

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2081 (Stefani) – As Amended March 26, 2026

Policy Committee: Health

Vote: 16 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill requires the Department of Health Care Services (DHCS) to expand capacity in the Medi-Cal Home and Community-Based Alternatives (HCBA) Waiver to enroll every eligible applicant.

Specifically, this bill:

- 1) Requires DHCS to ensure the HCBA Waiver, including any renewal or successor waiver, provides for an annual increase of not fewer than 10,000 waiver slots beginning in 2027.
- 2) Requires, by March 1, 2027, DHCS to seek any necessary amendments to the HCBA Waiver to ensure there is sufficient capacity to enroll all eligible individuals who apply and who are currently on a waiting list for the waiver. Requires DHCS to monitor and expand capacity through any necessary HCBA Waiver amendments at least 180 calendar days prior to reaching capacity, based on enrollment trends, to ensure that no individual is placed on a waiting list for the HCBA Waiver.
- 3) Authorizes DHCS to seek amendments to the HCBA Waiver or take other action as necessary to implement the above changes and authorizes DHCS to implement the provisions of this bill using non-regulatory authority such as letters or bulletins.

**FISCAL EFFECT:**

The author and Assemblymember Bonta have requested a budget appropriation of \$3 million (\$1.5 million General Fund, \$1.5 million federal funds) for state administrative costs incurred by DHCS associated with clearing the HCBA Waiver waiting list. However, allowing more Medi-Cal enrollees to participate in the HCBA Waiver will result in net cost savings of an unknown amount, potentially in the tens of millions of dollars per year (General Fund, federal funds). According to the November 2025 Medi-Cal Local Assistance estimate, regarding costs for the HCBA Waiver, “the State will ultimately save funding with more members receiving services in a community setting instead of in an institution.”

DHCS had not provided its own fiscal estimate when this analysis was prepared.

The Legislative Analyst’s Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

**COMMENTS:**

- 1) **Purpose.** This bill is sponsored by Cardea Health. According to the author:

[HCBA] helps medically vulnerable Californians receive high quality care in their own homes and communities instead of being forced into institutional settings. It supports people with serious medical needs, including adults living with ALS, medically fragile children, seniors with Alzheimer's...so they can remain with their families while receiving the care they need. The program improves quality of life and saves the state money, generating about \$110 million in annual cost savings. Yet enrollment caps have limited its impact and left more than 5,600 vulnerable Californians stuck on a waiting list...Expanding the HCBA Waiver program will ensure Medi-Cal recipients...with significant health needs who are experiencing homelessness, can access the care they need, live with dignity, and remain in their communities.

- 2) **Background. HCBA Waiver.** The HCBA Waiver is one of the Home and Community Based Services (HCBS) waivers DHCS administers. The HCBA Waiver serves Medi-Cal members who would otherwise require care in an acute care hospital, subacute facility, nursing facility, or an intermediate care facility. DHCS administers the HCBA Waiver program through contracts with waiver agencies, which coordinate Medi-Cal covered services (such as medical care, behavioral health, and In-Home Supportive Services), and authorizes services specifically available through the HCBA Waiver (such as personal care services, assistive technology, and private duty nursing). The federal government most recently approved renewal of the HCBA Waiver in February 2024 for five years.

**HCBA Waiver Capacity.** According to information provided by the author, as of June 2025, 9,500 individuals were able to access home care through the HCBA Waiver, while over 5,600 vulnerable Californians were on the HCBA waitlist. Despite DHCS regularly increasing the number of slots for the HCBA Waiver since 2017, a statewide waitlist for HCBA enrollment has persisted. DHCS has federal approval to increase the number of waiver slots by 1,800 per year through 2028 to 21,744 in 2028.

**Impact of HCBA Waiver Enrollment on Medi-Cal Program Costs.** Because individuals who meet medical eligibility criteria for the HCBA Waiver are likely receiving high-acuity medical services regardless of whether they are enrolled in the waiver, and waiver services are an alternative to facility-based services, increasing enrollment in the HCBA Waiver can reduce costs to the Medi-Cal program overall. DHCS's 2024-25 Budget Highlights showed an estimated \$12.9 million in savings associated with the increase in waiver slots in that year.

**Serving People Experiencing Homelessness.** Cardea Health, a waiver agency and sponsor of this bill, has received startup funding from Alameda and San Francisco Counties to partner with housing programs to arrange health care for Medi-Cal enrollees who are medically frail and experiencing homelessness. Cardea indicates their approach leads to almost 100% housing retention and an 80% reduction in utilization of emergency department visits, inpatient stays, and skilled nursing facility admissions, saving an average of over \$88,000 annually per beneficiary.

- 3) **Prior Legislation.** AB 315 (Bonta), of the current legislative session, was similar to this bill, but also included requirements for a DHCS rate study and reporting. AB 315 (Bonta) was held on suspense in this committee.

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