

# Seniors and the CalFresh Medical Expense Deduction

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*Policy Opportunities to Increase Nutrition Benefits  
for Low-Income Seniors in California*

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## California Food Policy Advocates

California Food Policy Advocates (CFPA) is a statewide public policy and advocacy organization dedicated to improving the health and well being of low-income Californians by increasing their access to nutritious, affordable food.

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## Introduction

CalFresh deductions, including the excess medical expense deduction, can help increase the amount of federal nutrition assistance benefits for seniors, thereby improving their ability to maintain an adequate and nutritious diet. In this report we examine the current uptake of the excess medical deduction among senior and/or disabled CalFresh participants. We also estimate the impact that a higher rate of uptake would have on a typical household's average monthly benefit. This report recommends state- and county-level strategies to increase use of the medical deduction among eligible CalFresh households.

## Overview: CalFresh Deductions

The Supplemental Nutrition Assistance Program (SNAP), known as CalFresh in California, is a federally funded nutrition assistance program for households and individuals in need. Simply put, CalFresh provides low-income Californians with benefits that can be used to purchase food. By providing better access to a nutritious, affordable diet, CalFresh benefits support productivity, promote health, and help prevent hunger.

In order to qualify for CalFresh, households must have an income level that falls below a certain threshold. Typically, households are required to meet both gross and net income limits. **Gross income** is a household's total income before deductions, while **net income** is total income minus allowable deductions. The household gross income limit is 200% of the federal poverty level (FPL) and the net income limit is 100% FPL. In 2016, this equates to \$2,656 per month (gross limit) and \$1,328 (net limit) for a household of two.<sup>i</sup>

Households with expenses such as medical costs, child care, or high housing costs may have less income available to purchase food than households with comparable incomes but lower expenses. To account for the impact of such costs on the ability to afford food, CalFresh rules allow for deductions of certain expenses including dependent care, child support, and "excess" shelter and medical. There is also a standard deduction for all applicants and an earned income deduction that can be taken.

CalFresh allows households with a senior or disabled member to deduct unreimbursed medical expenses that are greater than \$35 per month.<sup>1</sup> A wide variety of out-of-pocket medical expenses are eligible to be deducted, including some expenses that are not covered by health insurance and may not be obvious to a CalFresh participant or even a caseworker, such as cost of transportation to a medical appointment, meals for a paid caretaker, or veterinary care for a service animal. Other medical expenses that may be deducted include, but are not limited to, costs of rehabilitation services, psychotherapy, prescription eyeglasses and contact lenses, medical and dental care, prescription medication, and hospitalization or nursing care.<sup>ii</sup>

### Why Deductions Matter to Seniors

Deductions, including medical deductions, are especially impactful for households with senior members. Households with a senior member are only required to meet the net income limit (gross income minus deductions) of 100% FPL.<sup>iii</sup> Therefore, for seniors with higher gross incomes, claiming deductions may mean the difference between being eligible or ineligible for CalFresh benefits. For seniors already participating in CalFresh,

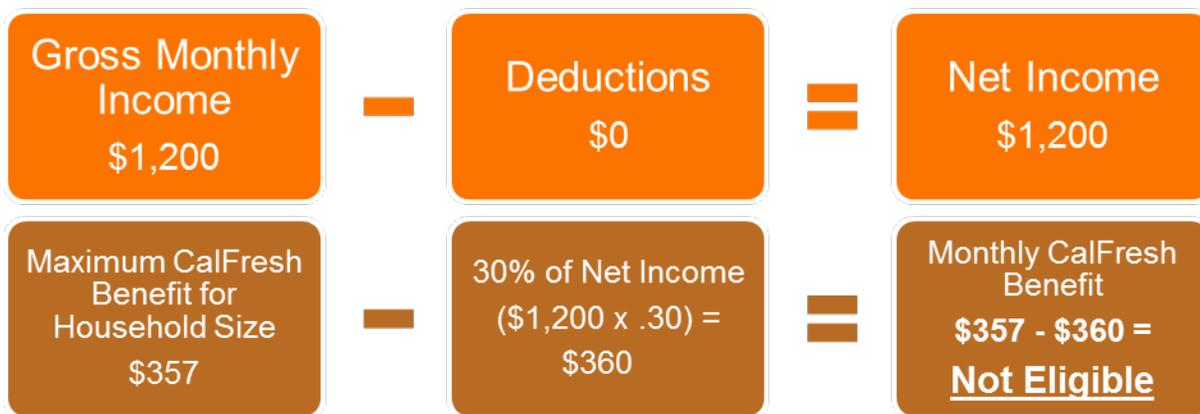
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<sup>1</sup> For more information on allowable deductions from income: <http://www.fns.usda.gov/snap/deductions>

