



Health Care Practice Tip: December 2025 The Return of Medi-Cal Asset Limits

Sweeping changes to Medi-Cal enacted as part of HR-1 and the 2025 California State Budget process will impact almost every Medi-Cal member over the next several years. For most people enrolled in or applying for Non-MAGI Medi-Cal programs – Medi-Cal for the aged, blind, disabled, or those in need of long-term care – that means a return to asset limits in 2026.

This Practice Tip explains what advocates need to know about assets, including if, when, and how assets can be transferred so Medi-Cal members and applicants with excess assets can get and keep Medi-Cal coverage.

Quick Facts

- Effective January 1, 2026, Medi-Cal will consider assets as part of the eligibility requirements for most non-MAGI Medi-Cal programs. To get or keep coverage, people who are aged, blind, disabled, or who need long-term care must have countable assets less than **\$130,000 for a single person, plus \$65,000 for each additional household member**, up to a maximum of 10 people.
- Current Medi-Cal members may **spend down or transfer assets** to get under the limit **without penalty** as long as they **complete the transfer by December 31, 2025**.
- **Asset transfers made on or after January 1, 2026**, may result in a **period of ineligibility** during which Medi-Cal will not pay **for long-term care**.

- Applicants **who do not need long-term care** at time of application **may not be denied** Medi-Cal coverage simply because they transferred assets to establish eligibility.
- The **“look back” period** for transfers that could lead to a period of ineligibility **will not include 2024 or 2025**.
- **The change only applies to Medi-Cal benefits**. It does not change the asset rules related to other public benefit programs such as SSI or CalFresh.
- There is **still no asset limit for** those enrolled in **MAGI Medi-Cal**.

Section A: Background

A.1. What Changed and Why

If you feel like California **JUST** eliminated the asset test for Medi-Cal, you’re not wrong.

- In January of 2024, the second part of a two-step plan to remove asset limits for people applying for or enrolled in **non-MAGI Medi-Cal**¹ went into effect. The non-MAGI group includes most adults aged 65 or older, people with disabilities, and those who need **long-term care**.
- Before that, a 2022 change increased the limits from the standard that had been set in 1989 – \$2,000 for a single person, and \$3,000 for a couple – to \$130,000 for one person, with an additional \$65,000 added for each member of the Medi-Cal household, up to 10 people total.

The rules were changed so low-income seniors and people with disabilities could save for emergencies and invest in their own and their family’s futures. The change also helped simplify and streamline the non-MAGI Medi-Cal application and renewal processes. Many Californians who had been forced to get rid of even small savings accounts, second vehicles used by family members, or life insurance policies with cash value, could now keep those and still receive the medical care they needed.

¹ Acronyms and words in **bold red** are defined in a Glossary of Terms at the end of this document.

The state started looking for ways to save money on Medi-Cal when federal changes and state shortfalls collided in 2025. The first plan was to bring back the asset test at the historical \$2,000 / \$3,000 levels. **Strong advocacy from people like you who work with and for low-income Californians resulted in a return to the 2022 levels instead.**²

A.2. Who the Change Applies to

Most people who are enrolled in non-MAGI Medi-Cal will have to meet the restored asset test to get or keep coverage.^{3,4} People whose Medi-Cal is linked to SSI will still have to meet the lower SSI asset limits, which never changed.⁵ People enrolled in **MAGI Medi-Cal** programs have never been required to meet an asset test, and that has also not changed.

² California Assembly Bill 116, Health Omnibus Trailer Bill (Chapered June 30, 2025), <https://legiscan.com/CA/text/AB116/id/3260237>. See also [ACWDL 24-14](#). (June 30, 2025) Reinstatement of Asset Limits for Non-Modified Adjusted Gross Income (Non-MAGI) Medi-Cal Programs. <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/25-14.pdf>

³ For a complete list of aid codes impacted by the restoration of asset limits, see [ACWDL 24-14](#).

⁴ People in the Pickle, Disabled Adult Child, and Disabled Widow/ers programs are not impacted at this time. DHCS has indicated it will reinstate the asset limitation for these programs at the expiration of the CalAIM 1115 Waiver. See, CalAIM Demonstration Approval Technical Correction Attachment (January 2025), <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/ca-calaim-dmnrn-appvl-thncl-crctn-atcmnt-c-aa-01172025.pdf> at 8. **It is anticipated that assets will once again be counted for beneficiaries in these groups beginning Jan. 2027.**

⁵ See, <https://www.ssa.gov/ssi/spotlights/spot-resources.htm>. Those who become ineligible for SSI due to increased assets can usually qualify for non-MAGI Medi-Cal under other aid codes.

Section B: What Advocates Need to Know About Assets

B.1. Asset Limits

Beginning January 1, 2026, a single person who wants to get or keep Medi-Cal must have less than \$130,000 in **countable assets**, with an additional \$65,000 added per person in their household, up to 10 people total. Not all assets (sometimes called **resources**) count, and not everyone's assets count. Though different non-MAGI Medi-Cal programs have different ways of defining who's in the household, some common examples of people who don't get included in a member or applicant's household are:

- Adult children living with their parent(s);
- Roommates and other non-family cohabitants;
- Short-term visitors;
- People who rent rooms or space in the home – though the rent they pay does count as income for the Medi-Cal member who receives it.

B.2. Spousal Impoverishment Protections

****UPDATED 3.20.2026****

Certain married couples or **Registered Domestic Partners (RDP)** may get protection for more of their assets through **Spousal Impoverishment (SI)** protections.

