Using the Board & Care Deduction to Reduce or Eliminate Share of Cost

Medi-Cal share of cost may be too high for many low to middle income residents of Assisted Living facilities. A special “Board and Care Deduction,” may help reduce or eliminate their share of cost.

Residential Care Facilities for the Elderly (RCFEs), sometimes called Assisted Living, or Board and Care, are not licensed as medical facilities, and are usually paid privately as they are not funded by Medicare or Medi-Cal. Many individuals who live in RCFEs could benefit from Medi-Cal to pay for doctors’ visits, copays, medical equipment, or medications, but they might be stuck with a large share of cost if they make more than the income limit for no cost Medi-Cal.

While persons on SSI/SSP or who make less than 138% of the federal poverty level (FPL) are eligible for Medi-Cal benefits at no cost, an individual making more than the limit would normally have to pay a large share of cost, leaving them only about $600 for their living expenses. RCFE residents may be able to use the Board and Care Deduction to help them qualify for no or low share of cost Medi-Cal.

**How Does the Board and Care Deduction Work?**

Typically, a person living at home who makes more than the income limit for Aged & Disabled 138% FPL Medi-Cal program could be eligible, but with a large share of cost, leaving only $600 allocated as a “maintenance need” for their monthly living expenses. For example, a person who makes $2,000, may have a share of cost of $1,400.

However, if the individual lives in an RCFE, any income above their monthly maintenance need is considered “unavailable” if the income is paid to the facility for care and support. The result is that resident might be able to reduce or eliminate their share of cost when all of their income is being used to meet RCFE living expenses.

An income deduction of $315 for board and care services is allowed, unless the amount the resident pays is more than the maintenance limit for Medi-Cal, a figure known as the excess board and care amount. In many cases, RCFE residents are paying much higher excess board and care, and can use that larger amount as a deduction instead of the lower $315. In order to calculate the most advantageous deduction, it is helpful to look at the resident’s total countable income along with how much is paid to the facility.

**Example of a Resident with No Share of Cost**

An RCFE resident with monthly income of $2,500 who pays the facility $2,500 per month would have no share of cost because any income above the $600 monthly maintenance need level would be considered

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1 (California Code of Regulations, Title 22 Section 50515(a)(3))
2 *MEPM 10Q-1 and 2*
unavailable. Since the facility charge is $2,500 per month, the resident’s income of $1,900 above the maintenance need level is considered unavailable.

**Example of a Resident with a Share of Cost**

Juan lives in a licensed RCFE and pays $2,500 per month. He receives $2,600 in social security and a pension. His countable income is his Gross monthly income, minus an allowed $20 any income deduction, and the cost of any health insurance premiums, in his case, $2,580. To find out Juan’s share of cost, the following calculation can be used:

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\begin{align*}
$2,500 & \text{ Amount paid for board & care} \\
- \ $600 & \text{ Maintenance need for medically needy program} \\
\ $1,900 & \text{ Excess board & care}
\end{align*}
\]

The $1,900 for excess board and care is greater than the $315 standard deduction for personal care services. Therefore, Juan can use an income deduction of $1,900.

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\begin{align*}
\ $2,580 & \text{ Juan’s countable income} \\
- \ $1,900 & \text{ Excess board & care} \\
\ $680 & \text{ Income used to determine share of cost}
\end{align*}
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\begin{align*}
\ $680 & \text{ Net income after all deductions} \\
- \ $600 & \text{ Maintenance need} \\
\ $80 & \text{ Share of cost}
\end{align*}
\]

Juan would have an $80 share of cost to meet each month before Medi-Cal would cover his other medical costs, but he could purchase a supplemental health insurance policy with monthly premiums of $80 if he wants to eliminate his share of cost.

**Can the B&C Deduction be Used with the Assisted Living Waiver Program?**

The Assisted Living Waiver Program is a Medi-Cal program which helps low-income older adults and individuals with disabilities remain in their community as an alternative to nursing home placement by paying for care and services in RCFEs. This small pilot program is only available for eligible beneficiaries without a share of cost. The B&C Deduction could be a way for some low-income residents of RCFEs, who are above the 138% income cutoff for Aged & Disabled FPL program under Medi-Cal, to eliminate their share of cost and apply for ALW. It would be important for individuals to take a look at their specific income and expenses before starting the process, as the numbers may not work to bring everyone’s SOC down to zero.

Before applying for the ALW program, the resident would need to get rid of their share of cost by contacting the Medi-Cal office to ensure that any available board and care deduction is applied. If they still have a small share of cost after applying the deduction, they may be able to purchase supplemental health insurance to reduce their countable income.

If selected for the ALW, costs for board and care would be significantly lower, meaning they would have less excess board and care costs to utilize with the B&C Deduction to reduce their share of cost. This
may mean that they would end up once again with a share of cost, forcing them off of ALW. The best way to figure out if the deduction may work is to do the math.

**Example:**

Sheila is a resident of an RCFE who earns $2,100 a month in retirement. She pays $3,000 a month for her Assisted Living with the support of her daughter. Since she is paying more in excess board and care than she makes, she has no share of cost.

Sheila has been on the ALW waitlist, and is finally offered a placement. Previously, her excess board and care amount was much higher, but on the ALW program, she will pay a much lower rate, and would end up with $0 in excess board and care.³

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\begin{align*}
\$1,231 & \quad \text{Amount paid for board & care} \\
- \$1,564 & \quad \text{Aged & Disabled Med-Cal Income Limit} \quad 4 \\
\end{align*}
\]

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\$0 \quad \text{Excess board & care is a negative amount.}
\]

Sheila would use the income limit for Aged & Disabled Med-Cal to find her excess B&C rate, since it is her goal to be eligible for that program. As Sheila’s excess board and care is less than the $315 standard deduction, she would use $315 as her deduction.

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\begin{align*}
\$2,080 & \quad \text{Sheila’s countable income (her monthly income minus $20)} \\
- \$315 & \quad \text{Excess board & care} \\
\$1,765 & \quad \text{Income used to determine share of cost} \\
\end{align*}
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\begin{align*}
\$1,765 & \quad \text{Net income after all deductions} \\
- \$1,564 & \quad \text{Aged & Disabled Med-Cal Income Limit} \\
\$201 & \quad \text{Excess income over the income limit for the ABD FPL program} \\
\end{align*}
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Sheila would have a share of cost of $201, but could possibly purchase supplemental health insurance policies to eliminate her share of cost in order to remain eligible for the ALW program.

While some people may be able to use the B&C Deduction to receive Medi-Cal without a share of cost, they may have income too high to be able to benefit from the ALW program. Medi-Cal can still be very helpful, paying for uncovered medical expenses, Medicare health and drug insurance premiums, and services that may prevent premature placement in a skilled nursing facility, such as In-Home Supportive Services. There are also other Home and Community-Based Waivers that provide additional supports that enable individuals to remain in their homes.

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⁴ Under Title 22, CCR, Section 50515(a)(3), residents may use “the appropriate maintenance need level as determined in accordance with Section 50603.” Also see 19D-11.7 & 11.8 Medi-Cal Eligibility and Procedures Manual