On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act (ACA) into law. The new health care law aims to increase access to health insurance through more accessible private insurance and an expansion of Medicaid (Medi-Cal in California). This issue brief discusses the many new changes the ACA makes to the eligibility rules for Medi-Cal, including who will be covered under Medi-Cal, how income, assets and household size will be determined, and the immigration rules for Medi-Cal, Health Families and the Exchange. The changes and requirements described in this issue brief are effective January 1, 2014.

Which new populations will be eligible for full-scope Medi-Cal?

**Childless adults with incomes at or below 133% of the poverty line**

Currently, there is no Medi-Cal coverage for adults unless they have minor children living at home, have a disability, are over the age of 65, or pregnant. But under the ACA, starting January 1, 2014, Medi-Cal will expand coverage to most adults who are at or below 133% of the federal poverty guidelines, also referred to as the federal poverty level (FPL). That means approximately three million additional Californians will be Medi-Cal eligible as a result of the ACA. For a single adult, 133% FPL is currently approximately $1,207 per month ($14,484 per year).

**Former foster youth up to age 26**

The ACA will also expand Medi-Cal up to age 26 for former foster youth who were enrolled in Medi-Cal at the age of 18.

**Changing eligibility rules: income, assets, and household size**

In addition to changing the ways people apply for and are enrolled into coverage, the ACA changes how public health programs determine who is eligible.
**How will income be determined under the ACA?**

**• Modified Adjusted Gross Income (MAGI)**

The ACA moves away from the welfare-program income rules in Medi-Cal. Instead, income eligibility will be based on a tax-based system for counting individual or household income called Modified Adjusted Gross Income (MAGI). MAGI is defined as adjusted gross income increased by certain other income that is not usually taxed, including foreign income earned outside the United States and interest received or accrued which is exempt from tax.⁶

“Household income” is the MAGI of the taxpayer plus the aggregate MAGI of all other persons for whom the taxpayer took a deduction and who were required to file a tax return in the taxable year.⁷ See below for the definition of “household size” under the ACA.

The ACA replaces current income disregard rules with a standard five percent income disregard.⁸

**• Income eligibility thresholds**

States must establish income eligibility thresholds for Medi-Cal that are not less than the effective income eligibility levels under the state plan on the date of the ACA’s enactment - March 23, 2010.⁹ During the transition to MAGI methodology, the state must establish an equivalent income test to ensure that people do not lose Medi-Cal coverage.¹⁰

**Will there be an assets test under the ACA?**

Under the ACA, states may not use an assets test to determine eligibility for Medi-Cal for most populations.¹¹ The exceptions are identified below.

**How is household size determined under the ACA?**

The ACA defines a household’s size for a taxpayer as the number of individuals for whom the taxpayer can claim a deduction under section 151 of the Internal Revenue Code.¹² This is different than the current Medi-Cal rules for determining a family budget unit.

For example, under the current rules a stepmother who files taxes with her stepson would not count in determining the stepson’s family size or household income. But under the MAGI rules, this same stepmother will be included in her stepson's family unit and her income will be counted.

**Who is exempt from the new MAGI rules and who will still be subject to an assets test?**

Some groups will still need to meet an assets test to qualify for Medi-Cal under the ACA. The elimination of the assets test and conversion to MAGI rules do not apply to the populations identified below. Details regarding the continued use of the existing income and assets rules for these populations and whether any exceptions may be developed are not known at this time.
The existing income and assets rules will continue to be used for:¹³

- Individuals who are eligible for Medi-Cal through another program including SSI, Adoption Assistance, and foster youth;
- Individuals who are 65 years of age or older;
- Those who are eligible for Social Security Disability Income;
- Medically Needy individuals;
- Those in a Medicare Savings program; and
- People with a disability.

The MAGI rules also do not apply to income eligibility determinations for Express Lane, Medicare Part D prescription drug low-income subsidies, or Medi-Cal long term care services.¹⁴

**Immigration Rules**

The ACA does not change the citizenship documentation and immigration status requirements for Medi-Cal or Healthy Families. Most legal immigrants are eligible for full-scope Medi-Cal or Healthy Families. Undocumented immigrants remain eligible for emergency and restricted-scope Medi-Cal under the ACA.

Lawfully present immigrants are eligible for premium subsidies and cost-sharing reductions in the Exchange. Undocumented immigrants are not eligible for premium tax credits in the Exchange and are not allowed to buy coverage through the Exchange even at full cost. They are exempt from the individual mandate to have health coverage.

The Exchange must verify citizenship or lawful presence to enroll applicants in coverage. For citizens, proof of citizenship will be verified by the Social Security Administration.¹⁵ For legal immigrants, proof of status will be verified by the Department of Homeland Security.¹⁶ If information cannot be electronically verified, the applicant or enrollee will have an opportunity to provide documents or correct the record.¹⁷


ACA § 2002(a), as amended by HCERA § 1004(a)(2); 42 U.S.C.A. § 1396a(e)(14)(B) and (i) (West 2011).

ACA § 2002(a), as amended by HCERA §§1004(b)(1)(A) and 1004(e); 42 U.S.C.A. § 1396a(e)(14)(A) (West 2011).

ACA § 2002(a) as amended by HCERA §§1004(b)(1)(A), and 1004(e); 42 U.S.C.A. § 1396a(e)(14)(C) (West 2011).

ACA § 1401(a); 26 U.S.C.A. § 36B(d)(1)(A) (West 2011).

ACA § 2002(a), as amended by HCERA §§1004(b)(1)(A) and 1004(e); 42 U.S.C.A. § 1396a(e)(14)(D)(i) (West 2011).

ACA § 2002(a) as amended by HCERA §§1004(b)(1)(A) and 1004(e); 42 U.S.C.A. § 1396a(e)(14)(D)(ii - iv) (West 2011).

ACA §§ 1411(b)(2)(A) and (c)(2)(A); 42 U.S.C.A. §§ 18081(b)(2)(A) and (c)(2)(B) (West 2011).

ACA §§ 1411(b)(2)(B) and (c)(2)(B); 42 U.S.C.A. §§ 18081(b)(2)(B) and (c)(2)(B) (West 2011).

ACA § 1411(e)(3); 42 U.S.C.A. § 18081(e)(3) (West 2011).

Medi-Cal Expansion

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