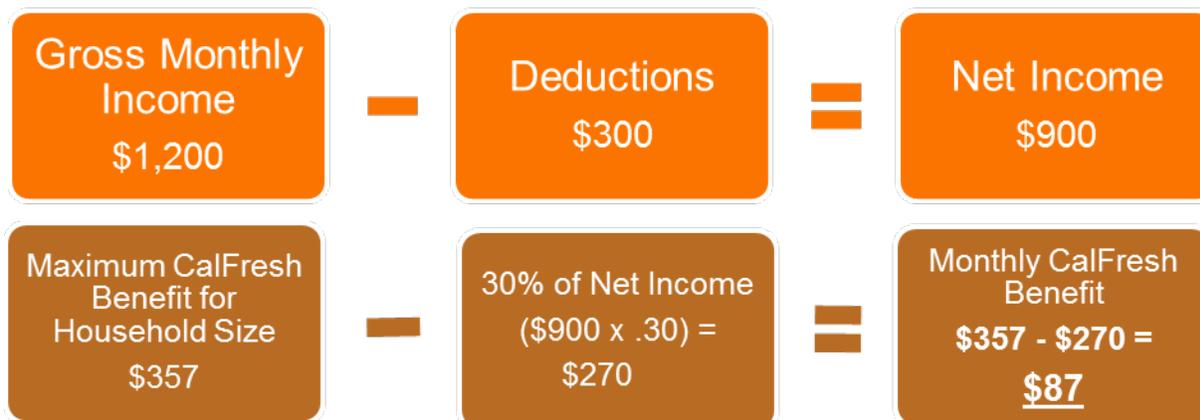
lowering net income by claiming deductions can increase the amount of CalFresh benefits received (See Figure 1.1)<sup>iv</sup> Applying allowable deductions often results in a lower net income for a household – which increases the likely benefit amount. In general, for every three dollars less in net income, there is roughly a one dollar increase in benefits, up to the maximum benefit allowed per household. This is based on the CalFresh benefit formula, which assumes that 30 percent of a household’s net income goes toward food purchases.<sup>2</sup>

Figure 1.1

### Calculating CalFresh Benefits: No Deductions (Two-Person Household, No Deductions)



### Calculating CalFresh Benefits: With Deductions (\$300/mo) (Two-Person Household, \$300 Deductions)



<sup>2</sup> For more information on how benefits are calculated, *A Quick Guide to SNAP Eligibility and Benefits*, Center on Budget and Policy Priorities, <http://www.cbpp.org/research/a-quick-guide-to-snap-eligibility-and-benefits>

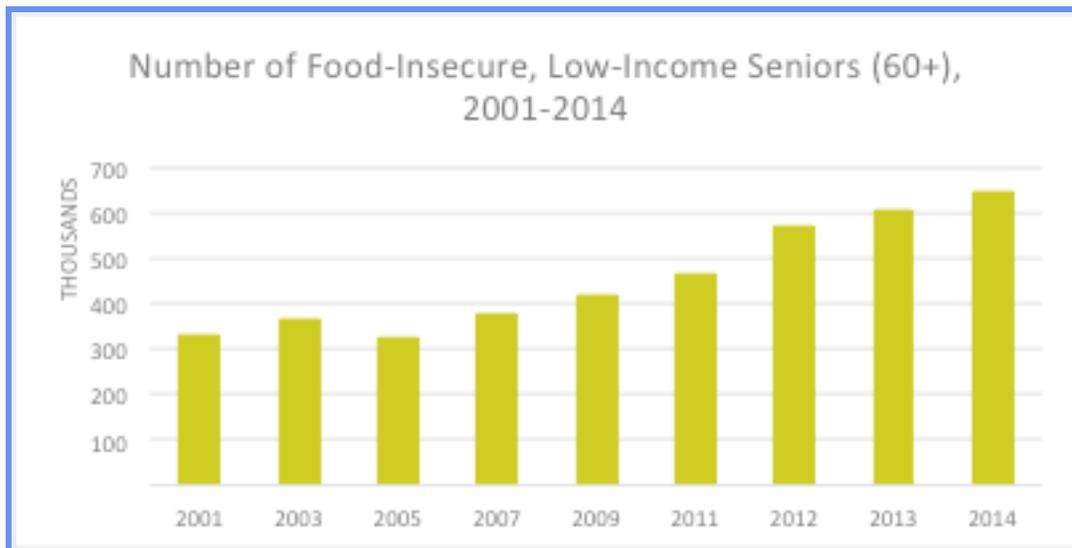
## Now is the Time to Address Nutrition Assistance for Seniors

With an increase in food insecurity among low-income seniors and a growing senior population, now is the time to address senior hunger and ensure that all seniors are receiving the nutrition assistance they need. The positive effects of increasing CalFresh benefits for seniors may extend beyond supporting a nutritious diet. Applying CalFresh benefits to household food costs may allow money that was previously spent on food to be used for other essential expenses such as medical care. Cost is a factor in the decision to get or delay medical care; an estimated 89,000 low-income seniors in California delayed needed health care due to cost or lack of health insurance.<sup>v</sup>

### Food Insecurity is Increasing Among Low-income Seniors

In 2014, more than 30 percent, or 644,000, of California's low-income seniors were food insecure, meaning they could not consistently afford enough food.<sup>vi</sup> (See Figure 1.2.) The share of low-income seniors in California unable to afford enough food nearly doubled from 2001 to 2014.<sup>3</sup> (See Figure 1.3)

