

**Department of Health Care Services
Proposed Trailer Bill Legislation**

Reinstatement of the Medi-Cal Asset Limit

FACT SHEET

Issue: Reinstatement of the Medi-Cal Asset Limit. The Department of Health Care Services (DHCS) proposes, effective January 1, 2026, to reinstitute the Medi-Cal Asset Limit to consider resources, including property and other assets, when determining Medi-Cal eligibility for applicants or members whose eligibility is not based on modified adjusted gross income (MAGI) financial methods.

Background: The Medi-Cal program's asset limits have historically aligned with those of the federal Supplemental Security Income (SSI) program. However, as part of the Budget Act of 2021, the health omnibus trailer bill, Assembly Bill (AB) 133 (Chapter 143, Statutes of 2021), modified these limits through a two-phased approach: Phase I increased the asset limits, and Phase II eliminated them entirely.

To implement these changes, DHCS sought federal approval to disregard up to \$130,000 in nonexempt property for a single-member household, and an additional \$65,000 for each additional household member, up to a maximum of ten members, effective July 1, 2022. Beginning January 1, 2024, all assets were fully disregarded in determining Medi-Cal eligibility.

Justification for the change: DHCS proposes, effective January 1, 2026, to reinstitute the Medi-Cal Asset Limit to consider resources, including property and other assets, when determining Medi-Cal eligibility for applicants or members whose eligibility is not based on MAGI financial methods. The proposal is needed to address the state's budget deficit.

DHCS will seek federal approval to implement asset limits for applicants or beneficiaries whose eligibility is not determined using the MAGI-based financial methods no sooner than January 1, 2026.

Specifically, this proposal would:

- Repeal W&I Code Section 14005.62, which increased and subsequently eliminated resource limits for the Medi-Cal program, thereby restoring alignment with federal SSI resource limits.
- Repeal, amend, and reenact sections of law necessary to reinstate the consideration of resources when making Medi-Cal eligibility determinations, effective January 1, 2026 (W&I Code Sections 14005.11, 14005.20, 14005.40, 14005.401, 14006, 14006.01, 14006.1, 14006.15, 14006.2, 14006.3, 14006.4,

14006.5, 14006.6, 14007.9, 14009.6, 14009.7, 14011, 14013.3, 14015, 14051, 14051.5, and 14148.5).

Summary of Arguments in Support:

- The proposal is needed to address the state's budget deficit.

Estimate # and Issue Title: PC 95: Reinstatement of Asset Limit - Admin; **PC 174:** Asset Limit Increase & Elim. – Cnty BH Funding; **PC 225:** Reinstatement of Asset Limit - Benefits