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AB-1785 Medi-Cal eligibility: assets. (2017-2018)

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Assembly Bill No. 1785

CHAPTER 121

An act to add Section 14005.38 to the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor July 18, 2018. Filed with Secretary of State July 18, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1785, Nazarian. Medi-Cal eligibility: assets.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law requires, with some exceptions, a Medi-Cal applicant's or beneficiary's income and resources be determined based on modified adjusted gross income (MAGI), as specified. Existing law prohibits the use of an assets or resources test for individuals whose income eligibility is determined based on modified adjusted gross income.

This bill would exclude the principal and interest of a 529 savings plan, as defined, from consideration for purposes of any asset or resources test to determine eligibility for Medi-Cal benefits with respect to an applicant or beneficiary whose eligibility is not determined using MAGI-based financial methods, as specified. The bill would exclude qualified distributions from a 529 savings account from consideration for purposes of any income test to determine eligibility for Medi-Cal benefits with respect to an applicant or beneficiary. The bill would require the department to seek any necessary approvals from the federal Centers for Medicare and Medicaid Services and to implement the bill only in a manner that is consistent with federal Medicaid law and regulations, and only to the extent that the necessary approvals are obtained and federal financial participation is not jeopardized.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) The qualified tuition program, established under Section 529 of the Internal Revenue Code, is an important tax-advantaged investment vehicle in the United States designed to encourage families to save for the future education expenses of family members.

(b) Pursuant to the federal Tax Cuts and Jobs Act of 2017 (Public Law 115-97), qualified education expenses include expenses related to tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school.

(c) Research shows that children of families that maintain savings of any amount are more likely to attend and graduate from college.

(d) The financial stability and economic mobility of all Californians, including low-income families, depends, in part, on access to education.

SEC. 2. Section 14005.38 is added to the Welfare and Institutions Code, to read:

14005.38. (a) The principal and interest of a 529 savings plan shall be excluded from consideration for purposes of any asset or resources test to determine eligibility for Medi-Cal benefits with respect to an applicant or beneficiary whose eligibility is not determined using MAGI-based financial methods.

(b) The qualified distributions from a 529 savings account shall be excluded from consideration for purposes of any income test to determine eligibility for Medi-Cal benefits with respect to an applicant or beneficiary.

(c) The following definitions shall apply for purposes of this section:

(1) "529 savings plan" means a qualified tuition program that satisfies the requirements of Section 529 of the Internal Revenue Code.

(2) "MAGI-based financial methods" means income calculated using the financial methodologies described in Section 1396a(e) (14) of Title 42 of the United States Code, and as added by the federal Patient Protection and Affordable Care Act (Public Law 111-148) as originally enacted and as amended by the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152) and any subsequent amendments.

(d) The department shall seek any necessary approvals from the federal Centers for Medicare and Medicaid Services to implement this section. The department shall implement this section only in a manner that is consistent with federal Medicaid law and regulations, and only to the extent that the necessary approvals are obtained and federal financial participation is not jeopardized.