

DATE: October 9, 2025

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 25-18
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: TRANSFERS OF ASSETS FOR LONG-TERM CARE MEDI-CAL AND
PERIODS OF INELIGIBILITY FOR NURSING FACILITY LEVEL-OF-
CARE

References: (ACWDLs [25-14](#), [23-28](#), [90-01](#) sections 50408 through 50489
et seq., and Medi-Cal Eligibility Procedures Manual [Section 9J](#).)

The purpose of this All-County Welfare Directors Letter (ACWDL) is to provide counties and the California Statewide Automated Welfare System with guidance regarding the transfers of assets and periods of ineligibility (POIs) once asset limits are reinstated for Non-Modified Adjusted Gross Income (Non-MAGI) Medi-Cal programs effective January 1, 2026.

Background

Effective January 1, 2024, the California legislature eliminated the asset test for all Non-MAGI Medi-Cal programs, including Medicare Savings Programs (MSPs) and LTC Medi-Cal (Assembly Bill (AB) 133 (Chapter 143, Statutes of 2021)).

However, effective January 1, 2026, the asset test will be reinstated for most Non-MAGI Medi-Cal programs (AB 116 (Chapter 21, Statutes of 2025)). For the impacted Non-MAGI 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). For more information, please refer to ACWDL [25-14](#). As the asset limits for the Pickle, Disabled Adult Child (DAC), and Disabled Widow/er (DW) programs were eliminated under a separate federal waiver authority, these programs will continue to be exempt from the asset test until further guidance is issued.

Review of Transfers of Assets

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. In California, the look-back period is 30 months, which means that only transfers made within this period may prevent Medi-Cal from paying for LTC services if the transfer was not made in accordance with the requirements under the Title 22, California Code of Regulations (CCR), Section [50408](#).

Once the CEW determines that an individual has made a transfer in their look-back period, the CEW reviews the value of the assets transferred to determine if a penalty period preventing payment for LTC services needs to be established. This penalty period is referred to as the period of ineligibility (POI) for nursing facility level-of-care. The POI does not apply to Medi-Cal members enrolled in community-based Medi-Cal programs. A POI can only be imposed when an LTC applicant or member has made transfers of nonexempt assets by any restricted manner described under 22 CCR 50409. The penalty for a transfer must not cause the individual undue hardship as defined in Welfare and Institutions Code (WIC) section 14015.1(b). In addition, transfers of exempt assets are not penalized (WIC Section 14015).

Counties must review transfers differently based on whether they occurred before, during, or after the period in which the asset requirement was eliminated. The following sections outline the treatment of nonexempt asset transfers made during each specific period.

Transfers On or After January 1, 2026

On or after January 1, 2026, counties should only review transfers when an individual requests LTC Medi-Cal. Only transfers made by the LTC applicant/members, or by their spouses, during the applicable review period in the chart on pages 4 and 5 will require further review. Starting July 1, 2026, only the months after the reinstatement of asset limits on January 1, 2026, will be reviewed for transfers.

Counties must first review the electronic asset verification program (AVP) reports to determine if any transfers occurred during the look-back period or the months beginning on January 1, 2026, where applicable. DHCS will publish guidance for the use of AVP after the January 1, 2026, reinstatement of asset limits. Counties do not need to follow up when electronic asset verification shows transfers under the average private pay rate (APPR) for nursing facility level of care, or when the individual was within the asset limits at the date of the transfer. The APPR is published annually, with the updated figures for the calendar year typically available at the end of January of each year. When it appears that the applicant/member was over the asset limits and transferred property over the APPR, counties will follow up with the individual to determine whether

the transferred asset was exempt and the reason that the property was transferred. There is a presumption that assets transferred by an individual in LTC were transferred to establish eligibility. This presumption may be refuted with evidence that the transfer was made for reasons other than to establish eligibility for Medi-Cal. If the applicant/member demonstrates they transferred the nonexempt assets for any reason other than establishing eligibility to Medi-Cal (i.e., refutes the presumption), counties shall not calculate a POI. When nonexempt assets are transferred and the applicant/member does *not* refute that the transfer was to establish eligibility for Medi-Cal, counties must *first* look at undue hardship before calculating any potential POI. Individuals who are incompetent (unable to act on their own behalf in business and personal matters {Title 22, CCR Section [50032](#)}) shall not be denied due to the noncooperation of the individual acting on their behalf. Refer to ACWDL [94-62](#) for additional guidance for making a competency determination and completing a diligent search.

When calculating a POI, counties shall only request additional verification from the individual when the information in the AVP report is not sufficient to complete the Period of Ineligibility Worksheet ([MC 176 PI](#)).

Transfers On or After January 1, 2024, but Before January 1, 2026

Counties shall not request verification, review electronic asset verification information, or calculate any periods of ineligibility for transfers of assets made **on or after January 1, 2024, through December 31, 2025**, for LTC applicants/members, or their spouses.