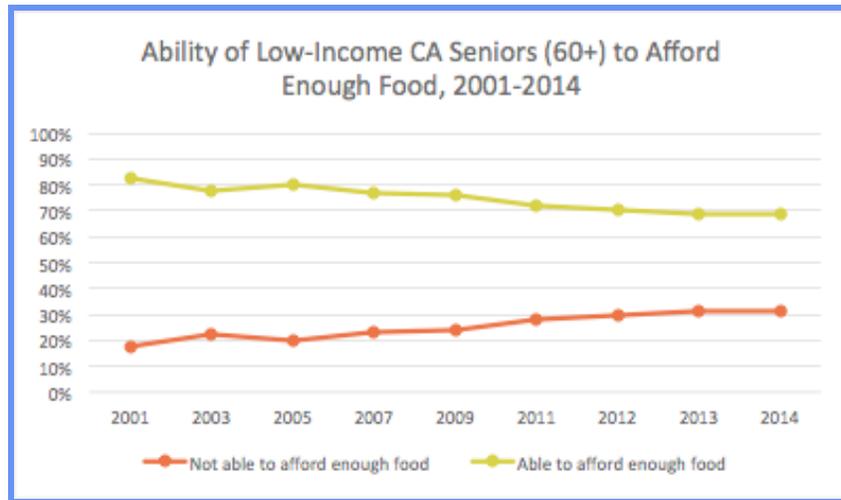
Figure 1.2



Source: California Health Interview Survey: CHIS 2001-2014 Adult Public Use File. Los Angeles, CA: UCLA Center for Health Policy Research, August 2015.

<sup>3</sup> Low-income seniors refers to adults age 60 or older whose gross incomes are less than 200% of FPL

Figure 1.3



Source: California Health Interview Survey: CHIS 2014 Adult Public Use File. Los Angeles, CA: UCLA Center for Health Policy Research, August 2015.

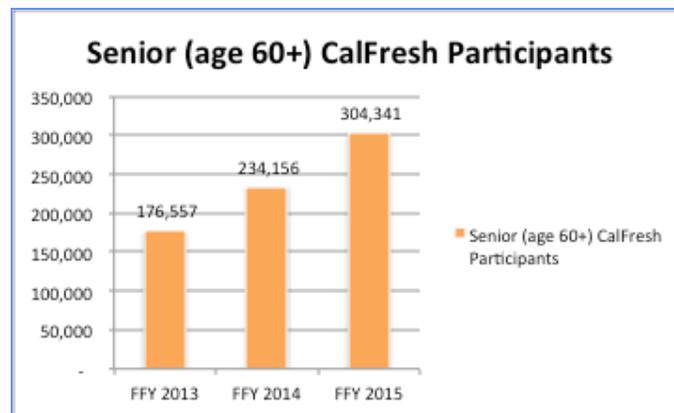
If current trends continue, the need for nutrition assistance among low-income seniors will grow over the coming years.

### The Senior Population and CalFresh Caseload is Growing

The California Department of Finance projects that the state’s senior population (individuals 65 and older) will more than double between 2010 and 2040. This major growth can be attributed to an aging baby boomer population and increases in life expectancy.<sup>vii</sup>

The growth of the senior CalFresh caseload reflects these demographic trends. From federal fiscal year (FFY) 2013 to 2015, California saw a 72 percent increase in the number of seniors participating in CalFresh. (See Figure 1.4.) If the current trend continues, the number of senior CalFresh participants will grow over time.

Figure 1.4



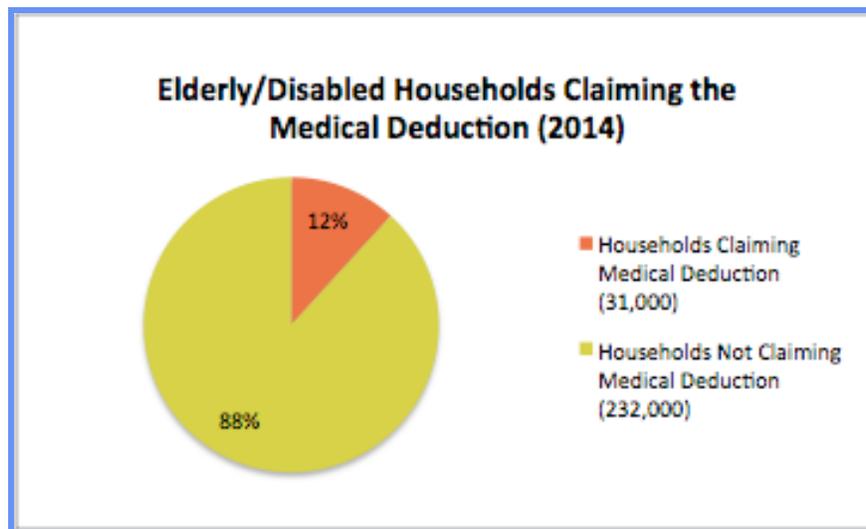
Source: California Department of Social Services CalFresh Data Dashboard available at <http://www.cdss.ca.gov/research/PG3575.htm>

California has more seniors ages 65 and older living in poverty than any other state.<sup>viii</sup> However, as of 2012, only an estimated 18 percent of seniors who are eligible for CalFresh were participating in the program.<sup>ix</sup> Of those that do participate, 15 percent of CalFresh households with a senior member receive the minimum monthly benefit of \$16 and one-third receive less than \$100 per month.<sup>x</sup> Maximizing the use of the medical deduction can increase monthly CalFresh benefits received by seniors. A higher monthly benefit may also indirectly lead to increased participation among seniors who may then be more inclined to spend the time and effort to apply for nutrition assistance.

