
MAY 19, 2021

AGENDA ITEM 2
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Board Position on Assembly Bill 470 (Carrillo)

Summary

The CalSavers Retirement Savings Board (Board) will consider taking a position on Assembly Bill (AB) 470 (Carrillo), a bill related to Medi-Cal eligibility that may impact some 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 creates an incentive for some of those individuals to spend down their financial resources, including accounts established through CalSavers or any other retirement savings account.

Pending legislation would eliminate the asset test, to the extent permitted under federal law, thereby removing an incentive for individuals to sacrifice their retirement security in favor of health care.

Detail

Medi-Cal Eligibility and the Purpose of AB 470

Eligibility for Medi-Cal is determined by either an individual's Modified Adjusted Gross Income (MAGI) or, for those without reportable income, through what is commonly referred to as a "non-MAGI" determination. Non-MAGI eligibility tests are typically necessary for 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. Those limits start at \$2,000 for individuals and increase modestly for each additional member of a household. 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 470 would eliminate the use of an asset test to determine Medi-Cal eligibility.

Passage of AB 470 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.

Because Med-Cal is governed by the federal government, subject to federal law, AB 470 would require the Department of Healthcare Services to obtain federal approval for some of the changes that would be required by the bill.

Legislative Status

As of April 23, 2021, the date this item was posted, AB 470 passed out of the Assembly Health Committee and is pending a hearing in the Assembly Appropriations Committee.

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.

Staff Recommendation

CalSavers staff recommend the Board adopt support for Assembly Bill 470 and submit a letter of support to any legislative committees set to hear the bill.

Attachments

Attachment 2A: Copy of AB 470 (as of April 13, 2021)

Attachment 2B: Bill Analysis for AB 470 (published April 26, 2021)

Attachment 2C: Resolution 2021-02: Resolution of the CalSavers Retirement Savings Board to Adopt a Support Position on Legislation