Date of Hearing: May 16, 2019

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Lorena Gonzalez, Chair
AB 683 (Carrillo) – As Amended April 9, 2019

Policy Committee: Health Vote: 15 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: Yes

SUMMARY:

This bill modifies the Medi-Cal eligibility "asset test" by increasing the asset limit and excluding more property and resources from the test. Specifically, this bill:

1) Prohibits the use of an asset and resource test to make a Medi-Cal eligibility determination for people enrolled in the Medicare Savings Program (MSP). (The MSP pays for Medicare premiums and cost-sharing but does not provide Medi-Cal services.)

2) Commencing July 1, 2020:

   a) Increases the limit from $2,000 for an individual and $3,000 for a couple to instead be $10,000 and $15,000, respectively, and requires those amounts to be indexed annually.

   b) Excludes other assets from consideration and narrows the application of existing asset limits (for example, excludes additional cars from the asset limit).

   c) Codifies asset limits in state law that are currently in federal law, state law, state regulation and state guidance.

3) Requires the Department of Health Care Services (DHCS) to, by June 1, 2020, issue updated and simplified notices and forms. Requires DHCS to adopt regulations by January 1, 2021.

FISCAL EFFECT:

1) If broader exemptions created by this bill create eligibility for tens of thousands more Medi-Cal beneficiaries, costs could be in the tens of millions of dollars or could exceed $100 million (50% General Fund/ 50% federal, assuming federal approval is granted).

   There is a high degree of uncertainty about the number of additional cases in Medi-Cal and MSP that would result from the proposed changes and the cost per case. The state cost per case will depend on whether new enrollees are enrolled in Medi-Cal only, in both Medi-Cal and Medicare, or just in Medicare (with premiums and other costs paid through MSP). Average costs will be greater to the extent new enrollees are covered just by Medi-Cal (since Medi-Cal would cover the full cost of services) or use costly services Medicare does not cover, such as long-term care in nursing homes.

2) Minor administrative staff costs to DHCS to update regulations and submit state plan amendments, as necessary (GF/federal). Some existing asset limits are specified in regulation; any state plan amendments would need federal approval

COMMENTS:

1) **Purpose**. According to the author, the current Medi-Cal asset limit does not allow Medi-Cal eligible seniors to retain adequate resources to endure a minor personal financial crisis. This bill updates the Medi-Cal asset test to allow seniors to become or remain eligible for the program despite maintaining a slightly higher level of assets.

2) **Background**. Medi-Cal eligibility is complex and is governed by federal law, federal regulation, state law, state regulation, and DHCS and federal guidance. There are multiple pathways to coverage. For adults under 138% of poverty, eligibility is based solely on modified adjusted gross income (MAGI), but seniors age 65 and above must also have limited assets to be able to qualify for Medi-Cal.

   For non-MAGI Medi-Cal applicants, if property and assets are over the Medi-Cal property limit, the applicant will not be eligible for Medi-Cal unless they lower their property and assets according to the program rules. Medi-Cal defines property as "real property" and "personal property." Real property is land, buildings, mobile homes which are taxed as real property, life estates in real property, mortgages, promissory notes and deeds of trust. Personal property is any kind of liquid or non-liquid asset (for example, cars, jewelry, stocks, bonds, financial institution accounts, income tax refunds, checking and savings accounts, boats, trucks, trailers, etc.). Property that is not counted in determining a person's eligibility is called "exempt" or "unavailable" property. Countable property (property which is not exempt or unavailable) is included in the applicant's or beneficiary's asset limit. A person is not eligible for Medi-Care if their property exceeds the asset limit.

   The asset limits vary by beneficiary eligibility category. For example, the Aged and Disabled Federal Poverty Level (FPL) Program has an asset limit of $2,000 for an individual and $3,000 for a couple. By contrast, the MSP has a limit of $4,000 for an individual and $6,000 for a married couple.

   The proposed changes to asset limits would make more people eligible for these programs, resulting in higher caseloads and additional cost to the state. This would occur as some individuals who currently apply for assistance and are denied because of assets are approved, as some individuals who currently are discontinued from the program because of assets remain enrolled, and as others who are aware that they currently have assets over the limit apply for assistance and are enrolled.

3) **Support**. This bill is co-sponsored by Western Center on Law & Poverty and Justice in Aging, who state this bill makes three important changes to the Medi-Cal asset rules: it updates the assets limits for programs serving seniors and persons with disabilities, expands and simplifies the list of items to be excluded from the assets test, and eliminates the assets test entirely for the MSSP. The sponsors indicate this is consistent with other efforts California has undertaken to encourage savings or prevent low-income people from depleting all their resources prior to receiving help, for instance within the CalFresh program.

4) **Staff Comment: Technical Amendment Needed**. This bill should refer to the "Medicare Savings Program," which pays Medicare cost-sharing, not the "Medicare Shared Savings Program," which is a demonstration program to encourage the delivery of high-quality care through accountable care organizations.

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