DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES
Michelle Baass | Director

DATE: September 17, 2026

TO: ALL COUNTY WELFARE DIRECTORS Letter No.:26-16
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY MEDS LIAISONS

SUBJECT: REINSTATEMENT OF ASSET LIMITS FOR THE PICKLE, DISABLED ADULT CHILD (DAC), AND DISABLED WIDOW/ER (DW) PROGRAMS
(Reference: All County Welfare Directors Letters: 25-18, 25-14, 22-33)

The purpose of this All County Welfare Directors Letter (ACWDL) is to provide counties and the Statewide Automated Welfare System (SAWS) with guidance regarding the reinstatement of the asset limits for the Pickle, Disabled Adult Child (DAC), and Disabled Widow/er (DW) programs. The asset limits will be set at $130,000 for one person and $65,000 for each additional person (up to a maximum of 10 people). Effective January 1, 2027, this guidance will supersede any previous guidance regarding the elimination of asset limits for the Pickle, DAC, and DW programs.

Background

The Budget Act of 2021, Assembly Bill (AB) 133 (Chapter 143, Statutes of 2021) established a two-phased approach to eliminate the asset limits for all Non-Modified Adjusted Gross Income (Non-MAGI) Medi-Cal programs, including the Medicare Savings Programs (MSP) and Long-Term Care (LTC) programs. The first phase, effective July 1, 2022, increased the asset limits to $130,000 for one person and $65,000 for each additional household member (up to a maximum of 10 people). The second phase, effective January 1, 2024, eliminated the asset limits for all Non-MAGI programs.

The 2025-26 Health Omnibus Bill, Assembly Bill (AB) 116, amended section 14005.62 of the Welfare and Institutions Code (WIC) to remove the subdivision that had eliminated the asset limits for all Non-MAGI programs, and reenacted sections of the WIC to reinstate the consideration of asset, including property and other resources, when making Medi-Cal eligibility determinations, effective January 1, 2026. Please refer to ACWDL 25-14 for guidance on reinstating asset limits for Non-MAGI Medi-Cal

programs. The Pickle, DAC, and DW programs were excluded from the January 1, 2026 implementation because the elimination of the asset limits for these programs was authorized under a federal waiver authority, rather than through the state plan, and that waiver authority remains in effect through December 31, 2026.

The individuals in the Pickle, DAC, and DW programs are those who meet the applicable eligibility criteria outlined below.

Pickle Program Eligibility Criteria

- Currently receiving Social Security Title II benefits.
- Entitled to receive Social Security Title II benefits and SSI/SSP benefits simultaneously in any month after April 1977;
- Discontinued from SSI/SSP
- Meets other SSI eligibility requirements, except for income due to Social Security COLAs;

DAC Program Eligibility Criteria

- At least 18 years old;
- Previously received SSI/SSP on the basis of blindness or disability that began before age 22;
- Currently receiving Social Security Child's (DAC) benefits under Social Security Title II on the basis of blindness or disability; and
    - The individual does not need to have received DAC benefits prior to age 22, but needs to be currently in receipt of DAC benefits.
- Discontinued from SSI/SSP as a result of the following:
    - Becoming entitled on or after July 1, 1987 to Social Security DAC benefits for the first time; or
    - An increase in DAC benefits, such as a COLA

DW Program Eligibility Criteria

- Aged 50-64

- Eligible for and currently receiving any widow(er)s benefits under Social Security Title II Section 202;
- Not entitled to Medicare Part A hospital insurance;
- Ineligible for SSI/SSP due to the receipt of Social Security Title II Widow(er)s benefits.
- Received SSI in the month before their widow(er) disability benefits or early retirement benefits began

Policy Change

No sooner than January 1, 2027, the asset test shall be reinstated for the Pickle, DAC, and DW Non-MAGI Medi-Cal programs.

- Applicant Population: Starting January 1, 2027, any individuals newly applying or being evaluated for Medi-Cal benefits under the Non-MAGI Pickle, DAC, and DW programs will be required to provide verification of their assets as part of their eligibility determination.

- Existing Population: Starting January 1, 2027, any existing Medi-Cal members enrolled in Non-MAGI Pickle, DAC, and DW programs will be subject to the reinstated asset limits at the earlier of the following dates:
    - At their next annual renewal.
    - At a change in circumstance (CIC) redetermination, if asset information can be verified via ex parte review.

Application

Individuals applying for Medi-Cal benefits under the Pickle, DAC, and DW programs with an application date after January 1, 2027, will be required to report asset information and provide verification of their assets as part of their eligibility determination. For applications received before January 1, 2027, applicants will not be required to report asset information or provide asset verification as part of the application processing, even if the county determines eligibility for the application after January 1, 2027.

When an individual requests retroactive coverage and is being evaluated for the Pickle, DAC, or DW program for the retroactive months, they will not be required to provide verification of assets for any months of eligibility before January 1, 2027.

