

County of San Diego, Health and Human Services Agency (HHSA)

Medi-Cal Program Guide

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Revision Date:

June 1, 2022

Background:

Eligibility for Medi-Cal is determined on a “means” tested basis. As a condition of eligibility for Non-Modified Adjusted Gross Income (MAGI) Medi-Cal, customers must have a property reserve that is below the property reserve limit.

Purpose:

The purpose of this section is to provide guidance on differentiating property and income, property reserve limits, and reduction of excess property regulations. This section has been revised to incorporate changes regarding the property reserve limit with the passing of Assembly Bill (AB) 133 Budget Act of 2021.

Policy:

Effective July 1, 2022, a single person may have up to \$130,000 in countable property reserves and another \$65,000 for each additional household member up to 10 individuals.

A. Types of Property

Property is divided into real property and personal property.

- Real property is land or improvements. Improvements include any immovable property attached to the land as well as any oil, timber, mineral, or other rights related to the land.
 - Property which has a real property deed and assessment such as timeshares and campground memberships are treated as real property.
- Personal property includes possessions or interests which are exclusive from real property and may be easily transported or stored. Below are some examples of personal property:
 - Cash on hand.
 - Bank accounts.
 - Notes.
 - Mortgages.
 - Deeds of trust.
 - Cash surrender value of life insurance.
 - Motor vehicles.
 - A lawsuit.
 - Patents.
 - Copyrights.

B. Property Exemption Status

Property may be considered either exempt or non-exempt depending on specific conditions that may apply. Property that is determined to be exempt based on specific conditions may lose its exemption status if the conditions are no longer met. See Medi-Cal Program Guide (MPG) 09.02 through 09.14 for more information on specific conditions.

C. Encumbrances

An encumbrance is a claim against a property or asset by an entity that is not the owner. Any type of property may have an encumbrance. The following are examples of an encumbrance:

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- Property lien.
- Lease.
- Mortgage.

Encumbrances of all non-exempt property that is considered in the property evaluation must be verified.

D. Differentiation of Property and Income

Funds that are counted as income in the month received are not counted as property in the same month. Any unused income is considered property on the first of the month following the month it was received. Refer to MPG 09.02 through 09.12 for any exceptions.

E. Medi-Cal Family Budget Unit (MFBU) Property Evaluation

Property of all members of the MFBU must be evaluated to determine:

- If the property is non-exempt or if it meets exemption criteria.
- The value of the non-exempt property.
- If the total value of non-exempt property exceeds property reserve limits.
- Ownership and availability of the property. Property must be owned by and available to a person to affect Medi-Cal eligibility. Refer to MPG 09.02 and 09.03 for guidance on determining ownership and availability of property.

Refer to MPG 08.01 for guidance on determining who is considered a member of a Non-MAGI MFBU.

F. Verification of Property

Non-exempt property must be verified at application, when a change in circumstance is reported, and at redetermination to determine the following:

- Identify if the property is exempt or non-exempt.
- The net market value of non-exempt property.

Refer to MPG 04.15.01D for further guidance on when to verify property and MPG 04.07 for guidance on obtaining verifications.

G. Property Reserve

Property reserve is the net market value of the non-exempt property of all individuals whose property is considered when determining eligibility for Non-MAGI Medi-Cal. Effective July 1, 2022, the asset limits are as follows:

Number of Household Members	Asset Limit
1	\$130,000
2 through 10	Add \$65,000 for each additional household member

When a customer exceeds the asset limits and is a Non-MAGI Medi-Cal eligible or potentially eligible customer, a Human Services Specialist (HSS) will determine eligibility as follows:

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If the customer exceeds the asset limits for...	Then the customer will be...
An entire month,	Ineligible to Non-MAGI Medi-Cal benefits.
During the month,	Eligible if the following conditions are met: <ul style="list-style-type: none"> The property reserve is reduced if it falls within the property reserve limit by the last day of the month. All other conditions of eligibility are met.

H. Reduction of Excess Property

The reduction of excess property is the process of a customer reducing their non-exempt property to within the asset limits by the end of the month to qualify for Non-MAGI MC benefits. Refer to MPG 09.011 for retroactive reduction of excess property under Principe vs. Belshe.

When evaluating a customer for Non-MAGI Medi-Cal, the HSS must provide the customer with the MC 007 Medi-Cal Information Notice and inform the customer of the following:

- The right to reduce their non-exempt property regardless of whether the HSS agrees the customer can reduce their property reserve below the limits by the end of the current month.
- The right to reduce excess property by retroactive spenddown on medical bills under the Principe V. Belshe provision. Refer to MPG 09.011 for guidance on retroactive spenddown.

Ways to Reduce Excess Property

Allowable ways to reduce excess property include:

- Using the excess funds to buy an asset which would be exempt such as clothing, home furnishings, or burial trusts.
- Paying for home repairs or a home mortgage.
- A person in long term care (LTC) may voluntarily pay an amount more than the asset limit to the Department of Health Care Services to avoid discontinuance from Medi-Cal. Refer to MPG 09.12 for more information on this process.
- Paying medical bills or other debts.

