

**MEDI-CAL FOR LONG-TERM CARE 2026 -
WHAT GOES AROUND COMES AROUND**

a presentation for

**WOODLAND HILLS TAX & ESTATE PLANNING
COUNCIL**

by

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MEDI-CAL For Long Term Care 2026 - What Goes Around Comes Around

1. Alphabet Soup (or Acronyms Are King)

- a. ALWP - Assisted Living Waiver Program
 - i. A trial program providing SNF level of funding for persons who medically do not require SNF level services but qualify for Medi-Cal for Long Term Care economically. Current waiting list at least 18 months in LA County.
- b. APPR - Average Private Pay Rate
 - i. A hypothetical number adjusted each year by the Department of Health Care Services (DHCS) which is used as the denominator in calculating periods of ineligibility for Medi-Cal for Long Term Care. 2026 APPR is \$14,440.
- c. CCCRC - Continuing Care Retirement Communities
- d. CSRA - Community Spouse Resource Allowance -
 - i. The amount of non-exempt assets a Community Based Spouse can own without adversely affecting Medi-Cal eligibility for the institutionalized spouse. 2026 CSRA is \$162,000
- e. HCBS - Home and Community Based Services
 - i. An expanded form of Medi-Cal provided services (similar to IHSS)
- f. IHSS - In Home Supportive Services
 - i. A type of community based Medi-Cal providing in-home services for eligible individuals.

- g. MMMNA - Minimum Monthly Maintenance Needs Allowance
 - i. The minimum amount a Community Spouse is entitled to have. 2026 amount is \$4,067.
- h. RCFE - Residential Care Facility for the Elderly
 - i. Any licensed institution that isn't a SNF is an RCFE
- i. SNF - Skilled Nursing Facility
- j. SOC - Share of Cost
 - i. Think "co-pay" in the private insurance/Medicare world.

2. **Once Upon A Time - the "Old Old Rules"**

- a. Asset Test
 - i. \$2,000 non-exempt assets for the institutionalized spouse ("IS")
- b. Exempt & Non-Exempt & Unavailable
 - i. Exempt Assets
 - (1) The primary residence
 - (2) Household goods and personal effects, including jewelry
 - (3) One car
 - (4) IRAs/work pension account balances when the person is receiving periodic payments of interest and principal
 - (5) Term life insurance
 - (6) Whole life insurance (face value of \$1,500 or less)

- (7) Burial plot(s), a prepaid irrevocable burial plan, and up to \$1,500 in designated burial funds
 - (8) Other real property used for business or self-support
 - ii. Non-exempt assets
 - (1) All of the IS property over \$2,000
 - iii. Unavailable
 - (1) If an asset cannot be readily converted to cash because the IS doesn't have the legal authority or power to liquidate it, it is "unavailable" and cannot be considered a non-exempt asset until such time as it can be liquidated. Think LLC interests with restrictions on sale or transfer.
- c. Income Test
 - i. IS - 100% of income received by the IS less \$20 unless a portion is needed to raise the CS's income to the MMMNA.
 - ii. CS - 0. CS's income not counted for Medi-Cal LTC eligibility.

3. **And Then There Were the "New Old Rules"**

- a. No asset test
- b. Income rules still applied

4. **And Now The "New New Rules"**

- a. New Asset Test
 - i. IS \$130,000 of non-exempt assets.

- b. New Spousal Rules (sort of)
 - i. But if Spousal Impoverishment Rules are applied (*i.e.* is going into SNF or has
 - ii. For community based services, each additional dependent member of the household add \$65,000.
 - iii. Where there is an IS in a SNF or is participating in ALWP the Spousal Impoverishment rules apply and the IS asset test is \$130,000 and the CS has an additional \$162,660 (the CSRA)
 - iv. Exempt/Non-exempt and Unavailable basically unchanged.

5. Estate Recovery - A Constant in a Sea of Change

- a. “When I use a word” Humpty Dumpty said, in rather a scornful tone, “it means just what I choose it to mean - neither more no less.”
“The question is, said Alice, “whether you *can make* words mean so many different things?” “The question is,” said Humpty Dumpty, “which is to be master - that’s all.”
- b. Under SB833, effective 1/1/2017, purposes of Estate Recover (*i.e.* that portion of a Medi-Cal recipient’s estate subject to recovery by Medi-Cal is defined as “all real and personal property and other assets in the individual’s probate estate”. Thus, if, for whatever reason (Trust, POD, JT, bene designation) the asset would not be subject to probate (including small estate etc.), it is not subject to Estate Recovery.

6. Planning Opportunities

- a. Take the time to really analyze what assets are exempt/non-exempt/unavailable.
 - i. A client with a \$10M house, \$5M in 401K in pay status and \$3M in illiquid investments may have a taxable estate, but she’s eligible for

Medi-Cal for Long Term Care (not sure why she would want it, but...)

- ii. Shift income streams when possible. Have the limited partnership that's illiquid (unavailable) but is sending \$5K a month to the IS send the checks payable to the CS so they won't count against SOC.
- iii. If asset transfers are determined to be appropriate, understand the interplay between Disqualifying Transfers for Medi-Cal eligibility purposes, gift tax implications and potential loss of adjusted basis for transferred assets. Is the game worth the candle?

7. Q&A