Change in Circumstance

Medi-Cal members are required to follow Medi-Cal reporting responsibilities. Any change that affects eligibility must be reported to the members' local county office within 10 days. However, members will not be required to report changes to their assets until property is used to determine eligibility for Medi-Cal, as described in the Policy Change section above. Starting January 1, 2027, once asset limits are applied to individuals in the Pickle, DAC, and DW programs, they will be required to report changes to their assets within 10 days of the change. Counties will continue to follow the guidance regarding CIC redeterminations in ACWDL 22-33, including an ex parte review, sending the Medi-Cal Request for Information form (MC 355), and allowing 30 days for a response.

For existing Medi-Cal members in the Pickle, DAC, and DW Non-MAGI programs who were enrolled before January 1, 2027, and have not yet completed their 2027 annual renewal and report a change affecting eligibility, the county shall attempt to verify the member's assets through an ex parte review. When completing the ex parte review, counties shall not send out an MC 355 requesting asset information for reported changes unrelated to assets. If the county verifies a reported change affecting eligibility but cannot verify assets through an ex parte review, the county will update the case eligibility based on the reported change, but will not extend the annual renewal date by one year.

Annual Renewal

For annual renewals due on or after January 1, 2027, members in the Pickle, DAC, and DW Non-MAGI programs will be required to report and verify their assets as part of the eligibility determination. Individuals who are discontinued for failure to provide asset information or asset verification must be given a 90-day cure period. If the individual

provides the required information during the 90-day cure period and is found to be property eligible, then the discontinuance shall be rescinded and eligibility restored as though the information or verification was provided timely.

Pickle, DAC, and DW Medi-Cal members with annual renewals due before January 1, 2027, who were discontinued for failure to provide information or verification needed to confirm ongoing eligibility, will not be required to provide asset information or verification to restore their case when their 90-day cure period extends past January 1, 2027.

Counties will continue to follow the guidance regarding Annual Renewal redeterminations in ACWDL 22-33, including an ex parte review, sending the annual renewal form, and additional contact as needed.

Reinstatement of the Asset Test Examples

- **Example #1:**
  An applicant being reviewed for the Pickle program submits their Medi-Cal application after January 1, 2027.

  Result:
  The asset test applies at the time of application, as the submission date falls on or after January 1, 2027. The applicant must provide verification of assets as part of the application eligibility determination process.

- **Example #2:**
  An applicant being reviewed for the DAC program submits a Medi-Cal application on December 31, 2026.

  Result:
  The asset test does not apply at the time of application, as the submission date is after January 1, 2024, but before January 1, 2027. The individual is not required to provide information regarding their assets until their next annual renewal in

November 2027, at which point verification of assets will be required as part of the annual redetermination process.

- **Example #3:**
  Spouse A, being reviewed for the Pickle program, and Spouse B, aged 67 and being reviewed for other Non-MAGI programs, apply for Medi-Cal on June 15, 2026.

  Result:
  The asset test does not apply at the time of application for Spouse A, since the submission date is after January 1, 2024, but before January 1, 2027. Spouse B is required to report the couple's assets and provide verification, as they are applying for Non-MAGI programs other than Pickle, DAC, and DW after January 1, 2026.

  Example #3 continued:
  On January 6, 2027, Spouse B reports a decrease in income, triggering a change in circumstances redetermination. The county is able to verify the couple's assets ex parte using the Asset Verification Program report, which shows reasonably compatible asset values to those attested to at the application.

  Result:
  Since the county can verify both income and property through an ex parte review, the asset test applies for Spouse A at the 2027 CIC and the county can reset the annual renewal date.

"Spenddown" of Excess Property

Applicants and members of the Pickle, DAC, and DW programs follow the resource eligibility rules of the Supplemental Security Income (SSI)/State Supplementary Payment (SSP) programs. Under these rules an individual must be property eligible at 12:01 a.m. on the first day of the month for which eligibility is being determined. Any reduction of

their assets, referred to as "spenddown," to bring their countable assets within the asset limits will not take effect until the following month of eligibility. In contrast, for other Non-MAGI programs, individuals may spend down their assets during the month in which eligibility is to be established to be property eligible for that month.

Under the Principe v. Belshe court settlement, individuals with excess property who were unable to reduce their assets during the application month, or some later month during the application process, may retroactively reduce their assets by applying qualified medical expenses. For more information on Principe v. Belshe settlement please refer to ACWDL 97-41.

Transfers of non-exempt assets for less than fair market value may result in a period of ineligibility for nursing facility level of care under Medi-Cal.