These protections can allow a spouse or RDP who needs long-term care (the “institutionalized spouse”) to qualify for Medi-Cal coverage with up to \$130,000 of countable assets in their name, while at the same time the spouse who does not need those services (the “community spouse”) can have countable assets in their name up to the **Community Spouse Resource Allowance (CSRA)**. This is so the community spouse can keep sufficient resources to live in the community and manage a household on their own. **The CSRA for 2026 is \$162,660.** Income adjustments are also applied under these protections.⁶

⁶ For more information on Spousal Impoverishment Protections for assets and income, see <https://canhr.org/using-californias-spousal-impoverishment-rule-for-home-and-community-based-services/>

PRACTICE NOTE: Spousal Impoverishment CSRA protections only apply when just the institutionalized spouse needs Medi-Cal coverage. If both spouses need Medi-Cal, both the institutionalized spouse and the community spouse must each meet the \$130,000 individual asset limit. This is because when SI protections are applied, a household is split into two individual units. Sometimes counties will ‘automatically’ add the community spouse to an application. Advocates must confirm whether the community spouse actually needs Medi-Cal, and if they don’t, instruct the county to withdraw them from the application so SI protections can be invoked.

Since the assets of many couples are jointly held, and the entire value of any joint asset is counted toward the institutionalized spouse’s individual asset limit, Medi-Cal allows a 90-day period⁷ after eligibility determination where assets can be transferred from joint ownership into the community spouse’s name alone without penalty. For new applications after January 1, 2026, this allows the institutionalized spouse to reduce their assets to under the \$130,000 individual limit, and allows the community spouse to have assets in their name alone up to the CSRA, after eligibility is confirmed. The transfer period may actually be longer than 90 days, because it runs through the last day of the month in which the 90th day after the approval notice was issued falls.

Example: Sylvia and Josh own a joint bank account with a balance of \$280,000, putting them above the asset limit for a couple. Josh needs long-term care, and applies for Medi-Cal early in 2026. Spousal Impoverishment protections allow Josh to have \$130,000 in his name or in a joint account, and Sylvia to have up to the CSRA amount of \$162,660 in her name. Josh receives a Notice of Action dated March 4, 2026, that says he has been approved for Medi-Cal, but the couple’s assets must be separated by June 30, 2026 – not 90 days later on June 2 – for Josh to stay eligible. They transfer \$151,000 into an account in Sylvia’s name only, leaving \$129,000 in their joint account. Josh’s assets are now under the individual asset limit, and Sylvia’s are under the CSRA. They can transfer the \$129,000 into an account held only by Josh if they want to, but it is not necessary.

⁷ This “90-day period” is more accurately described as the three full calendar months beginning the first of the month after the date of the Notice of Action. It includes the remainder of the month in which the Notice was sent, plus the next three full calendar months.

As long as an institutionalized spouse remains in long-term care after they are first determined to be eligible for Medi-Cal long-term care services, the community spouse's assets are no longer considered to be available to the institutionalized spouse, and are not counted at annual renewals. The community spouse is not required to keep assets in their name below the CSRA.

Since there was no asset limit during 2024 and 2025, there was no CSRA calculation then either: A community spouse could have unlimited assets and the institutionalized spouse could still be found eligible for Medi-Cal long-term care services. After some initial confusion, **DHCS has confirmed they will not be considering a community spouse's assets at renewal time for cases where beneficiaries were determined eligible under SI protections before 2026.**⁸

Example: Peter and Xochi are in a registered domestic partnership. Peter has been in a long-term care facility since July of 2024. Peter's income at the time was over the limit, but he was found eligible for long-term care coverage using SI income protections. Only Peter applied for Medi-Cal because Xochi didn't need it. At the time of application, Peter had a savings account with a \$75,000 balance in it in his name alone, and Xochi had a separate savings account in her name only with \$500,000 in it. Neither bank account was considered for Peter's eligibility because there were no asset limits during 2024, or at renewal time in 2025. When time for Peter's annual renewal comes up in July of 2026, only the current balance of Peter's account will count. Xochi should not be asked for information about her bank account, the balance in her account will not be considered, and she will not have to spend down her assets to under the CSRA.

Also for this reason, a 90-day CSRA transfer period will be applied to 2026 coverage renewals for institutionalized individuals who were first found eligible for Medi-Cal long-term care services when there were no asset limits. During this time, the institutionalized spouse can transfer assets out of their name to the community spouse without penalty. Remember there is no limit to the assets held by a community spouse at renewal, because the CSRA only applies at initial application.

⁸[ACWDL 26-02](https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/26-02.pdf) (Jan. 28, 2026) "2026 Medicare Catastrophic Coverage Act Spousal Impoverishment Caps." <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/26-02.pdf>

B.3. Assets that DO NOT Count

The rules about which assets count towards the limit and which don't are the same as they were before 2024. Assets that don't count towards the limit are called **exempt**. Some examples include:

- The “principal residence” of the Medi-Cal member. This is the place where they live most of the time. The principal residence is exempt as long as the person lives there or intends to return. (See section B.5. below for information about keeping the home exempt after entering long-term care).
- One vehicle used for transportation.
- Household items like furniture and clothes.
- Burial plots, prepaid irrevocable burial plans, and up to \$1,500 in designated burial funds.
- Real property used for business or self-support.
- Certain items necessary for self-employment (property, inventory, bank accounts) or that are used on the job (tools, second vehicle.)
- Musical instruments and recreation items like electronics, computers, collections, etc.
- Nonexempt items in an **irrevocable trust**.
- Life insurance policies with a face value of \$1,500 or less.
- Retirement funds if the member is receiving regular payments from them.⁹ (The payments from these funds do count as income for eligibility purposes.)

B.4. Assets that DO Count

Cash or cash equivalent resources and many things that can be sold for cash are considered countable assets. Common examples include:

- Checking and savings accounts.
- Second cars or motorcycles.

⁹ Certain assets have always been exempt; see 20 C.F.R. §§ 416.1210, 416.1216, 416.1218.

- Boats and RVs.
- Second homes.
- Other **real property** that is not used for business or self-support.
- Other bank and investment accounts including stocks, bonds, and mutual funds.
- Cryptocurrency and e-cash.
- **Nonexempt** assets in a **revocable trust**.
- Other financial resources, no matter where they are located.¹⁰

B.5. The Principal Residence and ‘Intent to Return’

The home a person leaves when they have to move into a long-term care facility stays an exempt asset if the person’s spouse or dependent relative lives in it. It also stays exempt as long as the person wants to return there. This is true even if the person’s doctors say they may never be physically well enough to leave the long-term care facility.¹¹ Some things to keep in mind:

- The Medi-Cal application asks if the applicant is in a long-term care facility, and if so, if the person intends to return home.
- If the applicant (or someone who is helping the applicant fill out the application) checks “yes” to say that the person intends to return home, then the person’s home remains an exempt asset no matter how long they stay in the facility.

