

Medi-Cal General Property Limitations for persons who don't qualify using their Modified Adjusted Gross Income

Medi-Cal does not count property for persons who qualify based on their Modified Adjusted Gross Income (MAGI). You can ask your eligibility worker if you qualify for Medi-Cal using MAGI rules. If you haven't applied, you can apply in one of these ways:

- Through your county department of health and human services. Find your local county office information at <http://dhcs.ca.gov/COL>. Or call the Medi-Cal Helpline at (800) 541-5555.
- Online at www.CoveredCA.com
- By phone at **1-800-300-1506**

This notice explains Medi-Cal **property requirements** for all Medi-Cal applicants and beneficiaries who do **not** qualify using MAGI. These are words to know:

- **Property** includes both **real** property and **personal** property
- **Real** property is land, buildings, mobile homes that are taxed as real property, life estates in real property, mortgages, promissory notes, and deeds of trust
- **Personal** property is any liquid or non-liquid asset. It includes cars, jewelry, stocks, bonds, financial institution accounts, boats, trucks, trailers, etc.
- **Countable** property is real and personal property that is counted to determine eligibility
- **Exempt** or **unavailable** property is real or personal property that is **not** counted to determine eligibility
- **Property reserve** is countable property that is **not** exempt or unavailable
- **Property reserve limits** are the total amounts of countable property allowed

To qualify for Medi-Cal, your total countable property cannot be above these property reserve limits, based on the number of persons whose property is considered:

Number of persons	Property limit
1	\$130,000
2	\$195,000
3	\$260,000
4	\$325,000
5	\$390,000
6	\$455,000
7	\$520,000
8	\$585,000
9	\$650,000
10 or more	\$715,000

Note: When one spouse is in an institution and the other is a community spouse (living at home), an added amount of countable property is allowed. Jewelry of any value is exempt. To learn more, read page 3.

Your countable property must **not** be above the property reserve limit. Any amount over that limit will make you and/or your family **ineligible** for Medi-Cal.

To qualify for Medi-Cal, you may reduce your property to the property reserve limit before the end of the month you apply for Medi-Cal. If you cannot reduce your property limit for a month starting with the month you apply, read **Exception: Principe v. Belshé** on page 5.

Property Exemptions

(Property that is **not** counted for Medi-Cal eligibility)

Real property

- **Principal residence** (property used as a **home**)
 - When an applicant or beneficiary is absent from the home for any reason, including being in an institution, the home stays exempt if the applicant or beneficiary intends to return to it someday.
 - The home also stays exempt if the applicant's or beneficiary's spouse or dependent relative continues to live in it.
 - Money received from the sale of the home can be exempt for 6 months if the money will be used to buy another home.
- **Other real property**
 - Up to \$6,000 of the equity value in non-business real estate (other than the home), mortgages, deeds of trust, or other promissory notes may be exempt.
 - For this exemption, the property must produce a yearly income of 6 percent of the net market value or current face value.
- **Real property used in a business or trade**
 - Real estate used in a trade or business is exempt regardless of its equity and whether it produces income.
 - This exemption includes rental properties in some cases.

Personal property

- **One motor vehicle**
- **Personal property used in a trade or business**
- **Personal effects** including clothing, heirlooms, wedding and engagement rings, and other jewelry
- **Household items**
- **IRAs, KEOGHs, and other work-related pension plans**
 - These funds are exempt if the family member whose name it is in does **not** want Medi-Cal.
 - If a fund is held in the name of a person who wants Medi-Cal and gets principal and interest payments, the balance is unavailable and is **not** counted.
- **Irrevocable burial trusts or irrevocable prepaid burial contracts**
- **One revocable burial fund or revocable prepaid burial contract** with a

value of up to \$1,500 plus accrued interest per person

- **Burial space items**
- **Musical instruments**
- **Recreation items** including TVs, electronics, computers, guns, collections, etc.
- **Livestock, poultry, or crops**
- **Countable property equal to the benefit amount paid under a state-certified, long-term care insurance policy**
- **Life insurance policies**
 - Each person may have life insurance policies with a combined face value of \$1,500 or less.