Overpayment Due to Excess Property Beginning January 1, 2027

Beginning January 1, 2027, counties are required to compute and report potential overpayments based on excess property, as outlined in MEPM Article 16C Section II, because assets, including property or other resources, will be used to determine eligibility for the Pickle, DAC, and DW Non-MAGI Medi-Cal programs outlined in this letter. Counties shall not report/refer cases for potential overpayment based on excess assets for dates of eligibility from January 1, 2024, through December 31, 2026, nor for dates of eligibility prior to existing Pickle, DAC, and DW members' annual renewal or CIC with assets verified ex parte, as described in the Policy Change section above.

Look-Back Period for Pickle DAC and DW

Individuals seeking Long-Term Care (LTC) Medi-Cal coverage for nursing facility level-of-care services cannot transfer nonexempt assets for less than they are worth and still qualify for these services. When applying for Medi-Cal or entering an LTC facility, county eligibility workers (CEWs) will review for transfers of property in the applicant's "look-back" period.

The look-back period begins the month before the Medi-Cal application is submitted for an applicant in LTC. If the individual is already receiving Medi-Cal and enters LTC, the

look-back period begins the month before admission into LTC. The look-back period extends back 30 months from the first month of the look-back period. **For the Pickle, DAC, and DW programs, any months from January 2024 through December 2026 shall not be reviewed for transfers in the look-back period, as the asset test did not apply during those months.**

Beginning January 2027, the number of months that must be reviewed during the look-back period will increase by one month with each passing month. This incremental increase will continue until the full 30-month look-back period must be reviewed for transfers. The full 30-month review will apply to LTC applications and Medi-Cal members going into LTC on or after July 1, 2029.

The chart below outlines months in the look-back period requiring review for the Pickle, DAC, and DW programs based on the date of the request for LTC Medi-Cal. Please refer to ACWDL 25-18 for more information regarding transfers of assets, periods of ineligibility for nursing facility level-of-care, and the review period applicable to all other Non-MAGI programs.

Date of LTC Application	Review Period for Transfers	Months in Review Period
January 2027	N/A	0
February 2027	1/2027	1
March 2027	1/2027-2/2027	2
April 2027	1/2027-3/2027	3
May 2027	1/2027-4/2027	4
June 2027	1/2027-5/2027	5
July 2027	1/2027-6/2027	6
August 2027	1/2027-7/2027	7
September 2027	1/2027-8/2027	8
October 2027	1/2027-9/2027	9
November 2027	1/2027-10/2027	10
December 2027	1/2027-11/2027	11
January 2028	1/2027-12/2027	12
February 2028	1/2027-1/2028	13

Date of LTC Application	Review Period for Transfers	Months in Review Period
March 2028	1/2027-2/2028	14
April 2028	1/2027-3/2028	15
May 2028	1/2027-4/2028	16
June 2028	1/2027-5/2028	17
July 2028	1/2027-6/2028	18
August 2028	1/2027-7/2028	19
September 2028	1/2027-8/2028	20
October 2028	1/2027-9/2028	21
November 2028	1/2027-10/2028	22
December 2028	1/2027-11/2028	23
January 2029	1/2027-12/2028	24
February 2029	1/2027-1/2029	25
March 2029	1/2027-2/2029	26
April 2029	1/2027-3/2029	27
May 2029	1/2027-4/2029	28
June 2029	1/2027-5/2029	29
July 2029	1/2027-6/2029	30
August 2029	2/2027-7/2029	30
September 2029	3/2027-8/2029	30
October 2029	4/2027-9/2029	30
November 2029	5/2027-10/2029	30
December 2029	6/2027-11/2029	30

System Programming

CalSAWS shall make programming changes to reinstate the asset limits as outlined in this ACWDL by January 1, 2027. DHCS will work with CalSAWS to ensure that necessary system changes are implemented, including all updates to Eligibility Determination and Benefits Calculation (EDBC) functionality.

Notices and Forms

DHCS will not be creating new Notices of Action (NOAs) or NOA snippets related to this implementation. When issuing denials or discontinuances for the Pickle, DAC, and DW Non-MAGI Programs listed in the chart below, SAWS shall use the existing NOA snippet language included in ACWDL 25-14.

If you have any questions, or if we can provide further information, please contact assetlimitchanges@dhcs.ca.gov. County questions regarding this policy guidance should be sent to MCED-Policy@dhcs.ca.gov.

Sincerely,

Sarah Crow
Division Chief, Medi-Cal Eligibility
Department of Health Care Services

Table: Non-MAGI Programs Affected by Reinstatement of Asset Limits as of January 1, 2027

Program name	Aid code
Pickle	16, 26, 66
Disabled Adult Child (DAC)	6A, 6C
Aid to Disabled Widow(er)s	36

Table: Household Asset Limits for Pickle, Disabled Adult Child (DAC), and Disabled Widow/er (DW) Non-MAGI Programs as of January 1, 2027

Household size	Asset limits
1 person	$130,000
2 people	$195,000
3 people	$260,000
4 people	$325,000
5 people	$390,000
6 people	$455,000
7 people	$520,000
8 people	$585,000
9 people	$650,000
10 people	$715,000