¹⁰ The “countable” and “exempt” status of other assets is detailed at 22 C.F.R. §§ 50401 *et. seq.* See also [DHCS Asset Limits FAQ’s](https://www.dhcs.ca.gov/Medi-Cal/Pages/Help/asset-limits-faqs.aspx).
<https://www.dhcs.ca.gov/Medi-Cal/Pages/Help/asset-limits-faqs.aspx>

¹¹ [ACWDL 95-48](https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/c95-48.pdf) (Aug. 24, 1995) “Exempt Principal Residence.” <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/c95-48.pdf> See also [ACWDL 86-33](https://www.dhcs.ca.gov/services/medical/eligibility/letters/Documents/c86-33.pdf) (June 9, 1983) <https://www.dhcs.ca.gov/services/medical/eligibility/letters/Documents/c86-33.pdf>

- If the person filling out the application makes a mistake and either misses the “yes” box, or wrongly states the person asking for Medi-Cal doesn’t want to return home, they can later make a correction. If they do that, counties must accept the correction and allow the home to remain exempt.¹²

Counties are **not allowed to require any kind of verification** of a Medi-Cal member’s intent or ability to return home after they enter a long-term care facility. The only exception is if the person is asking for an income exemption to keep some of their income that otherwise would have been used for their copays so they can pay to maintain the home. Since the exemption only lasts six months, the county may ask for proof that the person will be able to return home in six months or less before granting the exemption.¹³

B.6. Medi-Cal Estate Recovery

Some Medi-Cal members and applicants may have concerns about getting or keeping Medi-Cal because of what they’ve heard about Medi-Cal possibly taking their homes or other assets. This is a process known as Medi-Cal Estate Recovery, and there are a lot of misunderstandings about it.

Important things to remember and share:

- DHCS will **never** put a lien on a member’s home or attempt to recover the costs of care while the person is still alive.
- DHCS will also never attempt recovery or put a lien on a member’s home while the member’s spouse, children who are under age 21, or children 21 or older who are disabled, are alive.
- If members do have any of those qualifying relatives, any recovery claim that could be made by DHCS will be waived forever and will not come back after their relatives die.
- Only assets that go through the probate process because the member decides to give them away through their will instead of using other methods are subject to recovery.

¹² [ACWDL 95-48](#)

¹³ 22 C.C.R. Section 50605

- If the member does proper estate planning and all of the member's assets transfer on death without having to go through probate, there will be nothing to recover.

While federal law does require DHCS to try and recover from the estates of members the money it spent on certain services received, California uses the broadest possible interpretation of the law. **Recovery is limited to services received while a person is in long-term care, or while they are enrolled in Home and Community Based Services programs.** The cost of most basic health services such as doctor's visits, hospital and emergency care, prescription drugs, and managed care premiums are not subject to recovery.

It's also important to realize that many Medi-Cal members will not have enough value in their estates for DHCS to even try to make a recovery after asset limits are brought back. That's because:

- DHCS will only attempt recovery if the value of the member's estate that goes through probate is greater than \$208,850 in personal property, and/or \$69,625 in real property other than their primary residence, for deaths occurring on or after April 1, 2025. This amount changes every few years.
- Also, the member's primary residence is safe from recovery if its equity value (value after all mortgages and liens are paid off) is less than \$750,000, or if it qualifies as a "homestead of modest value," which is a home whose market value is 50 percent or less than the average price of homes in the county where it is located.

It is very important for people who are concerned about possible estate recovery to do proper and effective estate planning to make sure assets don't have to go through probate. This will ensure the member can avoid estate recovery entirely.

For more information about Medi-Cal Estate Recovery and how Medi-Cal members can avoid it, you will find a link to brochures in multiple languages in the Additional Resources section below.

B.7. Reporting Assets

Current Medi-Cal members will receive several forms related to assets in their annual renewal packet starting in 2026. Form **MC 604 IPS**, called "Additional Income and Property Information Needed for Medi-Cal" asks about property and possessions

starting on page 3.¹⁴ New applicants will also see this form as part of the application packet beginning in 2026.

If an applicant or member only has exempt assets, or has only checking and savings accounts plus one or two other nonexempt things, reporting assets is pretty simple. However, it can get complicated if the person has a larger variety of assets. The MC 604 IPS form lists the kind of proof applicants and members will need to include when they return their renewal or application packet.

Some examples include:

- Bank statements.
- Title and/or most recent registration for vehicles, boats, RVs, and trailers.
- Receipts, purchase agreements, or estimates of value for vehicles, boats, RVs, and trailers.
- Mortgage papers, tax assessments, appraisals, or title documents for other real property.
- Statements from investment and retirement funds that show distributions if applicable.
- Copies of annuities or life insurance policies that show their cash surrender value.
- Documents showing ownership and cost or value of burial plots, burial contracts, or burial insurance.

B.8. Self-attestation of Value

Most Medi-Cal members or applicants will have less than the limit of countable assets that applies to them. Those who do can “self-attest” to the value of the assets they have if they are having trouble getting the proof the county is asking for.¹⁵ They only need to write down certain required information about the asset, then sign their

¹⁴ See [https://www.dhcs.ca.gov/formsandpubs/forms/Forms/MC%20600/MC_604_IPS_ENG_0514%20\(2\).pdf](https://www.dhcs.ca.gov/formsandpubs/forms/Forms/MC%20600/MC_604_IPS_ENG_0514%20(2).pdf)

¹⁵ See MEDIL I 22-49 <https://www.dhcs.ca.gov/services/medical/eligibility/letters/Documents/I22-49.pdf>

name under penalty of perjury, meaning what they wrote is true and they understand they could face criminal or civil penalties if it turns out not to be true.