### Medical Deductions: An Opportunity to Increase Nutrition Benefits

During FFY 2014, more than two million California households (more than four million individuals) participated in CalFresh.<sup>xi</sup> Of these households, more than 263,000 included a senior and/or disabled member.<sup>xii</sup> Among households with senior or disabled members, only 12 percent received the medical expense deduction (the vast majority of households with a senior or disabled member, more than 232,000 statewide, did not receive the medical expense deduction). (See Figure 1.5.)

Figure 1.5



Source: CFPA analysis of FFY 2008-2014 CDSS RADEP CalFresh Caseload data, provided by CDSS Research and Data Division.

National data and research suggest that California has room to grow in the share of seniors receiving the medical expense deduction. Across the country, more than 96% of seniors ages 65 and older were found to have health care expenses in 2011.<sup>xiii</sup> These seniors are more likely to have higher out-of-pocket expenses than younger individuals. Seniors covered by Medicare and other public coverage paid, on average, \$605 in out-

of-pocket medical expenses annually – well above the \$35 per month threshold required to claim the excess medical expense deduction.<sup>xiv</sup>

National data<sup>4</sup> show that California ranks below the national average and median with respect to the share of seniors receiving the SNAP/CalFresh medical expense deduction. According to the national estimates, California, at 14 percent, is four percentage points below the national average (18 percent) and two percentage points below the median (16 percent). The share of households with a senior member receiving the medical expense deduction ranges by state from 2 to 45 percent.<sup>xv</sup> With respect to the share of households with a senior or disabled member receiving the medical expense deduction, California ranks 27th among the 50 states and the District of Columbia.

### Increasing Uptake of Deductions is a Win for California

By claiming the medical expense deduction, eligible California households with a senior or disabled member could see an average increase of nearly \$46 per month in CalFresh benefits, or \$551 per year to be spent on food.<sup>5</sup> As shown in Figure 1.1 above, claiming deductions often results in a lower net income for a household – which increases the likely benefit amount and provides households with more money for food.

If **all** households currently missing out on the medical expense deduction began to claim the deduction:

- More than 136,000 senior or disabled CalFresh households in California would see an estimated average increase of nearly \$46 per month, or \$551 per year, to be spent on food; and
- Nearly \$75 million in additional CalFresh benefits would be provided to California's senior and disabled population annually.

These estimates take into account that not all households with a senior or disabled member would be eligible for an increase in benefits. For example, some households

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<sup>4</sup> The average and median were calculated by the author from data available for the 50 states and D.C.

<sup>5</sup> Based on receiving a monthly medical expense deduction of \$153, which was the average medical expense deduction received monthly for households with senior or disabled members in California in 2014. This assumes that the average medical expense deduction would stay constant as additional households claimed the deduction. With the data and information available, it is unclear whether the average medical expense deduction would change by increasing the share of households receiving the medical expense deduction. Differences in out-of-pocket medical expenses between those currently receiving and those not receiving the medical expense deduction may result in changes to the average medical expense deduction, resulting in lower or higher benefits than estimated. Both households with senior or disabled members were included in the calculation because both populations are eligible for the medical deduction.

may already be receiving the maximum benefit allowed. These estimates do not take into account that a number of households with a senior or disabled member may be ineligible for the medical expense deduction, for example, if they do not have \$35/month or more in qualifying healthcare expenses.

Regardless of whether 100% of households with a senior or disabled member claiming the medical deduction is attainable, there is still much to be gained by increasing the uptake of the medical expense deduction. If **only 2%** of households with a senior or disabled member currently missing out on the medical expense deduction began to claim the deduction

- More than 2,700 senior or disabled households in California would see an estimated increase of \$46 per month, or \$551 per year, to be spent on food; and
- Nearly \$1.5 million in additional nutrition assistance would be provided to California’s senior and disabled population annually.

### CalFresh Households with Senior or Disabled Members, FFY 2014

Total	263,685
Receiving the medical expense deduction	30,806
% Receiving the medical expense deduction	12%
NOT receiving the medical expense deduction	232,879
% NOT receiving the medical expense deduction	88%
NOT receiving the medical expense deduction and potentially eligible for an increase in benefits*	136,136
% NOT receiving the medical expense deduction and potentially eligible for an increase in benefits*	58%
Average medical expense deduction received	\$153

\* It is estimated that 42% of households with a senior or disabled member NOT receiving the medical expense deduction would be ineligible for an increase in benefits due to already receiving the maximum benefit allowed per household. This estimate assumes that all households that are not ineligible due to already receiving the maximum benefit are potentially eligible for an increase in benefits by claiming the medical expense deduction. However, it is likely that additional households would be ineligible for an increase in benefits due to their income. Other households likely do not qualify for the medical expense deduction because they do not have over \$35/month in qualifying out-of-pocket medical expenses. The share of households with a senior or disabled member not receiving the medical deduction and receiving the maximum benefit (42%) was calculated by CBPP using Quality Control data.

