



A Cut by Any Other Name: How “Strengthening” Asset Tests Hurts Medicaid

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Introduction

The Affordable Care Act (ACA) eliminated the Medicaid asset test for MAGI-eligible populations. But even before the ACA’s enactment, [almost every state](#) had already stopped considering assets for children’s Medicaid and CHIP eligibility and nearly half the states disregarded assets for parents and caretakers. Asset tests are bad for the Medicaid program and for applicants and enrollees: they prevent eligible people from enrolling, waste state dollars, and create barriers to economic security. Moreover, their harmful effects disproportionately impact people of color, older adults, and people with limited English proficiency.

Despite the established harms of asset tests, proposals to “strengthen” them have become more prominent following a recommendation in the [authoritarian Project 2025](#) manifesto. Recent proposals would reinstate the asset test for MAGI populations at the federal level and would make asset tests for non-MAGI populations significantly more restrictive at the state level. In California, the final 2025-26 budget [reinstates](#) the asset test for non-MAGI Medi-Cal enrollees, a course reversal that will drastically reduce access to coverage for older Californians and Californians with disabilities. While proposals like these may have some cosmetic differences – and have emerged on both sides of the political aisle – they will all have the same impact: taking away Medicaid from eligible people by making it harder to obtain and keep coverage.

Eliminating Asset Tests in Medicaid Promotes Enrollment for Eligible People

Administrative burdens broadly [impede eligible people](#) from obtaining and keeping Medicaid coverage. Asset tests create unnecessary burdens on Medicaid enrollees, such as imposing onerous documentation requirements that [complicate enrollment](#). Even with the increasing use of Asset Verification Systems (AVS) pursuant to [federal requirements](#), [enrollee burden](#) remains an issue. [Confusion](#) about which assets count or whether enrollees can have any assets at all also causes eligible people not to enroll. When California’s asset test was previously

eliminated, it may have [encouraged enrollment](#) among older adults who were already eligible but who did not enroll due to the complexity of the asset rules.

Eliminating Asset Tests in Medicaid Preserves State Resources

States that eliminated asset tests for families [streamlined enrollment, simplified program administration, and saved money](#). Oklahoma eliminated its asset test for families after determining that it would cost [\\$1.2 million /less](#) to serve people who would have been denied eligibility than the state was spending on administrative activities related to asset verification. Eliminating the asset test for families also made eligibility workers' workloads [more manageable](#) and enabled greater automation of the eligibility determination process. And when Arizona eliminated the asset test for its Medicare Savings Programs and Medicaid Aged, Blind, and Disabled populations, the administrative savings offset the increased enrollment sufficiently that [the change was relatively cost-neutral](#). Moreover, disregarding assets does not mean that states are spending money to provide Medicaid to wealthy people. The income limit to qualify for Medicaid is still very low, and people who meet that standard typically [do not have significant wealth](#).

Eliminating Asset Tests in Medicaid Encourages Enrollees' Financial Security

Asset tests [discourage savings](#) among low-income individuals and families and hinder [upward mobility](#). Allowing applicants and enrollees the opportunity to save by disregarding assets, on the other hand, fosters financial stability. For example, eliminating asset tests in public benefits programs has been associated with an [increase](#) in lower-income households with a bank account. Disregarding assets also enables enrollees to develop sufficient savings to [address unexpected expenses](#), such as an expensive car repair. Being able to participate in the "[mainstream financial system](#)" and maintain even a small savings helps protect enrollees against the hardships associated with financial precarity.

Eliminating Asset Tests in Medicaid Promotes Equitable Health Care Access

Administrative burdens in public benefits programs "[do not fall equally](#)" on all people. The harmful effects of administrative burdens are compounded for people with [limited English proficiency](#) and [older adults](#). And while people of color are [more likely](#) to be Medicaid enrollees, they are [less likely](#) to have the resources to overcome such burdens. Asset tests in particular have an unequal impact on people of color, who, due to [racist policies](#) limiting access to homeownership, are more likely to have assets in the form of [non-exempt cash savings](#) than they are to own an exempt home. [Black and Latine people](#) and residents of [rural](#)

[areas](#) (who are [disproportionately older adults](#)) are also more likely to be unbanked or underbanked, barring them from taking advantage of streamlined [electronic asset verification](#) and compounding the administrative burdens already associated with asset tests.

Conclusion

Proposals to “strengthen” asset tests are really proposals to cut Medicaid by making it more difficult for individuals to enroll and stay enrolled. These wasteful, discriminatory proposals are not rooted in sound policy, and they harm both enrollees and the Medicaid program.