

# DEPARTMENT OF HEALTH CARE SERVICES PROPOSED TRAILER BILL LEGISLATION

## Reinstate Medi-Cal Asset Limit FACT SHEET

**Issue Title: Reinstatement of the Medi-Cal Asset Limit.** The Department of Health Care Services (DHCS) proposes, effective no sooner than January 1, 2027, to reinstitute the Medi-Cal Asset Limit to federal resource levels, 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.

As part of the Budget Act of 2025, the health omnibus trailer bill, AB 116 (Chapter 21, Statutes of 2025), reinstated Medi-Cal Asset Limit to consider resources beginning January 1, 2026, at the 2022 Phase I increased level, when determining Medi-Cal eligibility for applicants or members whose eligibility is not based on MAGI financial methods.

**Justification for the Change:** DHCS proposes, effective no sooner than January 1, 2027, to align the Medi-Cal Asset Limit to the federal SSI program, 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 updated asset limits for applicants or beneficiaries whose eligibility is not determined using the MAGI-based financial methods no sooner than January 1, 2027.

Specifically, this proposal would:

- Make the existing section of law which partially restores the Asset Test, enacted in the Budget Act of 2025, inoperative on January 1, 2027, and sunset the section on January 1, 2028 (Welfare & Institutions Code (WIC) Section 14005.62).
- Recast the section of law to fully restore the Asset Test, which would:
  - Require DHCS to seek federal approval to restore alignment with federal resource limits, as specified (proposed WIC Section 14005.62(a)(1)).
  - Make implementation contingent upon the DHCS Director notifying the Department of Finance that systems have been programmed according to the new resource limits, no sooner than January 1, 2027 (proposed WIC Section 14005.62(a)(2)).
  - Apply the new resource limits beginning with the beneficiary's first annual redetermination, after the section becomes operative (proposed WIC Section 14005.62(b)).
  - Make this section of law operative on January 1, 2027 (proposed WIC Section 14005.62(f)).
- Repeal the former section of law that eliminates the Asset Test, enacted in the Budget Act of 2021, on July 1, 2026, rather than January 1, 2027 (WIC Section 14005.11, as amended by Section 53 of Chapter 21 of the Statutes of 2025).
- Amend the existing section of law that implemented the partial restoration of the Asset Test, enacted in the Budget Act of 2025, to make it inoperative on January 1, 2027, and to repeal the section effective January 1, 2028 (WIC Section 14005.11, as amended by Section 52 of Chapter 21 of the Statutes of 2025).
- Recast the section of the law to fully restore the Asset Test which would:
  - Restore alignment with federal SSI resource limits, as specified (proposed WIC Section 14005.11(a)).
  - Apply the new resource limits beginning with the beneficiary's first annual redetermination, after the section becomes operative (proposed WIC Section 14005.11(b)).
  - Make this section operative on January 1, 2027 (proposed WIC Section 14005.11(i)).

**Summary of Arguments in support:**

- The proposal will help to address California's budget deficit and achieve a balanced budget.

**BCP or Estimate Issue # and Title:** 4260-338-ECP-2026-MR, Reinstate Medi-Cal Asset Limit Test