## Estimated Average Increase in Benefits Received by Claiming the Medical Expense Deduction, FFY 2014

Average <b>monthly increase</b> in benefits to eligible households* by claiming the medical expense deduction	\$46
Average <b>annual increase</b> in benefits to eligible households* by claiming the medical expense deduction	\$551
Total annual increase in benefits if <b>all</b> households with a senior or disabled member claimed the medical expense deduction	\$ 74,983,562
Total annual increase in benefits if <b>2%</b> of households with a senior or disabled member currently missing out on the medical expense deduction began claiming the deduction	\$ 1,499,671

\* Eligible households are those that qualify for the medical expense deduction and for an increase in benefits. Estimates assume that the average deduction amount during FFY 2014 would remain constant as uptake of the medical expense deduction increased. Due to data limitations, it is unclear how the average benefit amount would change as more households with a senior or disabled member began to claim the deduction.

CalFresh benefits support seniors by increasing their ability to purchase nutritious food. In addition to helping households meet their nutritional needs, CalFresh benefits exert a multiplier effect that stimulates the economy at large. More specifically, every five dollars in CalFresh expenditures generates as much as \$9 in economic activity.<sup>xvi</sup> Also, by applying CalFresh benefits to their household food costs, CalFresh households may have more dollars to spend on taxable goods, which would result in additional sales tax revenue for the state General Fund.<sup>6 xvii xviii</sup>

## The Challenges Seniors Face Accessing CalFresh

Seniors face many barriers to successfully applying for and maintaining CalFresh benefits. One factor complicating California seniors' access to CalFresh is the state's "cash-out" policy for Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipients who are aged, blind, or disabled. Under cash-out, a \$10 nutrition benefit is included within recipients' SSI grant, which makes SSI/SSP recipients ineligible for CalFresh. According to a 2015 analysis, nearly 500,000 senior, disabled, and/or blind SSI/SSP recipients are currently not eligible for a separate CalFresh benefit due to cash-out.<sup>xix</sup> The state can end the policy at any time, but several factors have combined to keep the policy in place over the last several decades.<sup>xx</sup>

<sup>6</sup> For more information, see *CFPA's 2015 Lost Dollars Empty Plates Report*, available at <http://cfpa.net/lost-dollars-empty-plates-2015>

- The ongoing challenge of low benefits to comparatively higher administrative costs;
- The challenge of immediately enrolling the large number of newly-eligible households, especially those that would only qualify for the minimum benefit;
- The lack of increased benefits among some SSI households who would remain ineligible for CalFresh;
- The loss of eligibility and benefits among households with disabled children.

Due to these challenges, any plan to end cash-out must meet the following four conditions to ensure it does not result in a loss of eligibility or reduction in benefits for vulnerable food-insecure Californians:

- Reduce CalFresh administrative costs in relation to benefits;
- Establish processes to automatically enroll newly-eligible households into CalFresh;
- Mitigate the loss of benefits for households remaining ineligible for CalFresh;
- Mitigate or eliminate the loss of benefits for households made newly ineligible for CalFresh (households with disabled children).

Cash-out aside, CalFresh utilization among eligible seniors is negatively impacted by multiple factors. Misinformation about program eligibility rules, stigma associated with some public benefit programs, and the often complicated and burdensome application process are all significant barriers to enrollment.

Unfortunately, the work of identifying and claiming all allowable medical deductions can make this already difficult enrollment process even harder for seniors. Confusion or lack of awareness among participants and caseworkers about the medical deduction makes claiming and verifying deductions a challenge. California's system of county-level administration means that all 58 counties may have different policies or practices, which makes it difficult to standardize best practices across the state.

Low uptake of the medical expense deduction, exacerbated by low senior utilization of CalFresh, means less for all Californians – less nutrition assistance for eligible households and less economic activity for the state. These losses can be mitigated by eliminating unnecessary barriers to CalFresh enrollment and by maximizing uptake of the medical expense deduction. Higher uptake of the medical deduction could also positively impact CalFresh participation. As the monthly benefit amount rises, the “cost-benefit” equation of time and energy spent applying vs. benefits received becomes more favorable for the applicant.

## Policy Opportunities to Increase Participation and Benefits

Below, we have identified three major opportunities the state should seize to increase both CalFresh participation and benefit levels for seniors through greater uptake of the medical expense deduction.

### Opportunity 1: Optimize Use of a Standard Medical Deduction

One proven way to increase uptake of the medical deduction is through the adoption of a Standard Medical Deduction (SMD). USDA offers demonstration waivers which allow states to use an SMD for any senior or disabled applicant who is able to show proof of more than \$35 in out-of-pocket medical expenses. Instead of calculating and needing to verify all actual expenses, the SMD provides applicants with the higher standard deduction as long as they can verify expenses over the \$35 threshold.<sup>xxi</sup> The SMD simplifies the application process for CalFresh participants by reducing the paperwork burden and reduces time that eligibility workers must spend verifying every expense.

USDA requires that the demonstration project be cost neutral—that is, any additional benefits provided through the SMD must be offset by benefit reductions elsewhere. When analyzing the potential impact of adopting a SMD, California needs to carefully weigh the impact of reducing benefits to a great number of households and increasing benefits to a much smaller, though very vulnerable, group of seniors and disabled participants.

