DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES
Michelle Baass | Director

DATE: January 28, 2026

TO: ALL COUNTY WELFARE DIRECTORS — Letter No.: 26-02
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: 2026 MEDICARE CATASTROPHIC COVERAGE ACT SPOUSAL IMPOVERISHMENT CAPS (Reference: ACWDLs 90-01, 90-03, 91-84, 17-25, 18-19 and MEDILs I 21-07 and I 24-16)

Purpose:

The purpose of this All County Welfare Directors Letter (ACWDL) is to inform counties of an increase to the Minimum Monthly Maintenance Needs Allowance (MMMNA) and the Community Spouse Resource Allowance (CSRA) under the Medicare Catastrophic Coverage Act of 1988, to provide reminders on how to apply the Spousal Impoverishment (SI) provisions for Non-Modified Adjusted Gross Income (Non-MAGI) Medi-Cal, and to provide instructions on applying the CSRA transfer period for married couples or registered domestic partners (RDPs) eligible under SI provisions when property was not used to determine eligibility.

Effective January 1, 2026, the MMMNA is $4,067 per month

Note: The MMMNA amount effective January 1, 2025, through December 31, 2025, was $3,948.

Starting January 1, 2026, the CSRA is $162,660.00

As a reminder, property limits were eliminated as an eligibility criterion for Non-MAGI programs from January 1, 2024, through December 31, 2025. As a result, DHCS did not publish the CSRA value for 2025. The new CSRA value for 2026 will only apply to cases being newly determined under SI provisions from January 1, 2026, onward. Any existing

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Medi-Cal cases that were determined eligible under SI provisions prior to this date will not be subject to this limit at the 2026 annual renewal. (See below.)

Income Eligibility

The MMMNA is applied in the determination of the spousal income allocation to the community spouse when the institutionalized spouse is residing in a skilled nursing facility, is on the waitlist for Home and Community-Based Services (HCBS) or is actively participating in an HCBS program.

Important: When evaluating the community spouse's gross income against the MMMNA, deduct any amounts paid for Medicare and/or other health insurance premiums (ACWDL 90-03, Question 22)

Policy guidance regarding the application of the MMMNA is outlined in ACWDLs 90-03, 17-25, 18-19, as well as Medi-Cal Eligibility Division Information Letters (MEDILs) I 21-07 and I 24-16.

Property Eligibility

Effective January 1, 2026, property limits are restored for individual applicants for Non-MAGI programs. The property limits are $130,000 for an individual, $195,000 for a couple, and $65,000 for each additional person (up to a maximum of 10 people). These limits are reinstated by the 2025-26 Health Omnibus Bill, Assembly Bill (AB) 116, which amends section 14005.62 of the Welfare and Institutions Code (WIC) to remove the subdivision that had eliminated the property limits from January 1, 2024, through December 31, 2025, for all Non-MAGI programs. See ACWDL 25-14 for guidance regarding the reinstatement of property limits for Non-MAGI Medi-Cal programs.

Summary of Spousal Impoverishment Policy
The following section provides a summary of the relevant SI provisions for property eligibility determinations that remain in effect without change.

Under SI provisions, the combined property limit applies to someone who meets the definition of an institutionalized spouse in Section 50046.5 in ACWDL 90-01, who has a community spouse as defined in Section 50031.5 in ACWDL 90-01, and to HCBS spouses in accordance with ACWDLs 17-25 and 18-19. The CSRA applies to the initial month of eligibility **only**, whether it is the first month of the retroactive period or the month of application (Section 50490.3(a) in ACWDL 90-01).

Once initial eligibility is established, the CSRA is no longer considered available to the institutionalized/HCBS spouse (Section 50490.3(b) in ACWDL 90-01. The community spouse's sole and separate property is no longer considered during the continuous period of institutionalization in accordance with (Section 50490.3(e) in ACWDL 90-01 and ACWDLs 17-25 and 18-19.

The CSRA transfer period begins with the initial month of eligibility and ends on the last day of the month in which the 90th day falls, from the date the approval notice of action (NOA) is mailed (Section 50490.7 in ACWDL 90-01). At the end of the CSRA transfer period, any countable property held in the name of the institutionalized/HCBS spouse in excess of the $130,000 will be considered excess property, unless undue hardship applies (Section 50096.5 in ACWDL 90-01).