Transfers Prior to January 1, 2024

Counties shall review transfers of assets made **prior to January 1, 2024**, by an LTC applicant/member, or their spouse. Transfers of nonexempt assets made prior to January 1, 2024, are subject to the transfer of asset rules, including periods of ineligibility. The CEW shall utilize the AVP report to review for any transfers made during the look-back period. The CEW shall only request additional verification from the individual when the information in the AVP report is not sufficient to complete the Period of Ineligibility Worksheet ([MC 176 PI](#)).

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. **Any months from**

January 2024 through December 2025 shall not be reviewed for transfers in the look-back period, as the asset test did not apply during those months.

For LTC applicants who apply between January 1, 2026, and June 30, 2026, and Medi-Cal members who enter LTC during the same time frame, the months prior to the elimination of asset limits on January 1, 2024, must be reviewed for transfers during their lookback period. Starting on July 1, 2026, only months after the reinstatement of asset limits on January 1, 2026, will need to be reviewed for transfers.

Beginning July 1, 2026, 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, 2028.

The chart below outlines months in the look-back period requiring review based on the date of the request for LTC Medi-Cal. For LTC applications and Medi-Cal members entering LTC in 2025, the number of months requiring review in the look-back period decreases. After January 1, 2026, when asset limits are reinstated, the number of months requiring review will no longer decrease and will instead begin to increase after July 2026.

Date of LTC Application	Review Period for Transfers	Months in Review Period
January 2025	7/2022-12/2023	18
February 2025	8/2022-12/2023	17
March 2025	9/2022-12/2023	16
April 2025	10/2022-12/2023	15
May 2025	11/2022-12/2023	14
June 2025	12/2022-12/2023	13
July 2025	1/2023-12/2023	12
August 2025	2/2023-12/2023	11
September 2025	3/2023-12/2023	10
October 2025	4/2023-12/2023	9
November 2025	5/2023-12/2023	8
December 2025	6/2023-12/2023	7
January 2026	7/2023-12/2023	6
February 2026	8/2023-12/2023 & 1/2026	6
March 2026	9/2023-12/2023 & 1/2026-2/2026	6
April 2026	10/2023-12/2023 & 1/2026-3/2026	6

Date of LTC Application	Review Period for Transfers	Months in Review Period
May 2026	11/2023-12/2023 & 1/2026-4/2026	6
June 2026	12/2023 & 1/2026-5/2026	6
July 2026	1/2026-6/2026	6
August 2026	1/2026-7/2026	7
September 2026	1/2026-8/2026	8
October 2026	1/2026-9/2026	9
November 2026	1/2026-10/2026	10
December 2026	1/2026-11/2026	11
January 2027	1/2026-12/2026	12
February 2027	1/2026-1/2027	13
March 2027	1/2026-2/2027	14
April 2027	1/2026-3/2027	15
May 2027	1/2026-4/2027	16
June 2027	1/2026-5/2027	17
July 2027	1/2026-6/2027	18
August 2027	1/2026-7/2027	19
September 2027	1/2026-8/2027	20
October 2027	1/2026-9/2027	21
November 2027	1/2026-10/2027	22
December 2027	1/2026-11/2027	23
January 2028	1/2026-12/2027	24
February 2028	1/2026-1/2028	25
March 2028	1/2026-2/2028	26
April 2028	1/2026-3/2028	27
May 2028	1/2026-4/2028	28
June 2028	1/2026-5/2028	29
July 2028	1/2026-6/2028	30
August 2028	2/2026-7/2028	30
September 2028	3/2026-8/2028	30

Undue Hardship

All cases must be reviewed for undue hardship before imposing a POI for nursing facility level-of-care. If undue hardship conditions are met, the county will not impose a POI. The criteria for undue hardship are set forth in WIC section [14015.1\(b\)](#), and summarized below.

(b) An undue hardship shall be found to exist under any of the following circumstances:

- (1) The individual has been determined eligible for medical assistance for home and facility care based on an application filed on or after January 1, 2006, and before the date that regulations adopted pursuant or relating to this section have been certified with the Secretary of State.
- (2) The deprivation of medical assistance for home and facility care would cause an endangerment to the life or health of the individual.
- (3) The denial of medical assistance for home and facility care would result in the eviction of the individual from a nursing home.
- (4) The individual is otherwise eligible for the Medi-Cal program and unable to obtain home and facility care without Medi-Cal.
- (5) The denial of medical assistance for home and facility care would cause the individual to be unable to remain at home or in the community and would hasten or cause the individual's entry into a medical or long-term care institution.
- (6) The individual would be deprived of food, clothing, shelter, or other necessities of life.

Periods of Ineligibility

Reminder: All cases must be reviewed for **undue hardship** before imposing a period of ineligibility.

A. Existing POIs

During case processing, counties shall review all current cases with an active period of ineligibility and/or restriction code for nursing facility level-of-care to determine if undue hardship applies. The criteria for undue hardship are set forth in WIC section [14015.1\(b\)](#), and summarized in the undue hardship section above. Even if the current cases did not previously meet the undue hardship criteria at application and redetermination, CEWs shall reassess for undue hardship based on the members' current financial and medical circumstances.