### Opportunity 2: Simplify the Application and Recertification Processes

Seniors often find the CalFresh application process to be overly complicated and time consuming, especially when considering the sometimes small benefit amount they may receive. Efforts to simplify the application itself and use data from other means-tested programs in which seniors may already be enrolled can help reduce these barriers and provide more time during the application process to identify and verify medical expenses for deduction. Below are examples of policy options the state should prioritize to simplify and streamline the application and recertification processes, allowing eligibility workers to focus more on maximizing allowable deductions including medical expenses.

- **Federal waivers designed to reduce the burden seniors face when applying for and maintaining nutrition benefits.** Most of these waivers are limited to senior households with no earned income, where factors affecting eligibility and benefit amounts are unlikely to change much over time. Such waivers include:
  - Waiver of the recertification interview requirement;
  - Use of data matches to reduce the amount of client-provided verification, and;
  - Extension of the certification period to 36 months.<sup>xxii</sup>

Combined, these program changes could lead to an increased uptake of the medical deduction by freeing up eligibility workers' time to help clients identify deductible medical expenses.

- **Data sharing between other means-tested programs** (e.g., Medi-Cal or Social Security) and CalFresh can reduce the amount of paperwork required for a CalFresh application because a recipient's information from one agency can be used to inform the application for benefits from another agency.
  - **Medi-Cal and CalFresh:** The State should work to improve referral and dual enrollment systems in order to increase program participation among seniors, and free up workers to more effectively screen for deductions.
  - **Social Security and CalFresh:** The State should support data sharing between county Social Security Agencies and CalFresh as a means of simplifying enrollment.<sup>xxiii</sup> Other programs with high rates of senior participation and eligibility requirements that overlap with CalFresh should be targeted for similar data-sharing projects.

### Opportunity 3: Improve Eligibility Worker Training and Outreach

Since seniors may be more likely than younger applicants to rely on in-person application assistance, it is important that the State and counties provide eligibility workers with comprehensive, consistent training on the medical deduction. Education and training about what types of expenses are allowed (including ancillary expenses such as acupuncture and massage) and what level of verification is required will help seniors to maximize their deductions and increase monthly benefits.

Effective outreach techniques can help overcome the stigma and misinformation sometimes associated with CalFresh. Outreach recommendations from the National Council on Aging include:

- Avoid using the term “welfare.” Use messaging emphasizing “saving money” instead of receiving benefits or assistance.<sup>xxiv</sup>
- Use a different program name (for example Alabama uses the simple name “Food Assistance Program” to refer to SNAP for seniors).
- Explain the entitlement nature of CalFresh and that seniors won't be “taking” resources from others.
- Conduct outreach at congregate meal sites, senior living facilities, and senior housing – places where seniors are comfortable and somewhere close enough to home that they can go retrieve documents if necessary. “Go to seniors, don't make them come to you.”<sup>xxv</sup>

Outreach conducted by trusted organizations can help seniors better understand the nutrition benefits for which they may qualify. Senior-focused organizations, such as the

state Department of Aging, Area Agencies on Aging, and AARP should partner with each other and with institutions frequented by seniors (e.g., public libraries, medical offices/pharmacies, senior centers, post offices, public transit) to help seniors learn about the benefits of CalFresh and how deductions can increase benefits.

## Conclusion

California lags behind the rest of the nation in uptake of the CalFresh medical deduction among low-income seniors and people with disabilities. The State should pursue policy and outreach tools to improve the deduction uptake rate. Adoption of a standard medical deduction; simplifying the application, verification, and reporting processes; and conducting targeted outreach through trusted messengers should be all prioritized by state and county administrators as we work to improve CalFresh participation and increase benefit amounts for low-income seniors and disabled Californians at risk of food insecurity.

## Appendix

The tables below present the author's calculations from statewide estimates of the CalFresh senior and disabled population provided by the California Department of Social Services (CDSS), Federal Data Reporting and Analysis Bureau. The CDSS statewide estimates were generated from a sample of approximately 5,600 cases to reflect the entire universe of CalFresh recipients (two million households made up of 4.5 million individuals statewide).

**Table 2.1: Estimated average number and annual percent change of CalFresh households with a senior and/or disabled member receiving the medical expense deduction, FFY 2008-14**

	CalFresh households		Senior or Disabled CalFresh households		Senior or Disabled CalFresh households receiving medical deduction	
	Number	Percent change	Number	Percent change	Number	Percent change
FFY 2008	905,511	n/a	94,705	n/a	4,686	n/a
FFY 2009	1,110,956	23%	74,873	-21%	7,268	55%
FFY 2010	1,377,230	24%	121,162	62%	15,641	115%
FFY 2011	1,597,506	16%	139,401	15%	15,640	0%
FFY 2012	1,763,302	10%	150,070	8%	15,884	2%
FFY 2013	1,890,101	7%	196,510	31%	29,885	88%
FFY 2014	2,002,282	6%	263,685	34%	30,806	3%

**Table 2.2: Estimated average monthly medical deduction received by CalFresh households with a senior and/or disabled member, FFY 2008-14**

	Average Monthly Medical Deduction Received by Households with a Senior or Disabled Member
FFY 2008	\$157
FFY 2009	\$107
FFY 2010	\$89
FFY 2011	\$183
FFY 2012	\$131
FFY 2013	\$96
FFY 2014	\$153

**Table 2.3: Estimated percent of CalFresh households with senior and/or disabled member receiving the medical expense deduction, FFY 2008-14**

	% Households with a Senior or Disabled Member Receiving the Medical Expense Deduction
FFY 2008	5%
FFY 2009	10%
FFY 2010	13%
FFY 2011	11%
FFY 2012	11%
FFY 2013	15%
FFY 2014	12%

## Technical Appendix

The following is a description of the data sources and calculations used to complete the *Seniors and the CalFresh Medical Deduction* report analysis.