Guidance for Processing Annual Renewals due in 2026

For 2026 annual renewals only, counties must apply the CSRA transfer period to institutionalized individuals who were made eligible under the SI provisions before January 1, 2026. This applies if the institutionalized member has nonexempt property exceeding $130,000 but is otherwise eligible at the time of renewal.

This guidance applies to cases that, at the time of the 2026 annual renewal, continue to include a community spouse and an institutionalized spouse residing in a skilled nursing facility, on the waitlist for Home and Community-Based Services (HCBS), or actively participating in an HCBS program.

The CSRA transfer period will extend through the last day of the month in which the 90th day falls from the date the renewal approval Notice of Action (NOA) is issued. During this period, the institutionalized spouse may transfer excess property out of their name to their community spouse without causing a period of ineligibility. The county will send the appropriate NOA as outlined in ACWDL 19-03, also including the required additional information below.

The approval notice of action (NOA) shall include:

- The value of the net nonexempt property held in the member's name.
- The property limit that applies to the member. Language that, as of the date of the end of the CSRA transfer period, the property held in the member's name cannot exceed $130,000.
- The end date of the transfer period.
- Language indicating that the member will not be eligible to receive Medi-Cal after the end date of the transfer period if they continue to exceed the property limit. Please refer to ACWDL 90-50 for sample language related to CSRA transfer periods.

At the end of the transfer period, if the property held by the institutionalized spouse exceeds $130,000, the county will discontinue their eligibility due to exceeding the property limit. Members may transfer out of their name more than the $162,660 CSRA amount since the CSRA limit does not apply at annual renewal. If the institutionalized spouse's countable property is within the property limit at the conclusion of the transfer period, no further action is required.

For Medi-Cal cases approved under the SI provisions, county eligibility workers shall not request property verifications of the community spouse to determine the eligibility of the institutionalized spouse at annual renewal. The property held in the name of the community spouse is unavailable to the institutionalized spouse. Verification of property held by the community spouse may be requested only to determine the community spouse's eligibility for Non-MAGI Medi-Cal programs, if they have also applied for Medi-Cal, or to verify property that is jointly owned with the institutionalized spouse, or if used to verify income generated by an asset for the purposed of calculating the spousal allocation.

The following examples are intended to demonstrate treatment of property and the CSRA transfer period, if applicable, when processing annual renewals due in 2026 for SI cases.

Example 1

Spouse A (institutionalized spouse/RDP) and Spouse B (community spouse/RDP) apply for Medi-Cal on February 1, 2023, requesting aid only for Spouse A. Spouse A and Spouse B have less than $130,000 + 2023 CSRA in combined net nonexempt property at the time of application. Spouse A is approved and reduces the property in their name to below $130,000 by the due date of the CSRA transfer period.

What should the county request from the couple at the 2026 annual renewal?

Answer: At the 2026 annual renewal, the county shall only request property of Spouse A.

Potential Eligibility Results:

- If the value of the net nonexempt property held by Spouse A exceeds the $130,000 property limit, the county shall approve the eligibility. The county will issue the approval NOA with the CSRA transfer period language, allowing Spouse A to transfer property out of their name by the end of the transfer period to maintain their Medi-Cal eligibility. If Spouse A does not transfer excess property out of their name by the end date of the transfer period, the county will discontinue the Medi-Cal eligibility due to excess property.

OR

- If the value of the net nonexempt property held by Spouse A is at or under the $130,000 property limit, the county will approve eligibility, if otherwise eligible.

Explanation: Property held by Spouse B (community spouse/RDP) does not impact the Medi-Cal eligibility for Spouse A (institutionalized spouse/RDP), as they are in separate Medi-Cal Family Budget Units (MFBU). If such property is reported at annual renewal and entered into CalSAWS, counties must ensure it is not counted toward Spouse A’s property reserve.