B. New POIs

Effective January 1, 2026, counties shall follow the instructions contained in [ACWDL 90-01](#) regarding transfers of nonexempt assets and consider undue hardship prior to imposing any periods of ineligibility for disqualifying transfers. A disqualifying transfer occurs when, during an individual's look-back period, they were over the asset limit and made a transfer of nonexempt assets valued more than the statewide APPR for nursing facility services. The CEW shall complete the MC 176 PI and submit the form and any relevant documentation regarding the transfer and the CEW's review for undue hardship to DHCS for review at NonMAGlinbox@dhcs.ca.gov if a POI is the result. Counties shall submit the

completed MC 176 PI form and documentation to DHCS within 10 business days of discovery of the POI. DHCS shall review the form and documentation and issue a decision to the county within 10 business days.

The POI **shall not** be imposed without approval from the DHCS Medi-Cal Eligibility Division. The maximum POI is 30 months from the date of the transfer ([ACWDL 90-01](#), Section 50411.3). For disqualifying transfers made by individuals with a look-back period with months of review prior to January 1, 2024, the POI may extend into the months when asset limits were eliminated.

Counties shall not issue a total denial of Medi-Cal eligibility for individuals based on making disqualifying transfers of assets. Counties shall instead impose a POI by granting restricted eligibility for nursing facility level-of-care, utilizing the restricted services codes “950” or “951” in MEDS as set forth in [ACWDL 91-107](#), and providing the appropriate Notice of Action.

Examples for Look-Back Period and Period of Ineligibility

- **Example 1:**

An aged LTC individual transfers \$15,000 to their adult grandchild as a gift on December 5, 2025. They apply for Medi-Cal on February 1, 2026. The 30 month look-back period starts the month before the February 2026 application month.

The look-back period is from August 1, 2023, through January 31, 2026. The CEW does not review the months of January 2024 through December 2025 for transfers of assets. No transfers of assets were made by the applicant from August 1, 2023, to December 31, 2023, and January 1, 2026, to January 31, 2026, so the CEW ends the review for POI. The CEW determines that the applicant is eligible for full-scope Medi-Cal for LTC effective February 1, 2026.

- **Example 2:**

On December 25, 2023, an aged individual gifts \$250,000 to their nephew to cover the cost of his medical school expenses. Later, on April 5, 2025, the aged individual is injured, resulting in them requiring assistance with daily activities and moving into an LTC facility. After paying out of pocket for their stay in the LTC facility, the individual applies for Medi-Cal on May 20, 2026, to help pay for the LTC facility.

At the time of the application, the aged individual is within the asset limit for a one-person household. When the CEW reviews the LTC application, they run an AVP report to review transfer of assets during the look-back period from November 1, 2023, to December 31, 2023, and from January 1, 2026, to April 30, 2026, noticing the applicant's transferred assets in December 2023. The CEW contacts the applicant to request more information regarding the transfer. The applicant responds with a statement that they transferred the \$250,000 to help their relative pay for school, had no intention of applying for Medi-Cal at the time, but now requires Medi-Cal assistance to be able to afford their LTC stay, as they exhausted their personal assets. The CEW accepts the applicant's statement as a satisfactory showing that the assets were transferred exclusively for a purpose other than to qualify for medical assistance, and the CEW determines that the applicant is eligible for full-scope Medi-Cal for LTC effective May 1, 2026.

- Example 3:

An aged LTC individual transfers \$25,000 to their best friend on January 6, 2026. The individual retains a total of \$89,000 in nonexempt assets.

The individual applies for Medi-Cal on February 1, 2026. When reviewing the applicant's eligibility, the CEW reviews the AVP report for transfer of assets from August 1, 2023, to December 31, 2023, and from January 1, 2026, to January 31, 2026. The CEW determines that there is no POI as the applicant was within the \$130,000 asset limits at the time of the transfer. The CEW determines that the applicant is eligible for full-scope Medi-Cal for LTC effective February 1, 2026.

- Example 4:

A 45-year-old individual receiving Social Security Disability Insurance benefits and enrolled in Medicare is admitted into an LTC facility on July 17, 2026. The individual owns \$200,000 in nonexempt assets and transfers \$70,000 to his son on August 24, 2026. He then applies for Medi-Cal on September 7, 2026, to help pay for the cost of the LTC facility.

At the time of the application, the individual is under the asset limit. When the CEW reviews the LTC application, she runs an AVP report to review transfers of assets during the look-back period from January 1, 2026, to August 31, 2026. CEW discovered the applicant was over the asset limit and transferred an

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amount greater than the APPR. The CEW reviews for undue hardship, but it does not apply. As it is presumed that a transfer of nonexempt assets by an LTC individual is to establish eligibility for Medi-Cal, the CEW moves forward with calculating a POI for the applicant using the MC 176 PI.

For the purposes of this example, the APPR is \$13,000. In calculating the POI, the CEW determines that the POI is 5 months long, as no partial month POI are imposed, and would run from August 1, 2026 (the month the disqualifying transfer was made) through the end of December 2026 (the end of the 5th month). The CEW sends the case details, including the completed MC 176 PI forms and the details of the review for undue hardship, to DHCS for review. DHCS agrees with the POI determination and the CEW utilizes the restricted services codes in MEDS and provides the appropriate Notice of Action.

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