### Data Sources

Except otherwise noted, statistics on CalFresh, including tables presented in Appendix, were calculated from data provided by the California Department of Social Services (CDSS), Federal Data Reporting and Analysis Bureau. This data was derived from a weighted sample of 5,645 households cases and includes federal cases only. The data was provided for federal fiscal year (FFY) (October 1st - September 30th) 2008-2014.

Data on food insecurity in California was obtained from AskCHIS, an online health query system for health statistics in California. AskCHIS is a product of [The California Health Interview Survey \(CHIS\)](#) and the UCLA Center for Health Policy Research.

### Methodology

This report estimates the impact if **all** households with a senior or disabled member currently missing out on the medical expense deduction began to claim the deduction. Additionally, this report estimates the impact if two percent of households with a senior or disabled member currently missing out on the medical expense deduction began to claim the deduction.

### Eligibility for an Increase in CalFresh Benefits

These estimates take into account that not all households would be eligible for an increase in benefits. For example, households already receiving the maximum benefit would not be eligible for increased benefits due to claiming the medical deduction.

Analysis from the Center on Budget and Policy Priorities (CBPP) of FFY 2014 QC data found that 42 percent of households with senior or disabled member(s) that were not receiving the medical deduction were receiving the maximum benefit.

The number of households not receiving the medical expense deduction and potentially eligible for an increase in benefits was calculated using the following equation:

$$\text{Number of CalFresh Senior/Disabled Households NOT receiving the medical expense deduction} \times (1-.42) = \text{Number of CalFresh Senior/Disabled Households Not Receiving the Medical Expense Deduction and Potentially Eligible for an Increase in Benefits}$$

This estimate categorizes all households that are not ineligible due to already receiving the maximum benefit as potentially eligible for an increase in benefits by claiming the medical expense deduction. However, it is likely that other households would be ineligible for an increase in benefits due to their income. Due to limitations with the data, it is unclear the exact share of households not receiving the medical expense deduction that would be eligible for an increase in benefits.

### **Eligibility for the CalFresh Medical Expense Deduction**

The estimated impact if all households with a senior or disabled member not claiming the medical expense deduction began to claim the deduction assumes that all households would be eligible for the deduction. However, it is likely that a number of households with a senior or disabled member would not qualify, for example, if they do not have over \$35/month in qualifying out-of-pocket medical expenses. Due to data limitations, it is unclear how many CalFresh households with a senior or disabled member would qualify. National research suggests that a high percentage of seniors have significant out of pocket medical expenses. However, those receiving Medicare may have lower out-of-pocket expenses.

Given the uncertainty around the share of households with a senior or disabled member that would qualify for the medical expense deduction, this report also estimates the impact if a relatively small (two percent) increase in the number of households with a senior or disabled member not currently receiving the deduction began to claim the deduction. These estimates were calculated by multiplying the results of the estimates for all households by two percent.

### **Average Increase in Benefits per Household**

This report estimates the monetary impact of eligible households with a senior or disabled member claiming the medical expense deduction. “Eligible households” are those that are both eligible for an increase in benefits and eligible for the medical expense deduction.

The following calculation was used to estimate the average increase in monthly benefits per eligible household by claiming the medical expense deduction:

$$\text{Average monthly benefit for seniors and disabled individuals in 2014 (\$153)} \times 30\% = \text{Average Monthly increase in Benefits per Household.}$$

In order to calculate annual benefit, the monthly benefit was multiplied by 12.

This calculation was based on the CalFresh benefit formula, which assumes that 30 percent of a household's net income is spent on food.<sup>7</sup> Therefore, for every three dollars less countable net income (increase in deductions received), there is roughly an increase of one dollar in benefits, up to the maximum benefit allowed per household.<sup>8</sup>

However, from household to household, the amount of benefit received could be higher or lower than this three-to-one rule of thumb. This ratio is dependent on total income and amount of deductions claimed (medical and other). For example, claiming the medical deductions may allow for the household to claim a larger shelter deduction, therefore reducing net income even further. This could potentially result in an even greater increase in benefits.

The estimates of the average per household benefits are based on receiving a monthly medical expense deduction of \$153, which was the average medical expense deduction received monthly for households with senior or disabled members in California in 2014. This assumes that the average medical expense deduction would stay constant as additional households claimed the deduction. Due to data limitations, it is unclear whether the average medical expense deduction would change by increasing the share of households receiving the medical expense deduction. Differences in out-of-pocket medical expenses between those currently receiving and those not receiving the medical expense deduction may result in changes to the average medical expense deduction.

