

# WHAT IS CALIFORNIA MEDI-CAL?

*“The Medi-Cal program is California's version of the national Medicaid program. Medi-Cal provides health insurance for people who have very limited resources.”*



We are an elder law and estate planning law firm. Though Medi-Cal is relied upon by people of all ages, we will look at Medi-Cal as it applies to senior citizens in this paper.

## **Limitations of Medicare**

When you pay taxes on your income throughout your life, one of the deductions is the FICA tax. You may scratch your head wondering what this deduction is all about, but it is not all bad.

You earn retirement credits when you pay this tax. If you accumulate at least 40 credits throughout your working career, you will qualify for Medicare and Social Security.

You can earn as many as four credits per year, so most people who worked throughout their lives will qualify. The age of eligibility for Medicare is 65 at the time of this writing in 2015.

Medicare will pay for medical care, and it will pay for up to 100 days of convalescent care after surgery. However, Medicare will not pay for custodial care. This is the type of care you would receive in a nursing home or assisted living community.

Someone who is receiving custodial care is receiving assistance with his or her activities of daily living.

This type of care is very expensive, so the lack of coverage is a very significant

factor to take into consideration when you are budgeting for your senior years.

## **Paying for Long-Term Care**

Even though Medi-Cal is a need-based program, elders who were never financially needy often seek Medi-Cal eligibility, because Medi-Cal does pay for long-term care. This is typically done through a process called a spend down.

The upper asset limit for an individual is just \$2000, but some of the things that you own are not considered to be countable. Your home is not a countable asset, and one vehicle that is used for transportation is not counted.

Unlimited term life insurance is allowed, and you can have a whole life insurance policy, as long as its value does not exceed \$1500. Your household items and personal effects are not counted, and you may retain ownership of your wedding ring, your engagement ring, and your heirloom jewelry.

You could spend down your countable assets so that you have very little left in your own name when you apply for Medi-Cal coverage. Literally spending your resources is a possibility, but you could alternately give your loved ones their inheritances in advance.

To give gifts in the optimal manner, you must be aware of the 30 month look-back period. In California, if you give away assets within 30 months of applying for coverage, your application will be denied initially. You would be required to pay for the care that you need out of your own pocket until you wait out a penalty period.

The length of the penalty would be calculated based on the amount of the gifts as they compare to the cost of care. For example, if you gave away enough to pay for three years of nursing home care, your eligibility would be delayed by three years.

Because of the look-back, careful advance planning is required so that you can complete your gift giving at least 30 months before you apply for Medi-Cal coverage.

We should point out the fact that the look-back period is 60 months in other states. This length of time has been established via federal mandate, but California has not yet adopted the five-year look-back.

California is supposed to fall into line with this five-year look-back eventually.

## **Summary**

Medicaid is a need-based health insurance program that is offered across the country. We practice law in California, and in our state, the program is called Medi-Cal.

The majority of seniors will qualify for Medicare coverage. This is another government health insurance program. It is not a need-based program, so you can qualify even if you have assets.

Medicare will not pay for long-term care, but Medi-Cal will assist with these expenses. As result, many people who were qualified for Medicare ultimately

seek Medi-Cal coverage.

Informed planning is the key to eligibility, because you must divest yourself of assets at least 30 months before you submit your application.

Given the complexity of Medi-Cal rules, professional guidance can be invaluable. You can schedule a consultation with an elder law attorney if you would like to learn more.

## References

CANHR

[http://www.canhr.org/factsheets/medi-cal\\_fs/html/fs\\_medcal\\_overview.htm](http://www.canhr.org/factsheets/medi-cal_fs/html/fs_medcal_overview.htm)

LongTermCare.gov

<http://longtermcare.gov/>

ELA










<http://www.elderlawanswers.com/key-medicaid--medi-cal-information-for-california-for-2014-12168>

## About the Author



Attorney Caprice L. Collins is a top rated Harvard Law School graduate. She has 34 years of legal experience with a successful law practice devoted exclusively to Estate/Business Planning and Trust Administration. Attorney Collins is a well-respected keynote speaker on Wills, Living Trusts, Estate Planning, Business Planning and Trust Administration. She has appeared on California's Real Estate Radio Station KTLK AM 1150 as a legal expert on Estate Planning and Living Trusts among many other notable media appearances.

Attorney Collins has substantial experience in Estate Planning for high net worth individuals using Family Limited Partnerships and other business entities to provide Asset Protection to their families. She has assisted organizations in their fundraising efforts by authorizing articles for their publications and conducting free seminars to their donors on advance Estate Planning Strategies such as Charitable Remainder Trusts, Family Living Partnerships, Irrevocable Life Insurance Trusts and Qualified Personal Residence Trusts. She also provides FREE Seminars on Living Trusts, Asset Protection and Business Planning to civic, faith-based, professional and business organizations.

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