Medi-Cal eligibility changes on horizon

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On March 23, 2010, President Barack Obama signed the Patient Protection and Affordable Care Act (ACA) into law. The new health care law aims to increase access to health insurance through accessible private insurance and an expansion of Medicaid (Medi-Cal in California).

As an elder law attorney, it is impossible not to discuss the new changes the ACA makes to the eligibility rules for Medi-Cal, including who will be covered, and how income, assets and household size will be determined. The new changes and requirements take effect Jan. 1, 2014.

Currently, there is no Medi-Cal coverage for adults unless they have minor children living at home, have a disability, are over the age of 65, or are pregnant. But under the ACA, Medi-Cal will expand coverage to most adults who are at or below 133 percent of the federal poverty guidelines, also referred to as the federal poverty level. That means approximately 3 million additional Californians will be Medi-Cal eligible as a result of the ACA. For a single adult, 133 percent of the federal poverty level is approximately $1,207 per month ($14,484 per year). The ACA also will expand Medi-Cal up to age 26 for former foster youth who were enrolled in Medi-Cal at age 18.

The ACA moves away from the welfare-program income rules in Medi-Cal. Instead, income eligibility will be determined using a tax-based system for counting individual or household income called "modified adjusted gross income," or MAGI. MAGI is defined as adjusted gross income increased by certain other income that is not usually taxed, including foreign income earned outside the U.S. and interest received or accrued which is exempt from tax. "Household income" is the MAGI of the taxpayer plus the aggregate MAGI of all other persons for whom the taxpayer took a deduction and who were required to file a tax return.

States must establish income-eligibility thresholds for Medi-Cal that are not less than the effective income eligibility levels under the state plan on the date of the ACA's enactment. During the transition to MAGI methodology, the state must establish an equivalent income test to ensure that people do not lose Medi-Cal coverage.

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Under the ACA, states may not use an assets test to determine eligibility for Medi-Cal for most populations. The ACA defines a household's size for a taxpayer as the number of individuals for whom the taxpayer can claim a deduction under Section 151 of the Internal Revenue Code. This is different than the current Medi-Cal rules for determining a family budget unit. For example, under the current rules a stepmother who files taxes with her stepson would not count in determining the stepson's family size or household income. Under the MAGI rules, this same stepmother will be included in her stepson's family unit, along with her income.

Some groups will still need to meet an assets test to qualify for Medi-Cal under the ACA. The existing income and assets rules will continue to be used for individuals who are:

» eligible for Medi-Cal through another program including SSI, adoption assistance, and foster youth;

» 65 years of age or older;

» eligible for Social Security Disability Income;

» medically needy;

» in a Medicare Savings program; and

» disabled.

The MAGI rules also do not apply to income eligibility determinations for Express Lane, Medicare Part D prescription drug low-income subsidies, or Medi-Cal long term care services.

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