ASSEMBLY THIRD READING
AB 683 (Carrillo)
As Amended April 9, 2019
Majority vote

SUMMARY:

Increases the Medi-Cal "asset test" from $2,000 for an individual and $3,000 for a couple to instead be $10,000 and $15,000, and requires those amounts to be indexed annually. Prohibits the use of an asset and resource test to make a Medi-Cal eligibility determination for people enrolled in the Medicare Shared Savings Program (the MSSP pays for Medicare premiums and cost-sharing but does not provide Medi-Cal services). Excludes other assets from consideration, and narrows the application of existing asset limits (for example, excludes additional cars from the asset limit). Codifies asset limits in state law which are currently in federal law, state law, state regulation and state guidance.

COMMENTS:

INCOME AND ASSET RULES IN MEDICAID. Medi-Cal eligibility is complex and is governed by federal law, federal regulation, state law, state regulation, and the Department of Health Care Services (DHCS) and the Centers for Medicare and Medicaid Services guidance. Under federal law, Medi-Cal applicants whose eligibility is not determined based on Modified Adjusted Gross Income (MAGI) are subject to an asset, while MAGI applicants (primarily non-disabled adults under age 65 and children) are not subject to an asset test. If an applicant's property/assets are over the Medi-Cal property limit (the asset limit), the applicant will not be eligible for Medi-Cal unless they lower their property/assets according to the program rules. Medi-Cal defines property as "real property" and "personal property." Real property is land, buildings, mobile home 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 or beneficiary's "property reserve" (the formal regulatory definition of the dollar amount of the asset limit). A person's countable property cannot exceed the property reserve limit.

The property reserve (or asset) limits varies by beneficiary non-MAGI eligibility category. For example, the Aged and Disabled Federal Poverty Program Program has an asset limit of $2,000 for an individual and $3,000 for a couple. By contrast, the MSSP has a countable resource limit of $4,000 for an individual and $6,000 for a married couple.

When determining non-MAGI eligibility, a county Medi-Cal eligibility worker looks at the assets an applicant and their family has when determining eligibility. If the applicant or recipient's property/assets are below the limit at any time during that month, the applicant will be Medi-Cal eligible (if otherwise eligible). If a person has more than the limit for a whole month, Medi-Cal benefits will be discontinued. Individuals can reduce their property to the property reserve limit before the end of the month in which they are requesting Medi-Cal. For example, a non-MAGI Medi-Cal applicant whose total non-exempt property consists of a savings account with a balance of $3,300 in a month must reduce the savings account to $2,000 in that month. In this same situation, where there is a couple, the savings must be reduced to $3,000.

According to the Author:
The current Medi-Cal asset limit prevents seniors from having adequate resources to endure a crisis, such as an eviction, a leaking roof or a major vehicle repair. When faced with the choice of receiving Medi-Cal coverage or maintaining additional savings, most seniors rationally spend down their savings. This bill updates the outdated Medi-Cal assets test to allow seniors, particularly those in minority groups, access to much-needed health care services, while maintaining their dignity and financial stability.

Arguments in Support:
This bill is jointly 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: 1) it updates the assets limits for programs serving seniors and persons with disabilities to $10,000 for an individual and an additional $5,000 for each additional household member, with annual indexing; 2) it expands and simplifies the list of items to be excluded from the assets test for those Medi-Cal programs still subject to the assets test; and, 3) it eliminates the assets test entirely for the MSSP.

The sponsors argue the current asset limit prevents seniors and persons with disabilities from having adequate resources to weather a crisis, such as an eviction, a leaking roof, or a major vehicle repair. When faced with the decision of qualifying for 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. Furthermore, these rules also disproportionately punish seniors of color because they are more likely to have cash savings, instead of an exempt home. 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. The sponsors continue that California has undertaken other efforts to encourage savings or prevent low-income people from depleting all their resources prior to receiving help. The sponsors conclude California should not as a state tell its residents that they should be saving, while at the same time denying affordable health care to those who have a modest amount of savings to guard against financial emergencies.

Arguments in Opposition:
No opposition on file.

FISCAL COMMENTS:

According to the Assembly Appropriations:

1) Ongoing costs of $96 million ($46 million General Fund (GF)), assuming federal approval is granted).

2) Minor administrative staff costs to DHCS to update regulations and submit state plan amendments, as necessary (GF/federal).

VOTES:

ASM HEALTH: 15-0-0
YES: Wood, Mayes, Aguiar-Curry, Bigelow, Bonta, Burke, Carrillo, Flora, Limón, McCarty, Nazarian, Ramos, Rodriguez, Santiago, Waldron

ASM APPROPRIATIONS: 18-0-0
YES: Gonzalez, Bigelow, Bloom, Bonta, Brough, Calderon, Carrillo, Chau, Megan Dahle, Diep, Eggman, Fong, Gabriel, Eduardo Garcia, Maienschein, Petrie-Norris, Quirk, Robert Rivas

UPDATED:

VERSION: April 9, 2019

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