The information required is:

- **For financial assets** such as bank accounts, investments, trusts, and other similar: Type of asset, name of the financial institution where the asset is held, and current account balance.
- **For insurances and burial property or funds:** Name of financial institution, insurance company, or provider that controls the asset, type of asset, current value or balance, and amount owed if any.
- **For non-financial resources** such as nonexempt real property, nonexempt motor vehicles, or other nonexempt items: Property type, current value, and amount owed if any.

B.9. Asset Verification Program

DHCS is required by federal law to have an **asset verification program (AVP)** in place to independently verify the value of assets, and to find unreported assets.¹⁶ They use the personal information of the applicant or member to send out inquiries to various data hubs to do this. Applicants and members are required to give DHCS authorization to get this information and they may be found ineligible for Medi-Cal coverage if they refuse.

This means that a person's assets will likely be located even if the person doesn't report them. It also means that once an asset is reported and verified through the AVP, Medi-Cal members usually won't need to provide documentation about that asset again at renewal time.

However, the AVP can sometimes make a connection between a person and an asset that the person doesn't own anymore, or even one that they never owned in the first place. Applicants and Medi-Cal members have the right to ask for a state fair hearing to prove they don't own assets found by the AVP, or to prove that the asset isn't worth what the AVP says it is.

¹⁶ Calf. Welfare & Inst. Code Sec. 14013.5

B.10. Forms and Notices

Various forms, some older but most updated in 2022, will be sent to Medi-Cal members at renewal time and included in new application packets. These may include:

- Medi-Cal Renewal Form ([MC 210 RV](#) Revised 10/2020) or Pre-Populated Renewal Form ([MC 217](#) Revised 10/2020)
- Additional Income and Property Information Needed for Medi-Cal ([MC 604 IPS](#) Revised 5/2014)
- [Non-MAGI Informing Letter](#) (ED_0004037 Revised 5/2014)
- Non-MAGI Medi-Cal Information Sheet ([Pub 10](#) Revised 07/2022)
- Medi-Cal General Property Limitations ([MC 007](#) Revised 07/2022)
- Notice Regarding Standards for Medi-Cal Eligibility ([DHCS 7077](#) Revised 07/2022)

Section C: Asset Transfers and Potential Penalties

IMPORTANT: Quickly reducing assets to get under the limit before the end of the year might seem the logical thing for Medi-Cal members to do so they can keep their Medi-Cal into 2026. But that will not be the best solution for everyone. For example:

- Some may need their assets more than they need Medi-Cal.
- Some might have other coverage such as Medicare and enough assets to cover their Medicare cost sharing, so they don't actually need Medi-Cal coverage.
- Some might decide that because they're generally healthy and rarely visit the doctor, the other coverage they have is enough.
- Some might have a share of cost that makes Medi-Cal essentially useless, and wouldn't want to shed assets just to keep it.
- Some might find that the tax consequences that could result from transferring assets to another person would make their cost of health care seem small by comparison.

Advocates should never assume that reducing assets is the best option for all of their clients. It's important that each person carefully weigh their options and consider what is best for their individual situation before hurrying to get rid of assets to keep their Medi-Cal.

There are some important things to know if Medi-Cal members or applicants with excess assets do decide they need Medi-Cal more than their assets.

C.1. For People Who Do Not Need Long-Term Care

Medi-Cal members and new applicants who do not expect to need long-term care in the next 30 months can **spend down** or give away countable assets to get or stay under the limit at any time. DHCS refers to this as making a **transfer**. Counties should never look to see if someone has made any transfers unless the person requests Medi-Cal for long-term care, and applicants who do not need long-term care at the time of application can not be denied eligibility for Medi-Cal simply because they transferred assets to get eligible.¹⁷

C.2. For People Who Need Long-Term Care Now or May Need it Soon

- **Members in Long-Term Care Now (Before 2026)**

Medi-Cal members who are already in a nursing facility for long-term care in December of 2025 and know they have too many countable assets can transfer assets without restriction or penalty until December 31, 2025.¹⁸ After that, any transfers of countable assets for less than **full market value** may result in a penalty as described below. **Exempt** assets can be transferred anytime without penalty.

¹⁷ [ACWDL 25-18](#), p.2 "... counties should only review transfers when an individual requests LTC Medi-Cal." See also [ACWDL 91-107](#) (Nov. 20, 1991) Transfer of Assets Rules and MEDS Requirements, <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/c91-107.pdf> and [22-07](#) and [ACWDL 92-07](#) (Feb. 14, 1992) Errata to ACWDL 91-107 <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/c92-07.pdf> and [MC Information Notice 007](#) (Revision 07/22), p. 4 <https://www.dhcs.ca.gov/formsandpubs/forms/Documents/MC007-ENG-1122.pdf>

¹⁸ [ACWDL 25-18](#)

- **Members or Applicants Who Need Long-Term Care After 1/2026**

If a Medi-Cal member or applicant needs long-term care after January 1, 2026, counties will look back through the person’s finances for any transfers.¹⁹ The amount of time the county can look at is called the **look back period**. The maximum look back period is 30 months before the date the person needs long-term care.²⁰

The county will review any transfers made during the look back period by a Medi-Cal member or applicant, or their spouse or RDP. A penalty called a **period of ineligibility (POI)** will be set if the county sees that a transfer was made of a countable asset for less than full market value during the look back period. Medi-Cal will not pay for long-term care during a POI, but will still pay for other covered services. The penalty could still apply even if the applicant or member made the transfer when they didn’t know they would need long-term care, with some exceptions as shown below.

Only Medi-Cal members who are living in a long-term care facility, commonly called a nursing home or skilled nursing facility, will get a POI. The penalty doesn’t apply to members enrolled in Home and Community Based Services (HCBS) waiver programs.

