTestSPDs.pdf>.

ACA Changed the Eligibility Criteria for Many Individuals

- Historically, individuals were required to meet specified income and asset standards to qualify for each Medicaid eligibility category
- Affordable Care Act eliminated the asset test for many categories of enrollees, including low-income adults and families, starting January 1, 2014
 - Eligibility now based on “Modified Adjusted Gross Income” or MAGI
- Some eligibility categories remain excluded from MAGI, i.e., subject to both income and asset tests

SPDs Continue to Be Subject to Asset Limits

Among those not subject to MAGI:

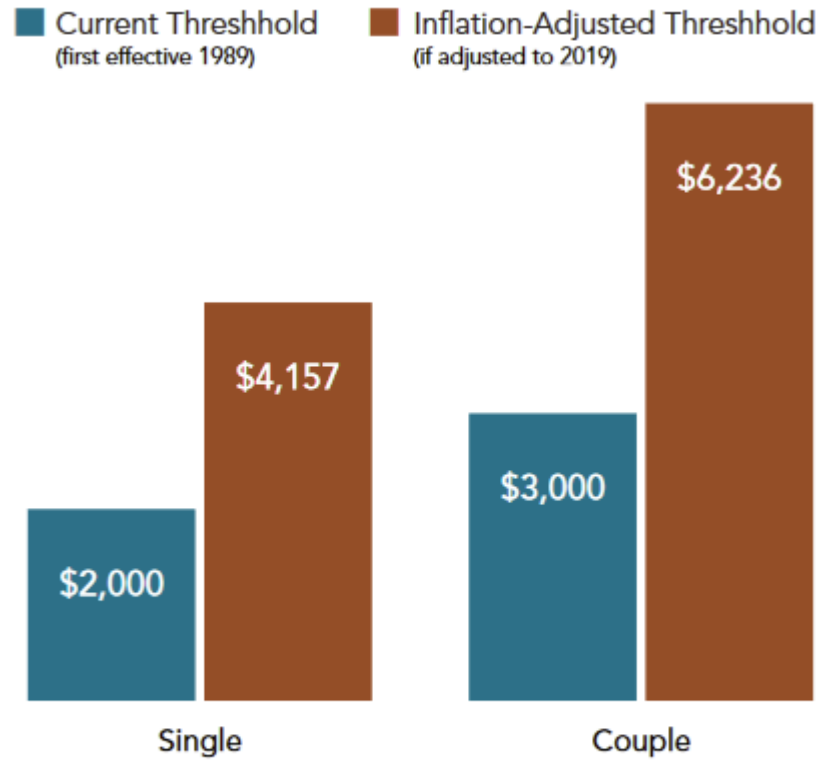
- SSI recipients: Those who receive Supplemental Security Income. SSI is for people with low incomes who are 65 or older, as well as blind or disabled people of any age. SSI eligibility is conditioned on a maximum asset limit.
- SSI eligible: Those who would otherwise meet the income and resource requirements of SSI or other benefit programs but do not receive cash assistance.
- Below poverty/SPDs: Seniors and persons with disabilities with incomes less than 100% of the federal poverty limit (FPL).
- Medically needy: Seniors and persons with disabilities who have high medical expenses and who meet all eligibility requirements for Medi-Cal except for income. These enrollees must pay a share of cost for their care.
- Medicare Savings Program: Medi-Cal pays Medicare cost sharing for Medicare enrollees with incomes less than 135% of the federal poverty line

Different SPD Categories Are Subject to Different Resource Limits

Category	2020 Resource Limit (Individual/Couple)
SSI Recipients	\$2,000/\$3,000
SSI Eligible	\$2,000/\$3,000
Below Poverty/SPDs	\$2,000/\$3,000
Medically Needy	\$2,000/\$3,000
MSP	\$7,860/\$11,800

Source: All County Welfare Director Letter 20-07, available at <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/c20-07.pdf>.

The SSI Asset Limit Has Not Been Updated for Inflation Since 1989



Source: US Bureau of Labor Statistics, CPI Inflation Calculator, data.bls.gov.

Federal Law Authorizes the Use of Less Restrictive Eligibility Criteria

- The federal Medicaid Act (42 U.S.C. § 1396a(r)(2)) allows states to use less restrictive methods than those outlined in federal law to determine income and resource eligibility for:
 - Below poverty: Seniors and persons with disabilities with incomes less than 100% of the FPL;
 - Medically needy: seniors and persons with disabilities with higher incomes and who are subject to a share of cost; and
 - MSP enrollees
- Less restrictive means: “if, by using the methodology, additional individuals may be eligible for Medicaid and no individuals who are otherwise eligible are by use of that methodology made ineligible for Medicaid.”

