
JULY 27, 2020

AGENDA ITEM 8
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Board Position on Assembly Bill 683 (Carrillo)

Summary

The CalSavers Retirement Savings Board (“Board”) will consider taking a position on Assembly Bill (AB) 683 (Carrillo), a bill related to Medi-Cal eligibility that has potential impacts for CalSavers participants.

Background

The CalSavers Retirement Savings Program was established by state law to improve retirement security for working Californians. Current eligibility criteria for some Medi-Cal applicants could result in an incentive for those individuals to spend down their financial resources, including accounts established through CalSavers or any other retirement savings account.

Pending legislation would categorically exempt retirement savings accounts, and explicitly names CalSavers accounts, from that eligibility test, thereby removing an incentive for individuals to sacrifice their retirement security in favor of health care.

Detail

Board Governance Policy Regarding Legislation

Section 16 of the Board Governance Policy establishes “The board may take positions on any state or federal legislation, or any state or federal rulemaking, that alters the power and authority of the board, impacts the operations of the CalSavers Retirement Savings Program, or is relevant to the goals and objectives of the program.” The policy requires the executive director to obtain approval from the Board at a publicly noticed meeting, unless there is insufficient time for the matter to be heard at a Board meeting.

Medi-Cal Eligibility and the Purpose of AB 683

Eligibility for Medi-Cal is determined by either an individual’s Modified Adjusted Gross Income (MAGI) or, for those without MAGI, through what is commonly referred to as an “asset test,” or a “non-MAGI” determination. Non-MAGI eligibility tests are typically necessary for lower-income seniors or those with disabilities.

Existing state laws disqualify some individuals from Medi-Cal eligibility if they have financial resources or assets above prescribed limits. Existing law also establishes some categorical exemptions from the resource test for certain property, including an individual’s primary residence, their car, or household items.

Some resources, including retirement savings accounts, are not currently exempt from that test. These limits can result in an incentive for individuals to expend those resources in order to qualify for Medi-Cal, if subject to a non-MAGI eligibility test.

AB 683 would exempt retirement savings accounts from a non-MAGI asset test and increase the financial resource limits from \$2,000 for an individual and \$3,000 for a couple to \$10,000 and \$15,000, respectively. The bill specifies CalSavers accounts are also included among retirement savings resources that would be excluded from the asset test if it becomes law.

Passage of AB 683 would aid in improving retirement security in California by ensuring generations of low-income Californians can maintain their retirement savings without losing eligibility for vital health care.

Legislative Status

AB 683 passed out of the Assembly on a unanimous vote on January 30, 2020. The bill has been referred to the Senate Health Committee, which will reconvene after the Senate adjourns from recess July 27, 2020.

Staff Recommendation

CalSavers staff recommend the Board adopt support for Assembly Bill 683 and submit a letter of support to the Senate Health Committee.

Attachment

Copy of AB 683 (as of April 9, 2019)