Property limits for persons who enter or live in long-term care who do not qualify using MAGI

If you are single and live in a long-term care facility:

You must have \$130,000 or less in your property reserve.

If you are married and both of you live in a long-term care facility and neither of you has applied for Medi-Cal before:

- Your separate property plus one-half of the community property must be valued at \$130,000 or less.
- Your spouse not applying for Medi-Cal may keep all of their separate property plus one-half of the community property. You may be able to speed up Medi-Cal eligibility if you and your spouse agree to divide the community property. Before signing this type of agreement, you should get advice from a lawyer who knows about the Medi-Cal program.

If you are married and you are admitted to a long-term care facility:

- If you are expected to stay for at least **30** days in a row and your spouse is living in the community, your spouse may keep a certain amount of the combined community and separate property. This amount is called the Community Spouse Resource Allowance (CSRA).
- The CSRA is figured based on the day you apply for Medi-Cal.
- The CSRA goes up January 1 of each year. You can find it on the Department of Health Care Services website. The 2022 CSRA is \$137,400.
- The institutionalized spouse (spouse in the long-term care facility) may keep up to an added \$130,000 of countable property.
- The CSRA limit may be increased if the community spouse gets a **court order** for their support or a **fair hearing** finds that **both** of these are true:
 - a. A greater amount of property is needed to make enough income to raise the community spouse's income to the minimum monthly maintenance needs allowance (MMMNA).
 - The MMMNA for the year 2022 is \$3,435 per month.
 - The MMMNA is updated yearly and may be found on the Department of Health Care Services website.
 - b. More income is needed due to exceptional circumstances that cause financial hardship.

Note: Because these rules affect how much money a community spouse can keep for purposes of the institutionalized spouse's Medi-Cal eligibility, you may want to consult a legal services program for seniors in your area. Or to learn how the law affects you, consult a lawyer who knows about the Medi-Cal program.

Assessment

An institutionalized person or their spouse can ask for a property assessment even if the institutionalized person is not applying for Medi-Cal. You will need to make an appointment at a county welfare department of health and human services. Find your local county office information at <http://dhcs.ca.gov/COL>.

You will need to give proof of the values of all your real and personal property. This proof may include county tax assessments, checking and savings account statements, court orders, brokerage account statements, life insurance policies, annuity policies, trust account documents, contracts, lease agreements, life estate documents, and/or documents from qualified persons of financial institutions about the values of any real or personal property that you and your spouse own.

Reducing property to within property limits

Before Medi-Cal can be approved for a month, the property reserve must be reduced to an amount at or below the property limit by the end of that month.

Medi-Cal eligibility for a month cannot be approved unless countable property is below the property limit at some time during that calendar month. If you cannot reduce your property to the property limit for a month, starting with the month you apply, read **Exception: Principe v. Belshé** on page 5.

Examples:

- If a Medi-Cal applicant's total non-exempt property is a savings account with a \$200,000 balance in a month, they must reduce the savings account to \$130,000 in that month. A couple must reduce the savings to \$195,000 in that month.
- If an institutionalized spouse and a community spouse have combined property that totals more than the CSRA plus \$130,000 in a month, the couple must reduce the total non-exempt property to at or below the CSRA plus \$130,000 to meet the property requirements. The institutionalized spouse will then have at least **90** days (longer if a court order is needed) to transfer the property in the CSRA to the community spouse. This is to bring the institutionalized spouse to within the \$130,000 property limit for one. The CSRA for 2022 is \$137,400.

Medi-Cal applicants who are **not** in an institution can reduce their non-exempt property to the limit in any way they choose within the calendar month for which they want Medi-Cal. Medi-Cal may require proof of the property reduction.

These applicants will **not** be ineligible due to a non-exempt property transfer for less than fair market value (FMV), unless they go into an institution within 30 months of the MC Information Notice 007 (Revision 07/22)

date they transfer the property.

A transfer of non-exempt property for less than FMV is a change in the ownership of the property by giving away, selling, or otherwise exchanging it for less than the property is worth.