C.3. Transfers that Will Not Result in a Period of Ineligibility (POI):

- **Total countable assets under the limit at time of transfer**

A person will not have a POI if their total countable assets are under the limit for their household size when they make a transfer. People are free to do whatever they want with their assets as long as their total countable assets are less than the limit that applies to their situation.²¹

¹⁹ For the first few months of 2026, counties will look back for transfers made during the last few months of 2023. After that, the look back period will begin in January, 2026.

²⁰ Information about the length of the POI for transfers starting after January 1, 2026 and beyond is available in [ACWDL 25-18](#) beginning on p. 3.

²¹ 22 C.C.R. Sec. 50408(a)(2)

Example: A single Medi-Cal member has \$100,000 in the bank as their only countable asset. In March of 2026, they decide to give \$50,000 to their adult child so their grandchildren can take an epic vacation. They won't have a POI even if the person is currently in a long-term care facility, or if they need long-term care the very next month, because their total assets were below the limit at the time of transfer.

- **Transfers of exempt assets**

Transferring an asset which is exempt at the time of transfer will not lead to a POI, no matter how much the asset is worth. If a Medi-Cal member or applicant wants to transfer their primary residence, their only vehicle, household goods and furnishings, or anything else that doesn't count toward the asset limit, they can do that at any time while the asset is exempt.²²

IMPORTANT: Some Medi-Cal members want to transfer the title of their home to try and avoid future Medi-Cal estate recovery. Advocates don't suggest doing that because it can take away the person's right to live in their own home, and it can cause tax and other financial consequences to both the giver and the receiver.²³

- **Transfers made while there was no asset limit**

Any transfers that were made between January 1, 2024 and December 31, 2025, will not result in a POI no matter if the asset was countable, what the asset was worth, or where it went. Full stop, no exceptions.²⁴

²² 22 C.C.R. Sec. 50408(a)(1)

²³ For more information on Medi-Cal Estate Recovery and how Medi-Cal members can avoid it, with publications available in multiple languages, see <https://canhr.org/medi-cal-recovery-information/>

²⁴ [ACWDL 25-18](#), p. 3

- **Transfers made for reasons other than to establish Medi-Cal eligibility**

Counties are allowed to assume that assets transferred by someone who needs long-term care were transferred so the person would be eligible for Medi-Cal.²⁵ Counties will not give a member or applicant a POI if the person can prove that the transfer was made for reasons other than to establish eligibility.²⁶

Advocates should warn clients about potential future POIs when talking about transferring assets to qualify for Medi-Cal coverage. If a person has more than an “anything could happen” anticipation that they might need long-term care in the next 30 months, advocates should talk to them about permissible spend down. (See next section below.) Some examples of how this ‘anticipation of need’ could play out:

Example of no POI applied: A single, healthy, independent 70-year-old has \$200,000 in assets and is not enrolled in Medi-Cal. In February of 2026, they buy their grandchild an \$80,000 pickup truck as a college graduation present.

Six months later, the person has a serious stroke and needs Medi-Cal to pay for long-term care services. Their statement that they were entirely healthy and had no anticipated need for long-term care services when they paid for the truck would be acceptable evidence that their assets were transferred exclusively for a purpose other than to qualify for coverage for long-term care. No POI would be applied.

Example of POI applied: A 75-year-old and a 70-year-old have combined assets of \$200,000 and are not enrolled in Medi-Cal. The younger spouse had a serious stroke in 2024 that resulted in a need for help with many activities of daily living. The older spouse has been taking care of the younger spouse at home ever since.

In February 2026, the older spouse passes away. The surviving spouse’s adult grandchild temporarily moves in to help out. In August of 2026, the spouse buys the grandchild an \$80,000 pickup truck as a thank-you gift for all their

²⁵ 22 C.C.R. Sec. 50409(b)(1), see [ACWDL 25-18](#), p. 3

²⁶ 22 C.C.R. Sec. 50409(b)(2), see [ACWDL 25-18](#), p. 3

help, which – coincidentally or not – puts the spouse’s total remaining assets under the Medi-Cal limit.

A few months later, the grandchild says they will be moving away. The surviving spouse knows they can’t stay at home without help and applies for Medi-Cal. Soon after their application is approved, they enter a long-term care facility.

The county reviews the case and sees the transfer. A POI would be applied unless the spouse was able to offer sufficient evidence to overcome the presumption that they bought such an expensive gift in order to reduce their assets and qualify for Medi-Cal for the long-term care they knew they would eventually need.

- **Transfers of amounts totaling less than the average private pay rate (APPR)**

The length of a period of ineligibility for long-term care is calculated by dividing the value of the asset transferred by the **average private pay rate (APPR)** for one month of long-term care. The result determines how many months’ of care the value of the asset could have covered, and therefore how long the POI will be.

The county does not consider partial months of ineligibility, so no POI will result if the value of the transferred asset was less than the cost of one month of long-term care services at the private pay rate.²⁷ That’s because even if the person had not transferred the asset, Medi-Cal would have to pay something starting in their first month in long-term care. The APPR is updated annually, and was \$13,656 in 2025.

Example: An applicant is \$10,000 over the asset limit when they get ready to apply for Medi-Cal in February of 2026. They give away a boat valued at \$11,000 to get under the limit. Then in January of 2027, they need long-term care services. The county reviews the transfer and determines it was made during the applicable look back period for less than full market value. But they also determine the value of the transfer was less than the APPR. Therefore, the person does not get a POI.

²⁷ [ACWDL 25-18](#), p.2

- **Transfers made using acceptable spend-down methods**

Medi-Cal members or applicants who spend down their assets in approved ways will not get a POI if they need long-term care.²⁸

Some of the ways a person can spend down assets and still get coverage for long-term care services include:

- Paying current bills.
- Paying medical bills, whenever they got the care.
- Paying ahead for future bills, like paying monthly mortgage or rent in advance or paying off an auto loan early.
- Paying debts such as credit card bills.
- Purchasing an exempt asset, such as a car if they don't already have one, an irrevocable burial plan, or others.
- Buying clothes.
- Making home repairs.
- Buying or replacing furniture or appliances.
- Paying someone to care for a spouse in the home.
- Also, a spouse who needs long-term care can transfer assets to a spouse who does not by using Spousal Impoverishment protections, and a parent can transfer assets to a blind or disabled child of any age at any time.

