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Gov. Newsom proposes 'asset test' for low-income and disabled Medi-Cal applicants. What does that mean?



Gov. Gavin Newsom presents his revised state budget during a news conference in Sacramento on May 14. (Rich Pedroncelli / Associated Press)

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- Facing higher healthcare costs, Gov. Gavin Newsom is proposing adding an “asset test” for applicants for Medi-Cal and In-Home Supportive Services.


- The test would mean Californians would not be eligible if their assets total more than \$2,000.

Millions of Californians who rely on Medi-Cal and In-Home Supportive Services could lose eligibility under a proposal requiring recipients to prove their assets total less than \$2,000.

Gov. Gavin Newsom's recent [revised budget proposal highlighted](#) a stark \$37.6 billion increase in funding costs associated with Medi-Cal between the 2024 and 2025 fiscal year, compared to \$17.1 billion in the 2014 through 2015 fiscal year.

The dollar amount needed to fund the program is expected to continue rising over the next several years. The cost has been driven up by a surge in enrollment, pharmacy costs and higher managed care costs, according to the budget proposal.

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The Medi-Cal caseload reported an increase of 12.7 million recipients between 2019 and 2020 to 15 million in 2024 through 2025.

Medi-Cal is the state's health care program that provides free or low-cost health coverage for those who qualify, specifically low-income adults and families, seniors and individuals with disabilities. In-Home Supportive Services provides in-home assistance to eligible aged, blind and disabled people as an alternative to out-of-home care.

Newsom has proposed tackling the rising costs of the programs by reintroducing what is called the "asset test" to limit eligibility for the Medi-Cal and In-Home Supportive Services programs.

What's the 'asset test'?

For decades, low-income seniors and those with disabilities had to pass the "asset test" to be eligible for Medi-Cal and In-Home Supportive Services programs. That meant that a single applicant couldn't qualify if they had assets valued more than \$2,000. The limit for a couple was \$3,000.

To determine whether someone had \$2,000 or not, the state would look at a person's bank accounts, the amount of cash they had in hand and whether they had a second vehicle, among other analyses.



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In 2024, the test was eliminated, allowing all-income eligible people to apply for Medi-Cal's Aged and Disabled program, Med-Care Savings programs and Long-Term Care program regardless of assets.

What is the California governor proposing?

Newsom has proposed reinstating the “asset test” and include in that evaluation the value of a person’s primary home, vehicle or retirement fund for both Medi-Cal and Home Supportive Services programs.

Reinstating the test would purportedly save an estimated \$94 million this coming fiscal year, \$540 million the next year and \$791 million annually thereafter, which includes costs for Home Supportive Services, according to the [California Department of Health Care Services](#).

If approved, the “asset test” would go into effect Jan. 1, 2026.

What are health and disability advocates saying?

Disability and health advocates are criticizing the governor’s proposal, with the nonprofit group [Disability Rights California](#) calling it a willingness to “sacrifice the health and human services of California’s people, particularly the disabled, poor and elderly populations.”

“Disability Rights California and many others fought tirelessly for years to get this asset limit eliminated, finding it to be a deeply inhumane and punitive approach, the change just went fully into effect in 2024, and it is truly disturbing to see the Governor reverse course so quickly,” the nonprofit said in a statement.

Reinstating the “asset test” would result in “people losing coverage and force older adults and people with disabilities into extreme poverty,” said the nonprofit organization [California Health Advocates](#).



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The organization says the individuals who would lose coverage as a result of the proposed policy change could ultimately become “Medi-Cal eligible again once they have exhausted any resources they have.”

“As a result of losing access to care, the costs to the state when they regain eligibility will likely increase because their condition will have worsened and they may no longer be able to live at home, thus requiring full time nursing facility care,” the organization said in a statement.

Newsom defended his proposed budget cuts saying, “None of this is the kind of work you enjoy doing — but you’ve got to do it. We have to be responsible. We have to be accountable. We have to balance the budget.”

The Legislative Analyst’s Office determined that seniors made up just under 10% of Medi-Cal enrollment in December of 2024.

The largest category of Medi-Cal enrollees is families, followed by childless adults aged 19 to 64 who qualify under the Patient Protection and Affordable Care Act, seniors, persons with disabilities, children in the Children’s Health Insurance Program (CHIP) and other enrollees.

Families and enrollees of the Patient Protection and Affordable Care Act make up about three-quarters of Medi-Cal enrollment.

Even though the number of senior enrollees is relatively low compared to other groups, the state spends heavily on them, with annual costs per enrollee of around \$15,000 compared to \$8,000 across other caseload categories.

To fund most Medi-Cal programs for families, seniors and those with disabilities, the federal government provides a 50% match, compared to other programs like the

Affordable Care Act and Children's Health Insurance Program which gets an enhanced match of 90% and 65%, respectively.

“While higher health care costs are expected as people age, seniors also carry higher state costs due to the standard federal reimbursement rate,” according to the report.

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