CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: November 19, 2026

TO: ALL COUNTY WELFARE DIRECTORS
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

Letter No.:26-24

SUBJECT: 2027 MEDICARE PREMIUMS AND SOCIAL SECURITY TITLE II COST OF LIVING ADJUSTMENTS (Reference: ACWDL 23-25, 20-18, 17-03)

**Purpose:**

Effective January 1, 2027, this All County Welfare Directors Letter (ACWDL) revises the Medicare premium amounts to be used in determining eligibility and the cost of Medicare premiums and the Social Security Title II benefit amount adjustments. The Statewide Automated Welfare System (SAWS) will make programming changes for the 2027 Medicare premium amounts and Social Security Title II adjustments in December 2026 for the January 2027 benefit month.

**Medicare Part B Disregard Reminder**

Effective December 1, 2020, counties must disregard income equal to the amount of the individual's Medicare Part B premium when determining eligibility for the ABD FPL program, regardless of the state's payment of the premium. Previous policy required counties to apply an income deduction for the Medicare Part B premiums only if the individual was paying for the premium. An individual does not need to pay for the premium when enrolled in or applying for the ABD FPL program. This income disregard is applied to the budget for as long as the individual's countable income remains within the ABD FPL program limits. Individuals in the Medically Needy program must still pay for the premium before receiving the health insurance premium deduction. For more information, please refer to ACWDL 20-18.

**Medicare Part A and B Premiums**

Medicare Part A

| | **2026** | **2027** |
|---|---|---|
| Premium | $565.00 | $597.00 |
| Reduced premium | $311.00 | $328.00 |
| Inpatient care deduction | | |
| Days 1 – 60 | $1,736.00 | $1,776.00 |
| Days 61 – 90 | $434.00 | $444.00 |
| Days 91 – 150 | $868.00 | $888.00 |
| Skilled Nursing Facility deductible | | |
| Days 1 – 20 | N/A | N/A |
| Days 21 – 100 | $217.00 | $222.00 |

Medicare Part B

| | **2026** | **2027** |
|---|---|---|
| Premium | $202.90 | $209.40 |
| Annual Deductible | $283.00 | $292.00 |

The Social Security Administration (SSA) has advised the Department of Health Care Services (DHCS) that there is 3.6 percent cost of living adjustment (COLA) for Social Security benefits in 2027. Because of this COLA, some Medicare beneficiaries, who were "held harmless" against Medicare Part B premium increases in prior years, will see an increase in their 2027 monthly Medicare Part B premium. The Medicare premium increase will be based on the amount of the individual's COLA increase.

**How to Calculate 2026 Social Security Title II Benefit Amount**

Medicare Part B Premium is Not Paid by Applicant/Beneficiary

Individuals who are only eligible to Medi-Cal and who do not have to pay a Medicare premium, or individuals who are entitled to Buy-In (where the State pays the Medicare

Part B premium), the 2026 SSA gross benefit amount should be multiplied by 3.6 percent or 1.036 to compute the 2027 SSA benefit amount.

To calculate the new benefit amount after the 2027 COLA, multiply the 2026 SSA gross benefit amount by the 2027 COLA 1.036 and round the remaining cents down to the next lower whole dollar to obtain the 2027 SSA gross benefit amount. This computation produces the Title II benefit amount to be used in calculating the Medi-Cal share of cost (SOC).

Example:

| | |
|---|---|
| 2026 gross Title II benefit check amount: | $1,450.00 |
| Multiply by COLA: | x 1.036 |
| Total: | $1,502.20 |
| Round down total to next lower whole dollar: | $1,502.00 |
| 2027 gross Title II benefit amount: | $1,502.00 |

Medicare Part B Premium is paid by the Applicant/Beneficiary

For individuals who have the Medicare Part B premium deducted from their Title II benefit check, follow the two-step rounding down process to accurately determine the new benefit amount.

Two-Step Rounding Process:

Step 1:

Add the 2026 Medicare Part B premium to the net 2025 Title II benefit check to obtain the 2026 SSA gross benefit amount. Multiply this 2026 SSA gross amount by the 2027 COLA 3.6 and round the remaining cents down to the next lower $0.10 increment to obtain the 2027 SSA gross benefit amount.

Step 2:

Subtract the 2027 Medicare Part B premium ($209.40 in this example) from the 2027 SSA gross benefit amount and round down to the next lower whole dollar. The remainder will be the January 2027 SSA net benefit amount used to calculate the SOC.

Example:

Step 1:

| | |
|---|---|
| 2026 net Title II benefit check amount: | $1,496.00 |
| Plus 2026 Medicare Part B premium: | +$202.90 |
| 2026 gross Title II benefit amount: | $1,698.90 |
| Multiply by COLA: | x 1.036 |
| Total: | $1,760.06 |
| Round down total to next lower increment of $0.10: | $1,760.00 |
| 2027 gross Title II benefit amount: | $1,760.00 |

Step 2:

| | |
|---|---|
| 2027 gross Title II benefit amount: | $1,760.00 |
| Subtract 2027 Medicare Part B premium: | -$209.40 |
| Total: | $1,550.60 |
| Round down to the next lower whole dollar: | $1,560.00 |
| 2027 net Title II benefit amount: | $1,560.00 |

The link below provides more information on the Medicare Part A, B, and D premiums and the Part B premiums for individuals with immunosuppressive drug coverage:

2027 Medicare Parts A & B Premiums and Deductions

**Processing the 2027 SSA COLA for Non-MAGI Eligibility Groups**

The 2027 SSA COLA will be disregarded from the eligibility determination for the Aged, Blind, and Disabled Federal Poverty Level (ABD FPL), and 250%Working Disabled Program (WDP) until the 2027 FPL rates take effect on April 1, 2027 (see WIC § 14005.40(f)). For Medicare Savings Program (MSP) applicants or recipients who are receiving Title II RSDI income, the effective date for the new FPLs is March 1, 2027. All medically needy cases with Title II income must have the SOC adjusted to reflect the COLA, effective January 1, 2027. DHCS would also like to remind counties to assess Medi-Cal members for Pickle, Disabled Adult Child (DAC), and Disabled Widower (DW) programs, as they are on the Mega Mandatory list per ACWDL 17-03.

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

Brooke Hennessy
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Medi-Cal Eligibility Division