Remember that applicants who do not need long-term care services at the time they apply should never be denied eligibility for Medi-Cal based solely on transfers. The POI only applies to people who need long-term care services.

Finally, it is very important that people who are spending down or transferring assets keep good records, including receipts when possible. This is so they can prove where an asset went if they need long-term care within 30 months of a transfer.

C.4. Look Back Periods

If a Medi-Cal member or applicant who needs long-term care has transferred an asset for less than full market value during the applicable look back period, and none of the

²⁸ See [MC Information Notice 007](https://www.dhcs.ca.gov/formsandpubs/forms/Documents/MC007-ENG-1122.pdf) (Revision 07/22), p. 5 <https://www.dhcs.ca.gov/formsandpubs/forms/Documents/MC007-ENG-1122.pdf>

exceptions above apply, they will get a POI. The standard look back period in California is 30 months. But it will be shorter than that until July of 2028. That's because there was no restriction on transfers while there were no asset limits in 2024 and 2025. The last few months of 2023 will count for the first few months of 2026, but after that the look back period will only be for 2026 and later.

Since the length of the look back period will be constantly changing between now and when it returns to a full 30 months in July of 2028, DHCS has created this helpful reference chart:

Date applicant or member first needs long-term care	Months that will be included in the look back period	Total number of months in the look back period
December 2025	6/2023-12/2023	7
January 2026	7/2023-12/2023	6
February 2026	8/2023-12/2023 & 1/2026	6
March 2026	9/2023-12/2023 & 1/2026-2/2026	6
April 2026	10/2023-12/2023 & 1/2026-3/2026	6
May 2026	11/2023-12/2023 & 1/2026-4/2026	6
June 2026	12/2023 & 1/2026-5/2026	6
July 2026	1/2026-6/2026	6
August 2026	1/2026-7/2026	7
September 2026	1/2026-8/2026	8
October 2026	1/2026-9/2026	9
November 2026	1/2026-10/2026	10
December 2026	1/2026-11/2026	11
January 2027	1/2026-12/2026	12
February 2027	1/2026-1/2027	13
March 2027	1/2026-2/2027	14
April 2027	1/2026-3/2027	15

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May 2027	1/2026-4/2027	16
June 2027	1/2026-5/2027	17
July 2027	1/2026-6/2027	18
August 2027	1/2026-7/2027	19
September 2027	1/2026-8/2027	20
October 2027	1/2026-9/2027	21
November 2027	1/2026-10/2027	22
December 2027	1/2026-11/2027	23
January 2028	1/2026-12/2027	24
February 2028	1/2026-1/2028	25
March 2028	1/2026-2/2028	26
April 2028	1/2026-3/2028	27
May 2028	1/2026-4/2028	28
June 2028	1/2026-5/2028	29
July 2028	1/2026-6/2028	30
August 2028	2/2026-7/2028	30
September 2028	3/2026-8/2028	30

C.5. Calculating the Length of a Period of Ineligibility

Medi-Cal will not pay for long-term care services for someone who could have paid for the services themselves, if they had not transferred away their assets. That's why a POI is given. The maximum length of a POI due to an improper transfer is 30 months from the date of transfer.²⁹ **But the actual length of a member's POI is equal to 30 months, OR the value of the asset divided by the APPR, whichever is shorter.**³⁰ The POI starts in the month they make the transfer, whether they need long-term care right away, a year or more later, or never need it at all.

²⁹ See [MC Information Notice 007](#) (Revision 07/22), p. 6

³⁰ [ACWDL 90-01](#), section 50411.3

This calculation can be tough to understand, even for county eligibility workers. They have a special worksheet they use to help them figure it out. For illustration, below are two calculations that result in POIs of different lengths. Example 1 is of a POI that actually impacts the member, and Example 2 is a POI that does not impact the member.

Example 1: In January of 2026, a single senior citizen gives \$100,000 in assets to their child to bring their total assets under the limit and stay eligible for Medi-Cal. They fall ill and first need long-term care two months later, in March of 2026.

The county looks back and finds the transfer took place during the applicable look-back period, and didn't meet any of the exceptions that would prevent a POI. Therefore, their maximum POI is 30 months starting when they made the transfer in January of 2026.

But, when the county divides the \$100,000 value of the asset by the APPR – which we will assume is \$10,000 to make the math easier – they get 10 months. Since the POI is the smaller of 30 months or the value of the asset divided by the APPR, their actual period when Medi-Cal will not pay for the long-term care services they need is only 10 months from the date of transfer in January. So in this example, Medi-Cal will start paying for long-term care in November of 2026. Until then, the senior must find another way to pay for the services. (They can also appeal the POI, as described in Section C.7. below.)

Example 2: In January of 2026, a single senior citizen gives \$100,000 in assets to their child to bring their total assets under the limit and stay eligible for Medi-Cal. They fall ill and first need long-term care two years later, in January of 2028.

The county looks back and finds the transfer took place during the applicable look back period, and didn't meet any of the exceptions that would prevent a POI. Therefore, their maximum penalty is 30 months starting when they made the transfer in January of 2026.

Using the same math as Example 1, the county gets the same 10 months. Since the POI is the smaller of 30 months or the value of the asset divided by the

APPR, their actual POI when Medi-Cal will not pay for the long-term care services they need is only 10 months from the date of transfer in January, 2026. That means this senior's POI is already over before they first needed long-term care, and Medi-Cal will pay for those services as soon as the senior needs them in January of 2028.

C.6. Appealing a Period of Ineligibility

Medi-Cal members and applicants have the right to ask for a state fair hearing to argue that the county's findings were wrong on anything related to eligibility. This includes situations where the county sets a POI. Some errors that could be corrected at a state hearing include:

- A transferred asset was over-valued by the county.
- The transferred asset was actually exempt at the time it was transferred.
- The county decided the asset was transferred solely to become eligible for Medi-Cal, but there is evidence it was not.
- Any other error related to assets or transfers.