Important: If you are applying as an institutionalized person, or a person who may be institutionalized within 30 months of the date of a transfer, and you transfer non-exempt property for less than FMV, you may have a period of ineligibility for nursing facility level of care under Medi-Cal. These are ways to reduce that period of ineligibility:

- Pay medical bills
- Buy furnishings for the home
- Pay on the home mortgage
- Buy clothes
- Make repairs to the home
- Pay off your auto loan
- Pay off other debts
- Start liquidating (cashing in) non-liquid assets, for example by getting the cash surrender value on non-exempt life insurance policies or listing property for sale with qualified broker
- Borrow against excess property to cover the cost of medical care or ask the medical provider to place a lien against the property to cover the cost of the care

Exception: Principe v. Belshé

Persons who could not reduce their excess property during the application month or a later month during the application process may **spend down** their property retroactively (afterward) by paying qualified medical expenses. These can be from any month but must be unpaid in the month you were above the property limit for that month. Eligibility will be granted, if you otherwise qualify, **after** you use the excess property to pay those qualified medical expenses and show the county proof of the payment.

Transfer of exempt property

The transfer of exempt (not counted) property at any time will **not** cause a period of ineligibility, as long as the property would have been considered exempt at the time of the transfer. This includes a transfer of property used as a home or former home. The money received from the sale of a home **will** be counted as property unless the money is to be used to buy another home within 6 months. Any money received from the sale of other exempt assets will be counted as property.

Transfer of non-exempt property

An institutionalized applicant or Medi-Cal beneficiary who is institutionalized within 30 months of the date of the transfer **may** be ineligible due to a transfer of non-exempt property for less than FMV.

Non-exempt property can be transferred without causing a period of ineligibility if the property is transferred to:

- The spouse (or to another for the sole benefit of the spouse), **or** to
- A child of the institutionalized individual who is blind or permanently and totally disabled, **or**
- The property was intended to be transferred at FMV for something of equal value, **or**
- The property was not transferred to establish Medi-Cal eligibility, **or**
- A period of ineligibility for nursing facility level of care would cause an undue hardship.

A transfer of the non-exempt former home to someone listed in the next section or the transfer of exempt property to anyone will **not** result in a period of ineligibility for nursing facility level of care if the property was given away, sold, or otherwise exchanged at less than FMV.

If the non-exempt former home is transferred for less than FMV to other persons, or non-exempt property is transferred for less than FMV, the transfer may result in a period of ineligibility for nursing facility level of care for 1 to 30 months.

This period of ineligibility is based on the uncompensated value of the property (dollar amount of compensation not received) divided by the statewide average rate for privately paid nursing facility care. The statewide average private pay rate for the year 2022 is \$10,933 per month.

Example:

An institutionalized person reduces property by transferring \$33,000 in excess property to a child as a gift. Because the person got nothing of fair market value in return for the gift, they would **not** qualify for nursing facility level of care. If the statewide average monthly rate for privately paid nursing care is \$11,000, the person would be ineligible for nursing facility level of care for three months, starting the month of the transfer. This is \$33,000 divided by the \$11,000 average private pay rate. The person will still qualify for all other Medi-Cal services.

Transfer of a non-exempt former home by an institutionalized person that does not result in a period of ineligibility

Transfer of the exempt home does not cause a period of ineligibility. Transfer of a non-exempt former home also won't cause a period of ineligibility if the title of the home is transferred to:

- The spouse, **or**
- A child younger than 21, **or**
- A child, regardless of age, who is blind or totally and permanently disabled, **or**
- A child not listed above who lived in the home for the two years just before the institutionalized person's admission date and who provided care that allowed that person to live at home rather than in the institution or facility, **or**
- A sibling who has equity interest in the home and who lived in the home for

one year, the year just before the date the institutionalized person was admitted to the facility or institution.

The county must determine if undue hardship exists **before** it sets a period of ineligibility for nursing facility level care. When a transfer causes a period of ineligibility, the ineligible person has the right to ask for an appeal through fair hearing. The appeal form is on the back of the Notice of Action that ends, denies, or restricts eligibility.