Note: There must be a legal obligation to pay medical bills or other debts at the time the payment is made. The customer may prepay rent, mortgage, other bills, or debts. Customers cannot prepay future medical expenses.

Medical Bills Paid or Obligated to Meet a Share of Cost (SOC)

Medi-Cal will not reimburse medical bills which are paid or obligated by a customer to meet their SOC or to establish eligibility.

When a customer has paid medical bills to meet their share of cost or establish eligibility, the HSS must complete form MC 174 Medi-Cal Information Notice to Providers Clarification of Liability. This form lists medical expenses, the provider who was paid, and informs the customer and provider that it is against State law for the provider to bill Medi-Cal or to reimburse the customer for the expenses listed as they were already used to meet SOC or establish eligibility. HSS must complete the form as follows:

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Step	Action
1	Complete the form MC 174.
2	Send the original MC 174 to the provider.
3	Provide the customer with a copy of the MC 174.
4	Upload a copy of the MC 174 into the CalWIN Electronic Case Management System (CERMS).

Verification Reduction of Excess Property

If a customer has verification of expenses paid such as receipts, a copy must be imaged to CERMS. If no verification is available, a sworn statement signed under penalty of perjury is acceptable.

I. Retroactive Spend Down on Medical Bills

Under the Principe V. Belshe court settlement, customers are allowed to spend excess property retroactively on qualified medical expenses to establish eligibility for Medi-Cal for any applications dated February 1, 1998, or after.

Qualified Medical Expenses

Qualified Medical Expenses are bills incurred in any month by the customer or their spouse, any member of the customer's Non-MAGI MFBU that are unpaid for the same month in which the customer also has excess property for the entire month beginning with the month of application.

Note: The same medical expenses cannot be applied under Principe V. Belshe if they were used to meet SOC or applied to SOC under Hunt V. Kizer.

Principe V. Belshe Provision

- Applies to customers who have otherwise excess property for the entire month but who are otherwise eligible to Non-MAGI Medi-Cal.
- Limits the month in which the Principe property exemption may occur to no earlier than the month of application.
- Allows customers to spend down retroactively on qualified medical expenses by applying a Principe property exemption in a month where there is otherwise excess property if **both** of the following conditions are met:
 - Payments of those qualified medical expenses occur in a later month.
 - The customer provides verification of payments made.

This provision does **not** apply to the following:

- Customers who have received Medi-Cal for some time and are suddenly found to have excess property resulting in an overpayment. Refer to MPG 16.02 for overpayment procedures.
- Customers who reduce excess property during the same month they are found to be over the property limit.

Note: Whenever a customer provides verification of the spend down under the regular current month spend down provisions or the Principe retroactive spend down, HSS must complete the MC 174 as outlined in MPG 09.01H.

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Principle Property Exemption

This exemption is applied to otherwise excess property after the excess property has been spent in a later month on qualified medical expenses. The otherwise excess property must have existed for an entire month or months beginning with the month of application.

- The otherwise excess property may have to be converted to cash before it can be spent on qualified medical expenses.
 - The cash conversion receives the same exemption for the period before it is applied to qualified medical expenses.
- Once steps are taken to liquidate property, it is to be considered unavailable. Eligibility must be established for the current and ongoing months at this time if otherwise eligible.
- This exemption does not exceed the amount of otherwise excess property. If a customer spent property which was not more than their property limit on medical expenses, the customer may be entitled to reimbursement from the medical provider if Medi-Cal eligibility is eventually established for the month in which the service was provided.

Note: The month(s) during which the Principe property exemption was allowed is known as the Principe month(s). This exemption may **not** be applied to any of the three months immediately preceding the month of application.

J. Property Computations

CalWIN will complete the property computation when the pertinent data collection windows are complete, and Eligibility Determination and Benefit Calculation (EDBC) is run. HSSs must review the “Perform Data Collection Wrap-Up” windows to ensure CalWIN completed the property calculations properly.

Form MC 176 P Property Reserve Work Sheet can be used to manually determine which property is included in the property reserve, if non-exempt property is below the property limit, and the period of ineligibility for transfers made without adequate consideration. It may also be used to manually compute income and property. Refer to MPG 10.05 for guidance on the treatment of income and property.

Action:

When evaluating customers for Non-MAGI Medi-Cal, the HSS will complete a property evaluation using the policy outlined above.

Program Impacts:

Automation

CalWIN Project 60783-Increase of Asset Limits was implemented into CalWIN in May 2022.

The HSS will make complete the appropriate CalWIN entries for property, run EDBC, and review the budget in CalWIN to ensure the correct property value is counted.

References:

MEM 50074, 50073, 50167, 50403, 50404

ACWDL 92-18, 97-41, 99-03, 21-31

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Sunset Date:

This policy will be reviewed for continuance by 06/30/2025

Approval for Release:



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Self-Sufficiency Services