The decision about a POI will be overturned if the applicant or member can show evidence at a fair hearing to prove the county's decision was wrong.

C.7. "Undue Hardship" Appeals

What if the county correctly gives a Medi-Cal member a POI that is still in effect when they actually need long-term care, but the person can't afford to pay for the services themselves during what's left of their POI? If the POI would cause them an "undue hardship," the person can ask for a state fair hearing to show that they should still qualify for coverage for long-term care. Counties are supposed to look to be sure no undue hardship exists before giving someone a POI.³¹ But they might not do it, they might find no undue hardship even though there is one, or there might not have been an undue hardship when they were given the POI, but there is by the time they need long-term care.

³¹ Welf. & Inst. Code § 14015.1(b), see also [ACWDL 25-18](#), p. 5, [ACWDL 90-01](#) Sec. 50411.5 and 50096.5

If the member or applicant can prove any of the following at a hearing, an undue hardship will be found and a POI will not be given:

- That not getting long-term care services paid for by Medi-Cal would endanger their life or health.
- That they would be evicted from their current long-term care facility if they lost Medi-Cal coverage. This exception is especially valuable for those who started living at a long-term care facility when there were no asset limits and who had to transfer assets after January 2026 to stay eligible.
- That they are only able to get long-term care services through Medi-Cal.
- That they wouldn't be able to afford or arrange for food, clothing, shelter, or other necessities of life if they were denied coverage for long-term care services.

Section D: Timeline and Terminations

D.1. New Applications

- **New applications on or before December 31, 2025**

People who submit new applications for non-MAGI Medi-Cal before the end of 2025 will not have to meet the asset test, even if their application is not approved until after January 1, 2026.

- **New applications on or after January 1, 2026**

Anyone who applies for non-MAGI Medi-Cal on or after January 1, 2026 will have to report what assets they have and provide proof. Their application will be denied if their assets are over the limit. But there is no restriction on reapplying once someone spends down their assets to get under the limit. In order to keep eligibility for the month in which the person applied, they would have to request a hearing to appeal the denial, then show proof that their assets were spent down to under the limit by the end of the application month.

D.2. Medi-Cal Members With Active Coverage as of December 2025

Medi-Cal members whose coverage is active during December 2025 – either actually in December or retroactively – will not have to report their assets until their next annual renewal. They can spend down assets using approved methods like the ones shown in Section C.3. above to get under the limit until then. This means that members whose most recent renewal packet was submitted in December of 2025 will have up to a year to reduce their assets. Others whose last annual renewal was earlier in 2025 may have a much shorter timeframe to spend down their assets.

It's also important to note that it's the date a completed renewal packet is submitted to the county that matters, not the date the renewal process is completed by the county: if a Medi-Cal member submits their completed renewal packet on or before December 31, 2025, they will not need to report on assets until 12 months after their renewal is completed and a Notice of Action is issued, no matter how long it takes the county to complete the renewal process.

D.3. Timing of Denials and Terminations for Excess Assets

For new applicants, assets must be under the limit by the end of the month they want their coverage to start. Existing members renewing their coverage may have until the end of the month following the issuance of a Notice of Action terminating coverage to spend down assets.³²

People who lose coverage because they don't complete asset reports or submit verifications will have a 90-day grace period to fix the problem. DHCS calls this a **cure period**. If a Medi-Cal member can complete their reports and provide proof that their assets were under the limit within those 90 days, their Medi-Cal will be restored without a gap in coverage as if they had been eligible all along.³³

³² New notice language found on p. 10 of ACWDL 25-14 states "If your excess property is spent down before the end of this month or the end of the following month, your discontinuance can be rescinded."

³³ [ACWDL 25-14](#), p. 3

A Special Note for Some Immigrant Groups

It is really important that current (in 2025) Medi-Cal members who have certain immigration statuses do everything they can to keep their Medi-Cal enrollment continuous.

This is because under state changes beginning January 1, 2026, no new enrollment into full-scope Medi-Cal will be permitted for immigrants in these three status categories:

- Adults with no immigration status (undocumented).
- Adults with unverified immigration status.
- Adults with any of the three non-immigrant visas: student, work, and tourist visas.

These groups can still get restricted (emergency) Medi-Cal, which can be used to treat emergencies and provide care to pregnant persons.

Immigrants get the same three-month cure period for any Medi-Cal terminations as other groups of people do, including when the termination is related to asset limits. During this grace period, these immigrants can show proof that their assets are under the limit – or fix other problems that led to termination – and get their coverage back without being considered a ‘new’ enrollee who would be ineligible for full-scope Medi-Cal. More information on what’s coming for immigrants and Medi-Cal in 2026 and beyond is available in Western Center’s [Immigration Changes Practice Tip](#), and through the resources below.

Additional Resources

- A consumer-facing fact sheet on asset limits from the [Health Consumer Alliance](#) can be found in English, here: [Understanding Asset Limits: What You Need to Know](#), and in Spanish, here: [Comprensión de los Límites de los Activos: Lo que Necesita Saber](#).
- For the official DHCS Frequently Asked Questions page, see: [DHCS Asset Limits FAQs](#)

- For informational notices from DHCS about the return of asset limits in 19 languages, see [MEDIL I 25-23](#).
- California Advocates for Nursing Home Reform (CANHR) also has a very helpful FAQ page on asset limits. See: [2026 Asset Limit Reinstatement Frequently Asked Questions - CANHR](#)
- The National Health Law Program has published a comprehensive series of Fact Sheets that cover all upcoming changes to Medi-Cal. See them at: [Changes to Medi-Cal and Covered California Under the OBBBA and the CA Budget](#).
- For more information on immigrants and Medi-Cal, see the [Medi-Cal Changes for Adult Immigrants in 2026 and 2027](#) fact sheet from the Health Consumer Alliance. See also [MEDIL I 25-22](#), which contains DHCS’s outreach letter related to this change, in 19 languages.
- For more information on Spousal Impoverishment protections when one spouse would qualify for long-term care in a facility but remains at home, visit CANHR’s Spousal Impoverishment website: [Using California’s Spousal Impoverishment Rule for Home and Community Based Services - CANHR](#)
- For more information on Medi-Cal Estate Recovery and how Medi-Cal members can avoid it, with publications available in multiple languages, see [Medical Recovery: Rules for Medi-Cal beneficiaries](#) at the CANHR website.
- A complete bank of all published All County Welfare Directors Letters and Medi-Cal Eligibility Division Information Letters can be found here: [ACWDLs & MEDILs](#).

