



# Medi-Cal 201

Practical Tips to Navigate Medi-Cal and  
Large Lump Sum Payments

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How does Medi-Cal treat lump sum payments?

# What makes this complex?

- Different Medi-Cal Programs
  - MAGI Medi-Cal
  - Traditional Medi-Cal
    - Aged & Disabled
    - Share of Cost
    - 250% Working Disabled Program
- Timing Issues
  - Lump sum payment is income the month it is received
  - Any money remaining in the following months is resource

# What is a lump sum payment?

- Any money received as a one-time payment is considered a lump sum payment
- Examples:
  - Gifts and inheritances
  - Sick or vacation leave payout
  - Settlement from litigation



# Lump Sum Payments as Income

- MAGI Medi-Cal & Traditional Medi-Cal
  - Gambling or lottery winnings
  - Court awards or settlements
- MAGI Medi-Cal
  - Retroactive Social Security disability benefits
  - Tax refunds
- Traditional Medi-Cal
  - Gifts and inheritances
    - First \$60 is excluded if irregular or infrequent income

# Lump Sum Payments as Resources



- No property test for MAGI Medi-Cal
- Traditional Medi-Cal programs have a property test
  - Creates a limit on the amount of monetary resources a beneficiary can have

# Traditional Medi-Cal Property Limit

- Resource restrictions
  - Single individual = \$2,000
  - Couple = \$3,000
- Resources include:
  - Personal property, e.g., cash, stocks, motor vehicles
  - Real property
- Resource or property?
  - These terms are used interchangeably to describe a beneficiary's assets

# Traditional Medi-Cal Property Exemptions

- Personal Property Exemptions:
  - One motor vehicle of any value
  - Household items
- Real Property Exemptions:
  - Principal residence
  - Real property used in a business
- SSI & SSDI back pay exempt for 9 months





How can recipients of lump sum payments remain eligible for Medi-Cal?

# Switch Medi-Cal Programs

- Ask to be screened for MAGI Medi-Cal
  - No property test for MAGI Medi-Cal
- MAGI Medi-Cal eligibility
  - Age between 19 and 64
  - Income <138% FPL
  - Not eligible for Medicare
    - SSDI beneficiaries not yet eligible for Medicare are eligible for MAGI Medi-Cal

# Tips for Spending Down Resources

- Transfer for fair market value
- Keep receipts
- Examples of allowable spend down:
  - Pay medical bills
  - Pay home or auto loans
  - Pay off debt
  - Purchase clothing or home furnishings

# Move Resources Into Exempt Accounts

- IRA, 401k, KEOGH plan, & pension
  - Exempt resource for 250% Working Disabled Medi-Cal
    - Annual contribution limits in 2019:
      - \$6,000 if younger than 50
      - \$7,000 if age 50-70
    - Exempt for other Traditional Medi-Cal programs if receiving regular payments from the account
      - Potential tax penalties if early withdrawal
- Savings account for earnings from work
  - Exempt resource for 250% Working Disabled Medi-Cal if other earnings not comingled with other funds
  - Interest on the account is income

# Move Resources Into Exempt Accounts

- CalABLE Account
  - Savings account for individuals who became disabled before age 26
  - Used to pay Qualified Disability Expenses:
    - Education
    - Housing
    - Transportation
    - Employment support
    - Medical care and insurance premiums
  - [CalABLE.ca.gov](https://www.calable.ca.gov) to open an account

# Move Resources Into Exempt Accounts

- Special Needs Trusts (SNT)
  - First Party SNT
    - Can be created for by individual under 65 for their own benefit
    - Medi-Cal payback provision required
  - Third Party SNT
    - Money could have never belonged to beneficiary
  - Pooled SNT
    - Trust administered by nonprofit for multiple beneficiaries
  - Designed to enhance the quality of life of the beneficiary



If someone is ineligible for Medi-Cal due to resources, are there other health insurance options?

# Covered California

- Covered California eligibility
  - Age between 19 and 64
  - Income >138% FPL
  - Not eligible for Medicare
    - SSDI beneficiaries not yet eligible for Medicare are eligible for Covered California
- ADAP & OA-HIPP
  - Income <500% FPL



# Medicare Savings Plans

|                  | Qualified Medicare Beneficiary (QMB)                          | Specified Low-Income Medicare Beneficiary (SLMB) | Qualified Individual (QI)               | Qualified Disabled and Working Individual (QDWI) |
|------------------|---|--|---|--|
| What is covered? | Medicare Part A & B premiums, deductibles, and/or coinsurance | Medicare Part B premium                          | Medicare Part B premium                 | Medicare Part A premium                          |
| Income limit     | Individuals \$1,061<br>Couples \$1,430                        | Individuals \$1,269<br>Couples \$1,711           | Individuals \$1,426<br>Couples \$1,923  | Individuals \$4,249<br>Couples \$5,722           |
| Resource limit   | Individuals \$7,730<br>Couples \$11,600                       | Individuals \$7,730<br>Couples \$11,600          | Individuals \$7,730<br>Couples \$11,600 | Individuals \$4,000<br>Couples \$6,000           |

# Medicare Options

- Medigap
  - Supplemental insurance that helps pay for out of pocket costs
  - ADAP & Medicare Part D Premium Payment (MDPP) to pay for Medicare Part D & Medigap premiums
  - Must enroll during Initial Enrollment Period (IEP) to have guaranteed right to purchase a plan
- Medicare Advantage
  - Private insurance plans that bundle hospital, outpatient, and prescription drug coverage
  - ADAP to pay for medical out of pocket costs

# Thank you!

- Questions?
  - Call PRC's EAHP
    - (415) 777-0333
    - [www.prcsf.org](http://www.prcsf.org)