CMS Approval is Required to Apply Less Restrictive Method to Determine Eligibility

- Many states, like California, have implemented less restrictive methods via state plan amendments
 - e.g., income or asset disregards such as California's current policies disregarding certain assets
- Waivers may be required if methods are applied inconsistently through an eligibility category

Other State Have Applied Less Restrictive Asset Limits

Category	States with Less Restrictive Resource Limit
SSI Recipients/SSI Eligible	10 states (AK, DC, FL, MN, MO, NE, NJ, ND, RI, SC) have higher limits
Below Poverty/SPD	AZ applies no asset test; 8 states (AR, DC, FL, MN, NE, NJ, RI, SC) have higher resource limits
Medically Needy	13 states (DC, FL, IA, KY, MD, MN, NE, NH, NJ, NY, ND, PA, RI) have higher resource limits for individuals and/or couples
MSP	9 states (AL, AZ, CT, DE, DC, MS, NY, OR, VT) have no asset limit for MSPs. CO, ME, MN, and NM have higher asset limits with ME's limit at \$58,000 per individual/\$87,000 per couple

Source: Musumeci, M., et al., Kaiser Family Foundation Issue Brief, "Medicaid Financial Eligibility for Seniors and People with Disabilities: Findings from a 50-State Survey" (June 2019), available at <https://www.kff.org/medicaid/issue-brief/medicaid-financial-eligibility-for-seniors-and-people-with-disabilities-findings-from-a-50-state-survey/>.

Arizona Does Not Apply Resource Limits for Many Seniors and People with Disabilities

- AZ eliminated asset testing for most categories of SPDs who are SSI eligible and MSP eligible
- AZ did not eliminate the asset test for the long term care pursuant to a CMS-granted waiver
- AZ implemented the change after conducting an impact study, finding that administrative savings would roughly equal the cost of benefits
 - Later anecdotal inquiry from DHCS suggests increased costs from adding individuals but an administrative cost saving

Source: Department of Health Care Services, "Medi-Cal Asset Limits Supplemental Report" (Mar. 2020), available at <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Medi-Cal-Asset-Limits-Supplemental-Report.pdf>.

New York Applies No Asset Limit for its MSPs and Increased the Limit for the Medically Needy

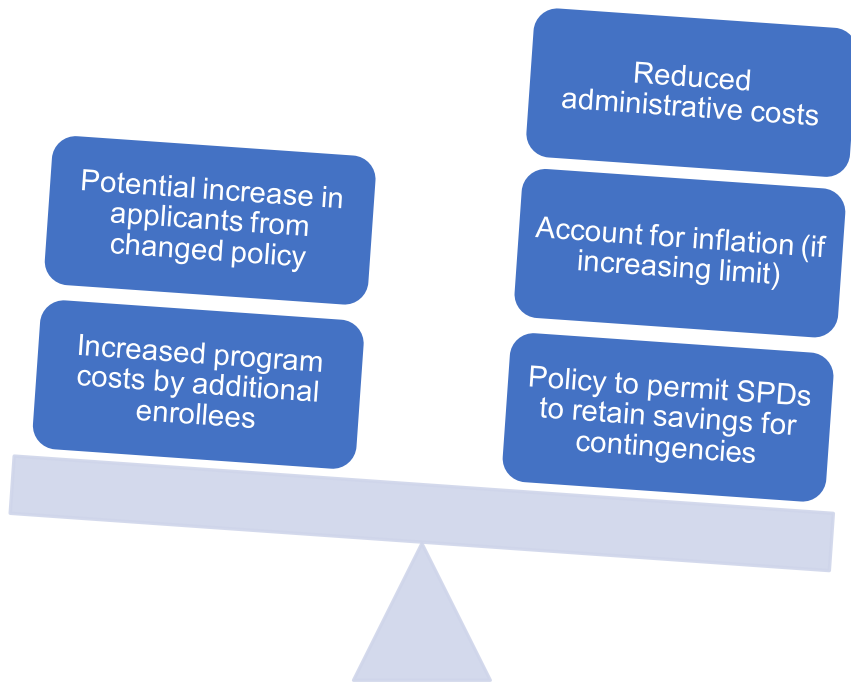
- Since 2008, New York has eliminated the asset test for MSP enrollees
- New York has been raising its asset limits, which for 2020, was \$15,750 for an individual and \$23,180 for a couple
 - Highest asset limit for medically needy pathway out of any state
- Anecdotally, they have seen an increase in costs for additional benefits, but also administrative savings



Source: Department of Health Care Services, "Medi-Cal Asset Limits Supplemental Report" (Mar. 2020), available at <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Medi-Cal-Asset-Limits-Supplemental-Report.pdf>.

California Considerations for Future Policy

As Outlined in DHCS Medi-Cal Asset Limits Supplemental Report:



- Eliminate asset test
- Increase asset limits and treatment of assets (AB 683)
- Increase asset limits to \$10,000 for an individual and \$5,000 for each additional household member

- For which eligibility categories
- Whether to exclude individuals within eligibility categories

Questions?



Thank You

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