

DATE: October 15, 2026

TO: ALL COUNTY WELFARE DIRECTORS Letter No.:26-20
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: 2027 SOCIAL SECURITY TITLE II COST OF LIVING ADJUSTMENT

Purpose:

The purpose of this All County Welfare Directors Letter (ACWDL) is to provide counties with guidance for processing the 2027 Social Security Administration (SSA) Cost of Living Adjustment (COLA) in the Statewide Automated Welfare System (SAWS). The process of applying the COLA to certain current Medi-Cal member eligibility groups has not changed and is only updated with the details provided below in this annual letter. Counties must process the 2027 SSA COLA in compliance with the policy of this letter. This ACWDL also provides updated federal Substantial Gainful Activity amounts for 2027.

Enclosure: SSA Fact Sheet: 2027 Social Security Changes

Title II Retirement, Survivors, and Disability Insurance COLA

The SSA COLA for 2027 will be 3.6 percent.

It should be noted, as in previous years, that the SSA applies the COLA to the actual benefit amount, rather than the rounded benefit amount. This may result in a \$1 discrepancy in Title II benefits for some Medi-Cal members. Therefore, a \$1 reduced share of cost (SOC) will be less than the actual amount. To avoid the unnecessary expense of computing every Title II case subsequently identified as having an incorrect SOC solely due to the COLA, counties are authorized to delay correction of the SOC until the next budget is recalculated, related to a change-in-circumstance, or at the annual

redetermination. Such action will not be cited with Quality Control (QC) errors. Please refer to [ACWDL 22-33](#) for further information regarding processing changes-in-circumstance and annual redeterminations.

Processing the 2027 SSA COLA for Modified Adjusted Gross Income (MAGI) Eligibility Groups

The processing of the 2027 COLA will not affect the MAGI eligibility groups. The California Healthcare, Eligibility, Enrollment and Retention System (CalHEERS) will not complete a batch run for the SSA COLA at this time. Once 2027 federal poverty levels (FPLs) are updated in CalHEERS, the process by which the 2027 FPL updates are implemented will be the same as in 2026. The Department of Health Care Services (DHCS) will send a mailer to MAGI members potentially impacted by the change to inform them of the FPL increase and that they may request a redetermination backdated to January 1, 2027.

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](#).

Information regarding Medicare Premiums for 2027, Pickle In-Kind Support, and Maintenance Values (ISM), Supplemental Security Income/State Supplemental Payment (SSI/SSP) Payment Standards, and Pickle Multipliers will be released in forthcoming ACWDLs.

2027 Substantial Gainful Activity (SGA) Amounts Effective January 1, 2027:

\$1,770 for non-blind individuals

\$2,950 for blind individuals

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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
Acting Branch Chief
Eligibility Policy Branch 1
Medi-Cal Eligibility Division



Fact Sheet

SOCIAL SECURITY

2027 SOCIAL SECURITY CHANGES

Cost-of-Living Adjustment (COLA):

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2025 through the third quarter of 2026, Social Security beneficiaries and Supplemental Security Income (SSI) recipients will receive a 3.6 percent COLA for 2027. Other important 2027 Social Security information is as follows:

Tax Rate	2026	2027
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%

NOTE: The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security portion (OASDI) is 6.2% on earnings up to the applicable taxable maximum amount (see below). The Medicare portion (HI) is 1.45% on all earnings. Also, as of January 2013, individuals with earned income of more than \$200,000 (\$250,000 for married couples filing jointly) pay an additional 0.9 percent in Medicare taxes. The tax rates shown above do not include the 0.9 percent.

	2026	2027
Maximum Taxable Earnings		
Social Security (OASDI only)	\$184,500	\$192,300
Medicare (HI only)	No Limit	
Quarter of Coverage		
	\$1,890	\$1,970
Retirement Earnings Test Exempt Amounts		
Under full retirement age	\$24,480/yr. (\$2,040/mo.)	\$25,560/yr. (\$2,130/mo.)
NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit.		

	2026	20276
The year an individual reaches full retirement age	\$65,160/yr. (\$5,430/mo.)	\$67,920/yr. (\$5,660/mo.)
NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.		
Beginning the month an individual attains full retirement age	None	
Social Security Disability Thresholds		
Substantial Gainful Activity (SGA)		
Non-Blind	\$1,690/mo.	\$1,770/mo.
Blind	\$2,830/mo.	\$2,950/mo.
Trial Work Period (TWP)	\$1,210/mo.	\$1,270/mo.
Maximum Social Security Benefit: Worker Retiring at Full Retirement Age		
	\$4,152/mo.	\$4,188/mo.
SSI Federal Payment Standard		
Individual	\$994/mo.	\$1,029/mo.
Couple	\$1,491/mo.	\$1,544/mo.
SSI Resource Limits		
Individual	\$2,000	\$2,000
Couple	\$3,000	\$3,000
SSI Student Exclusion		
Monthly limit	\$2,410	\$2,500
Annual limit	\$9,730	\$10,08730
Estimated Average Monthly Social Security Benefits Payable in January 2027		
	Before 3.6% COLA	After 3.6% COLA
All Retired Workers	\$2,095	\$2,170
Aged Couple, Both Receiving Benefits	\$3,238	\$3,355
Widowed Mother and Two Children	\$3,932	\$4,074
Aged Widow(er) Alone	\$1,936	\$2,005
Disabled Worker, Spouse and One or More Children	\$2,970	\$3,077
All Disabled Workers	\$1,642	\$1,701