AB 1088 (Wood) Fact Sheet

Fix the Medi-Cal Yo-Yo Rule

Keep Seniors in Full-Scope Medi-Cal

Problem:
Some Medi-Cal beneficiaries, particularly seniors, are still subject to pre-Affordable Care Act income counting rules. These rules allow Medicare enrollees to deduct the cost of their Medicare Part B premiums from their income when they apply for Medi-Cal, however, if they qualify for free Medi-Cal, the state pays for their Part B premium eliminating that premium payment as an income deduction. Thus, some seniors, whose income is close to the eligibility cap, yo-yo back and forth between free Medi-Cal and Medi-Cal with a high share of cost.

Background:
Although most low-income seniors are eligible for Medicare, many cannot afford to use it without the Medi-Cal program. Additionally, Medicare doesn't cover all health services that low-income seniors need such as dental care, long-term care and in-home services. These seniors rely on Medi-Cal for access to affordable health care.

When a Medicare enrollee applies for Medi-Cal, income counting rules deduct the cost of their Part B premium. Once they are on Medi-Cal, the state pays their Part B premium as a benefit of free Medi-Cal. Because the beneficiary is no longer paying out of pocket, they no longer receive the income deduction. If their income is close to the cap, the "increased" income causes them to yo-yo from free Medi-Cal to a share of cost program. Those affected end up not only with high-cost Medi-Cal, but they must also pay their own Part B premiums again, despite no change in their actual income.

A senior with an income even $1 above the income cap is only eligible for Medi-Cal with a share of cost. A share of cost is the difference between a beneficiary's monthly countable income and the $600 Maintenance Need Income Level. The Maintenance Need Income Level is what the state considers to be the base amount of monthly income a person needs to survive. It has not changed since 1989. For beneficiaries experiencing the yo-yo problem, this can mean the difference between free Medi-Cal and a several hundred dollar monthly share of cost. For example, a senior with a monthly income of $1,300 who pays Part B premiums out of pocket, is eligible for free Medi-Cal. After the state starts paying their premium they will yo-yo to Medi-Cal with a $700 monthly share of cost.

For those who are able to access quality legal assistance, some are able to solve this problem by buying additional supplemental health insurance. Some seniors are forced to buy insurance policies for products they don't need to ensure that their Part B premiums continue to be paid and to avoid Medi-Cal with a share of cost in excess of $700 a month.

Those who don't have access to legal advice will continue to "yo-yo" between free Medi-Cal and share of cost Medi-Cal every few months. This shift can disrupt access to services and upend their financial stability.

This bill would:
Allow seniors to keep deducting the cost of their Part B premium once they are enrolled in free Medi-Cal. Those who are eligible for free Medi-Cal when they enroll, will stay eligible when the state starts paying their Part B premiums if their income doesn't otherwise increase. This ensures that our low-income seniors can access medical care and don't have to waste money on supplemental insurance they don't need.

For more information:
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