For more information or with any questions, please contact:

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Glossary of Terms

- **ACWDL:** All County Welfare Directors' Letter. These letters published by the Department of Health Care Services provide guidance to county workers.
- **Asset transfer / transferring an asset:** Giving away, selling, spending, or otherwise getting rid of an asset.
- **Asset Verification Program (AVP):** A program through which DHCS can send inquiries to federal and state data hubs to get information about people's assets, even if the person doesn't report the asset.
- **Average Private Pay Rate (APPR):** The average monthly cost of care in a long-term care facility, if someone was paying out of pocket. Used to calculate periods of ineligibility (POI) for long-term care services, and to establish whether the value of a transferred asset would lead to a period of ineligibility.
- **Community Spouse Resource Allowance (CSRA):** The amount of additional assets a community spouse can have that will not count against the institutionalized spouse.
- **Countable asset:** An asset that is included as part of the asset limit calculation. Also referred to as a "**nonexempt**" asset.
- **Cure period:** A 90-day grace period after the issuance of a Notice of Action terminating benefits because of missing information. During this period, a Medi-Cal member may "cure" the problem that caused the termination by providing the missing information and have coverage restored without gaps.
- **DHCS:** Department of Health Care Services.
- **Exempt asset:** An asset that is not included as part of the asset limit calculation. Also referred to as a "non-countable" asset.
- **Full market value:** Also called "fair market value," it's the amount a person could get if they sold an asset in an open and competitive market.
- **Irrevocable trust:** A type of trust that can not in any way be revoked or terminated under its own terms. It transfers ownership of assets to the trust, so the grantor no longer has control over them. Assets in irrevocable trusts are considered to no longer belong to the person who put them in the trust.

- **Long-term care:** In the context of asset limits and transfers, this refers to services provided to someone who is living in a long-term care facility, more commonly called a nursing home or skilled nursing facility. It does not include those receiving In-Home Supportive Services (IHSS) or enrolled in Home and Community Based Services (HCBS) waiver programs.
- **Look back period:** The number of months prior to the date an applicant or Medi-Cal member first needs long-term care that the county will look at to determine if improper transfers were made. This is typically 30 months. But beginning in January 2026 and continuing until June of 2028, it will be less than that due to the elimination of asset limits during 2024 and 2025.
- **MAGI Medi-Cal:** Medi-Cal provided under aid codes which use the Modified Adjusted Gross Income calculation which was introduced under the Affordable Care Act to determine eligibility. Applies mostly to able-bodied adults between age 19 and 64.
- **Minimum Monthly Maintenance Needs Allowance (MMMNA):** The amount of monthly income a community spouse is allowed to “keep” for their own needs, which is not counted against the institutionalized spouse during eligibility determination. It allows a Medi-Cal beneficiary who needs long-term care to transfer a portion, or in some cases nearly all, of their monthly income to the community spouse. The MMMNA protects community spouses who have little to no monthly income of their own from becoming impoverished so that their institutionalized spouse can meet Medi-Cal’s income limit. For more information on MMMNA, see <https://canhr.org/using-californias-spousal-impoverishment-rule-for-home-and-community-based-services/>
- **Nonexempt Asset:** An asset that is included as part of the asset limit calculation.
- **Non-MAGI Medi-Cal:** Medi-Cal provided under aid codes which existed before the 2014 implementation of the Affordable Care Act, or which were created using pre-2014 rules in the years since. These aid codes are sometimes collectively referred to as “aged, blind, and disabled” Medi-Cal, or “ABD” Medi-Cal.
- **Period of Ineligibility (POI):** A period of time during which Medi-Cal will not pay for long-term care services for a member who is living in a long-term care

facility as a result of a transfer of countable / nonexempt assets for less than full market value during the applicable look back period. The maximum length of a POI in California is 30 months.

- **Real property:** Land, buildings, manufactured homes, life estates in real property, mortgages held by the member, promissory notes benefiting the member, and deeds of trust in property.
- **Registered Domestic Partner (RDP):** A person who has filed paperwork with the state of California to enter into a legal relationship defined as “Two adults who have chosen to share one another’s lives in an intimate and committed relationship of mutual caring.” People in Registered Domestic Partnerships have the same rights, protections and benefits as those in marriages. They also have the same responsibilities, obligations, and duties under law as those in marriages. Outdated requirements related to RDPs made the relationship legally different from marriage in the past, and some who became RDPs under the old rules still maintain the status.
- **Resources:** Another word the Department of Health Care Services sometimes uses in place of assets. It means the same thing.
- **Revocable trust:** A flexible estate planning tool that allows the person who puts assets into the trust to cancel or alter its provisions during their lifetime. Assets in a revocable trust are still considered as belonging to the person who put them in the trust.
- **Spend down:** In the context of assets, refers to spending or transferring assets in a manner that makes them exempt from potential penalties for transfer. Don’t be confused if you see the term used by DHCS in a different way when talking about Medi-Cal that comes with a share of cost.
- **Spousal Impoverishment protections:** Protections designed to make sure the spouse who stays home can take care of themselves and their household when the other spouse moves into a long-term care facility. These protections adjust both asset and income limits for the spouse who stays home so the spouse in the long-term care facility can still qualify for Medi-Cal.