### **Total Increase in Benefits for Senior and Disabled Population**

In addition to per household benefits, this report estimates the total (collective) increase in benefits for senior and disabled households. The total benefit is calculated by multiplying the per household benefit by the number of households that are not receiving benefits and are potentially eligible for an increase in benefits.

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<sup>7</sup> For more information on how benefits are calculated, *A Quick Guide to SNAP Eligibility and Benefits*, Center on Budget and Policy Priorities, <http://www.cbpp.org/research/a-quick-guide-to-snap-eligibility-and-benefits>

<sup>8</sup> Ibid.

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- <sup>i</sup> California Department of Social Services, CalFresh Eligibility and Issuance Requirements – Income, available at <http://www.cdss.ca.gov/foodstamps/PG3628.htm>
- <sup>ii</sup> California Department of Social Services, CalFresh Regulations, <http://www.dss.cahwnet.gov/foodstamps/PG845.htm>
- <sup>iii</sup> USDA Food and Nutrition Service, SNAP Fact Sheet, available at <http://www.fns.usda.gov/snap/fact-sheet-resources-income-and-benefits>
- <sup>iv</sup> USDA Food and Nutrition Service, SNAP Eligibility Guidelines available at <http://www.fns.usda.gov/snap/eligibility>
- <sup>v</sup> Source: 2014 California Health Interview Survey, *Delayed care due to cost or lack of insurance*. Asked of respondents who delayed/did not get other needed medical care in past 12 months. Federal Poverty Level - Continuous (0% - 200%), Age in years (60+)
- <sup>vi</sup> UCLA Center for Health Policy Research. AskCHIS 2014. Food security (California). Available at <http://ask.chis.ucla.edu>. Exported on August 21, 2015.
- <sup>vii</sup> California Health Care Foundation, <http://www.chcf.org/publications/2015/08/beds-for-boomers>
- <sup>viii</sup> Source: U.S. Census Bureau, 2014. American Community Survey 1-year Estimates. B17001: POVERTY STATUS IN THE PAST 12 MONTHS BY SEX BY AGE - Universe: Population for whom poverty status is determined. Accessed on 7/26/2016
- <sup>ix</sup> State Trends in Supplemental Nutrition Assistance Program Eligibility and Participation Among senior Individuals, Fiscal Year 2008 to Fiscal Year 2013, July 2015, Mathematica Policy Research.
- <sup>x</sup> Source: CBPP analysis of U.S. Department of Agriculture SNAP Quality Control data.
- <sup>xi</sup> Source: California Department of Social Services CalFresh Data Dashboard available at <http://www.cdss.ca.gov/research/PG3575.htm>
- <sup>xii</sup> Source: CFPA analysis of FFY 2008-2014 CDSS RADEP CalFresh Caseload data, provided by CDSS Research and Data Division.
- <sup>xiii</sup> Machlin, S. and Carper, K. *Out-of-Pocket Health Care Expenses by Age and Insurance Coverage, United States, 2011*. Statistical Brief #441. June 2014. Agency for Healthcare Research and Quality. Rockville, MD. [http://meps.ahrq.gov/mepsweb/data\\_files/publications/st441/stat441.shtml](http://meps.ahrq.gov/mepsweb/data_files/publications/st441/stat441.shtml)
- <sup>xiv</sup> Ibid.
- <sup>xv</sup> Source: CBPP analysis of U.S. Department of Agriculture SNAP Quality Control data. (Does not include Guam and the Virgin Islands)
- <sup>xvi</sup> Hanson, Kenneth. United States Department of Agriculture Economic Research Service, Economic Research Report Number 103, The Food Assistance National Input-Output Multiplier (FANIOM) Model and Stimulus Effects of SNAP, October 2010. Available at: <http://www.ers.usda.gov/Publications/ERR103/ERR103.pdf>
- <sup>xvii</sup> Legislative Analyst's Office, Analysis of the 2004-05 Budget Bill- Food Stamps Program, February 2004. Available at: [http://www.lao.ca.gov/analysis\\_2004/health\\_ss/hss\\_20\\_foodstamps\\_anl04.htm](http://www.lao.ca.gov/analysis_2004/health_ss/hss_20_foodstamps_anl04.htm)
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- <sup>xix</sup> Ibid.
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- <sup>xxi</sup> <http://www.masslegalservices.org/content/food-stamps-snap-and-medical-expense-deduction>
- <sup>xxii</sup> USDA Food and Nutrition Service, Elderly Simplified Application Guidance, FFY 2105-16, available at [http://www.fns.usda.gov/sites/default/files/snap/ESAP\\_Guidance.pdf](http://www.fns.usda.gov/sites/default/files/snap/ESAP_Guidance.pdf)
- <sup>xxiii</sup> [http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201120120AB69](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201120120AB69)
- <sup>xxiv</sup> National Council on Aging, Seniors and SNAP Best Practices Handbook, July 2015, available at <https://www.ncoa.org/resources/seniors-snap-best-practices-handbook/>
- <sup>xxv</sup> Ibid.

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Policy Opportunities to Increase Nutrition Benefits for Low-Income Seniors in California*

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