Example 2

RDP A (institutionalized spouse/RDP) and RDP B (community spouse/RDP) apply for Medi-Cal on April 4, 2025, requesting aid only for RDP A. RDP A is eligible with no Share of Cost (SOC) by allocating income to RDP B under SI provisions. Property is not reviewed at the time of application, as it was no longer an eligibility criterion after January 1, 2024.

What should the county request from the couple at the 2026 annual renewal?

Answer: At the 2026 annual renewal, the county shall only request property of RDP A.

Potential Eligibility Results:

- If the value of the net nonexempt property held by RDP A is at or under the $130,000 property limit, the county will approve eligibility, if otherwise eligible.

OR

- If the value of the net nonexempt property held by RDP A exceeds the $130,000 property limit, and RDP A is otherwise eligible, the county shall approve the eligibility. The county will issue the approval NOA with the CSRA transfer period language, allowing RDP A to transfer property out of their name by the end of the transfer period to maintain their Medi-Cal eligibility. If RDP A does not transfer excess property out of their name by the end date of the transfer period, the county will discontinue the Medi-Cal eligibility due to excess property.

Example 3

Spouse A and Spouse B apply for Medi-Cal on March 7, 2025, requesting Medi--Cal for both spouses. Both spouses are approved with a SOC. On July 7, 2025, Spouse A is approved for In-Home Supportive Services Community First Choice Option (IHSS/CFCO) and requests a reevaluation of eligibility using SI provisions. After the spousal income allocation, Spouse A (institutionalized spouse/RDP) is approved without a SOC. Spouse

B’s (community spouse/RDP’s) countable income increases by the amount of the income allocation, which increases their SOC. Property is not reviewed at the time of application or the change in circumstances redetermination, as it was no longer an eligibility criterion after January 1, 2024.

What should the county request from the couple at the 2026 annual renewal?

Answer: At the 2026 annual renewal, the county will request the property of both spouses as they are both requesting Medi-Cal under Non-MAGI programs.

Potential Eligibility Results**:**

- If the value of the net nonexempt property held by Spouse A is at or below the $130,000 property limit, and the net nonexempt property held by Spouse B is at or under the property limit for their MFBU (self and any dependents), the county will approve eligibility if they are otherwise eligible.

OR

- If the value of the net nonexempt property held by Spouse A is at or below the $130,000 property limit, but Spouse B's net nonexempt property exceeds the property limit for their MFBU (self and any dependents), the county will approve eligibility for Spouse A (institutionalized spouse/RDP), if they are otherwise eligible, and discontinue eligibility for Spouse B (community spouse/RDP).

OR

- If the value of the net nonexempt property held by Spouse A exceeds the $130,000 property limit, but the net nonexempt property held by Spouse B is at or below the property limit for their MFBU (self and any dependents), the county will approve eligibility for both spouses. The county will issue the approval NOA with the CSRA transfer period language, allowing Spouse A (institutionalized spouse/RDP) to transfer property out of their name by the end of the transfer period and maintain their Medi-Cal eligibility. If Spouse A does not transfer excess property out of their name by the end date of the transfer period, the county will discontinue the Medi-Cal eligibility due to excess property. If property is transferred to Spouse B (community spouse/RDP), who is also requesting Medi-Cal, the county will determine if there is an impact on Spouse B’s eligibility.

OR

- If the value of the net nonexempt property held by Spouse A exceeds the $130,000 property limit, and the net nonexempt property held by Spouse B exceeds the property limit for their MFBU (self and any dependents), the county will approve eligibility for Spouse A (institutionalized spouse/RDP) and discontinue eligibility for Spouse B (community spouse/RDP). The county will issue the approval NOA with the CSRA transfer period language, allowing Spouse A (institutionalized spouse/RDP) to transfer property out of their name by the end of the transfer period and maintain their Medi-Cal eligibility. If Spouse A does not transfer excess property out of their name by the end date of the transfer period, the county will discontinue the Medi-Cal eligibility due to excess property.

If you have any questions regarding the information provided in this letter, please contact the Non-MAGI unit at NonMAGIInbox@dhcs.ca.gov. County questions regarding policy guidance should be sent to MCED-Policy@dhcs.ca.gov.

Original Signed By

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