



# Eliminating the Medi-Cal Asset Test

## Making Access to Health Care More Equitable and Fair

APRIL 2021 | BY AUREO MESQUITA

Millions of California seniors and people with disabilities turn to Medi-Cal — known federally as Medicaid — for essential health care because ableist, ageist, racist, and classist policies and practices have blocked them from access to jobs, income, and wealth that can provide health coverage throughout their lifetimes. These Californians face further discrimination due to an asset test in Medi-Cal that unfairly applies only to people age 65 or older or who have a disability.<sup>1</sup> The asset test has strict limits and complex rules that discourage savings, weaken households' financial stability, and benefit homeowners while putting renters at a disadvantage.

Medi-Cal limits seniors and people with disabilities to assets of no more than \$2,000 for individuals and \$3,000 for couples — a restriction that has not changed since 1989. Assets include cash on hand, money in a checking or savings account, a second

car, and other resources. In addition, seniors must have household incomes that do not exceed 138% of the federal poverty line — \$1,482 per month for a single adult or \$2,004 for a couple as of 2021.

Policymakers have chosen to exempt certain assets from counting toward the limit. However, by treating resources differently, they have created an uneven playing field. In particular, a primary residence is exempted from the asset test, benefitting homeowners who may qualify for Medi-Cal even with substantial property wealth. In contrast, California renters — who may have other forms of wealth, such as cash savings — do not benefit from significant exemptions. They may be compelled to “spend down” much of their savings to qualify for Medi-Cal — money they could have used for other purposes such as moving costs, emergency expenses, and financing their retirement.



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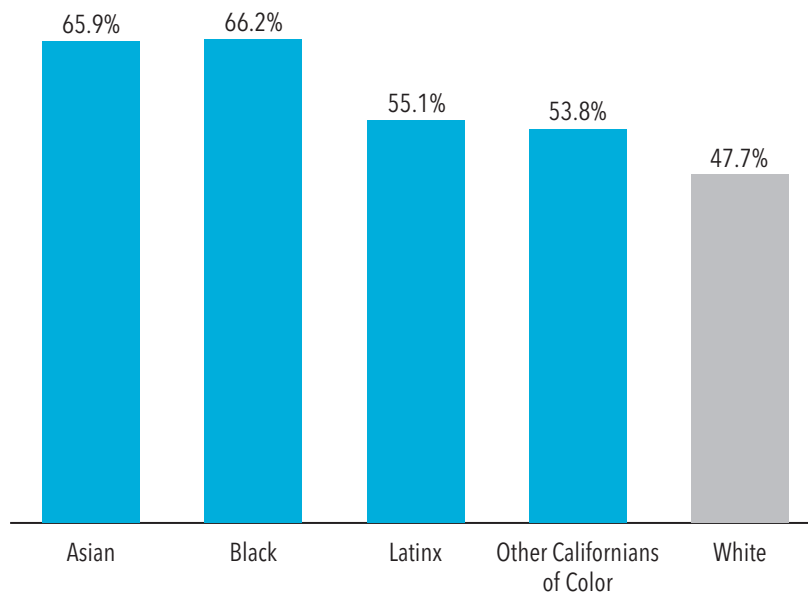


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## More Than Half of Seniors of Color with Incomes at or Below 138% of Federal Poverty Line Live in Renter Households

Percentage of Seniors Who Rent Their Homes by Race/Ethnicity, 2019

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Note: "Other Californians of color" includes American Indians, Alaska Natives, Pacific Islanders, and people who identify with multiple races.

Source: Budget Center analysis of US Census Bureau, American Community Survey data

Among seniors who are income-eligible for Medicaid, nearly 2 in 3 Asian and Black Californians live in renter households, as do more than half of Latinx and other seniors of color. Homeowners are disproportionately white and renters are disproportionately Californians of color due to the legacy of racist policies and practices in housing, education, and employment.

State policymakers can eliminate the asset test and help to advance health equity for all Californians. Nine states plus Washington D.C. have increased their Medicaid asset limits, and Arizona abolished its asset test entirely. California's Legislature has taken similar action to eliminate or increase asset limits in other support programs and can build upon progress made to help families and communities lead healthy lives.

*Support for this Fact Sheet was provided by the California Health Care Foundation.*

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<sup>1</sup> The federal Affordable Care Act, signed into law in 2010, eliminated the Medicaid asset test for Californians without a disability under age 65.