

DEPARTMENT OF HEALTH SERVICES

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August 28, 1978

To: All County Welfare Directors

Letter No. 78-3

IMPACT OF PROPOSITION 13 ON MEDI-CAL ELIGIBILITY DETERMINATIONS

This letter is to inform you of the effects that Proposition 13 will have on the valuation of real property in Medi-Cal eligibility determinations.

Background

The state law applicable to the valuation of real property as it affects Medi-Cal eligibility is Welfare and Institutions (W&I) Code Section 14006. This section provides, in part, that "If the holdings are in the form of real property, the value shall be computed on the basis of four (4) times the assessed value less the unpaid amount of any encumbrance of record." This language was based on Revenue and Taxation laws which required that real property be assessed at 25 percent of its full market (or cash) value. Proposition 13 changed the definition of market value for assessment purposes. Therefore, the effect of Proposition 13 will be that property values, for Medi-Cal eligibility purposes, will not reflect true market value, but will be determined using the assessed values that are now based upon the "market" value as redefined by Proposition 13.

County assessors' offices had an August 21, 1978 deadline to meet in assessing property in accordance with the provision of Article XIII A, which was added to the State Constitution by Proposition 13. On that date, the property tax rolls were to be available to the public.

Impact on Medi-Cal Eligibility

The adjustments in real property assessments will affect Medi-Cal eligibility in several ways:

1. Persons who would have been ineligible due to excess property had assessments not been lowered will, beginning with the month of July 1978, have the potential of being eligible.
2. Persons whose real property has not been reassessed since 1974, may have their property assessed upwards and become ineligible for the program.
3. Persons who must utilize their real property in order to remain eligible for Medi-Cal may have their required "monthly utilization (income) amount" raised or lowered depending upon the reassessed value of their property.

County Action Required

The application of the new assessed values in the Medi-Cal eligibility process will differ depending upon whether an eligibility determination has been made.

For persons already determined eligible, the new assessed values need not be applied to the eligibility process until the annual redetermination of eligibility, unless:

1. The beneficiary requests redetermination of eligibility using the new assessed values, or
2. A change in the beneficiary's property holdings cause a redetermination of eligibility, or
3. The county is discontinuing a person due to failure to meet property utilization requirements. (Eligibility would continue, if by using the new assessed amounts, utilization requirements have been met.)

For persons who are applying for Medi-Cal and own real property other than the home in which they reside, information regarding the value of their property based upon the new assessed value as determined by the county assessor's office since passage of Proposition 13 should be requested. It is our understanding that persons whose property is assessed upward will have received written notice; however, persons whose property is assessed at the same or at a lower value may not receive notice. The information should, in any event, be available at the county assessor's office.

Please direct any questions you have on this subject to your Medi-Cal field representative.

Sincerely,

Original signed by

Barbara V. Carr for
Doris Z. Soderberg, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Field Representatives

Expiration Date: February 28, 1979