

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2161 (Bonta) – As Amended March 23, 2026

Policy Committee: Health

Vote: 12 - 2

Urgency: No

State Mandated Local Program: Yes

Reimbursable: Yes

SUMMARY:

This bill establishes requirements for implementation of changes to Medi-Cal eligibility rules related to work and community engagement requirements and redeterminations required under federal House Resolution 1 (H.R. 1; Public Law 119-21) in a manner that prioritizes maintaining Medi-Cal coverage, limits implementation to what is federally required, and codifies mandatory and state-optional exemptions.

Specifically, this bill:

- 1) Requires a county, no sooner than January 1, 2027, to redetermine Medi-Cal eligibility every six months for beneficiaries between 19 and 64 years of age, inclusive, with income up to 138% of the federal poverty level (“Medicaid expansion population”), and makes other conforming changes to related provisions.
- 2) Expands the ways a beneficiary may deliver renewal forms to include telephone, online, and commonly available electronic means, and requires a county to accept signatures via any electronic means.
- 3) States intent of the Legislature that DHCS implement work or community engagement requirements under HR 1 in a manner that ensures eligible Medi-Cal applicants and beneficiaries obtain and maintain coverage with the least administrative burden.
- 4) Defines, for the purposes of work or community engagement requirements, “applicable individual” as an individual other than a specifically excluded individual, who is 19 to 64 years old, inclusive, without dependent children, for whom eligibility was added pursuant to a state option under the 2010 Patient Protection and Affordable Care Act.
- 5) Specifies populations to whom work or community engagement requirements do not apply, such as a foster youth or former foster youth under 26 years of age, the parent or caretaker of a dependent child under 13 years of age, a veteran with a disability, an inmate of a public institution, and a person who is medically frail, as defined, among others.
- 6) Requires DHCS, before verifying an individual’s compliance with work or community engagement requirements, to ensure and confirm systems are programmed to maintain coverage with minimal data requested.
- 7) Requires, no sooner than January 1, 2027, an applicable individual to demonstrate work or community engagement for one month immediately preceding the month during which the

individual applies for Medi-Cal, and for any month during the period between the individual's most recent determination or redetermination of eligibility and their next regularly scheduled redetermination of eligibility.

- 8) Defines the conditions for an applicable individual to meet work or community engagement requirements as meeting at least one of the following conditions for a month:
 - a) Participation in work, community service, or a work program for 80 hours or more.
 - b) Half-time enrollment in an educational program.
 - c) Any combination of items a and b, above, for at least 80 hours.
 - d) Total monthly income or, for a seasonal worker, average monthly income, that is no less than the federal minimum wage requirement, multiplied by 80 hours.
- 9) For a beneficiary who cannot be deemed compliant through review based on reliable external information ("ex parte review"), requires a county to request a Medi-Cal managed care plan to provide any data that will verify a beneficiary is exempted or meets the requirements before requesting information directly from the beneficiary.
- 10) Requires DHCS to adopt regulations by July 1, 2028, and beginning July 1, 2027, to provide a twice-yearly status report until regulations are adopted.
- 11) Authorizes DHCS to implement the provisions of this bill by means of all-plan letters and other types of instructions until regulations are adopted.
- 12) Specifies that provisions of this bill must be implemented only after the director of DHCS determines and communicates to the Department of Finance that the systems have been programmed for implementation, and only as long as HR 1 is operative.

FISCAL EFFECT:

The County Welfare Directors Association of California (CWDA), representing county health and human services agencies, which perform Medi-Cal eligibility determinations on behalf of the state, estimates agencies will be able to maintain enrollment for about 30% of Medi-Cal beneficiaries through ex parte review and exemptions. CWDA estimates 70% of beneficiaries will go through the redetermination process, with costs estimated as follows:

- Fiscal year (FY) 2026-27: \$45 million (\$11 million General Fund (GF)) to \$105 million (\$26 million GF).
- FY 2027-28: \$202 million (\$51 million GF) to \$524 million (\$131 million GF).
- FY 2028-29: \$177 million (\$44 million GF) to \$413 million (\$103 million GF).
- FY 2029-30: \$127 million (\$32 million GF) to \$297 million (\$74 million GF).

CWDA notes redetermination costs would decrease over time due to declining Medi-Cal enrollment. These local costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates (GF).

The Legislative Analyst's Office recently warned of GF structural deficits of around \$35 billion per year in FY 2027-28 and ongoing.

COMMENTS:

- 1) **Purpose.** This bill is sponsored by Western Center on Law & Poverty, Health Access California, Justice in Aging, and National Health Law Program. According to the author:

In 2025, the Trump administration championed H.R. 1, which enacted new, stringent Medicaid eligibility rules...These new eligibility rules include work or community engagement requirements for individuals ages 19-64 in Medicaid who are not raising young children, requiring beneficiaries to jump through hoops to prove they are working or are otherwise exempt to maintain their coverage. It also subjected these individuals to eligibility re-checks every six months. Through the Governor's Budget, DHCS has proposed doubling down on these failed and burdensome policies by applying the rules to state-funded populations, which is not required by H.R. 1,...will result in more people losing coverage, and wastes time and money on unnecessary paperwork. This bill is intended to protect Californians' Medi-Cal coverage to the maximum extent possible by limiting the application of these new, onerous Medicaid eligibility rules to what is federally required under H.R. 1, codifying state-optional exemptions to these rules, requiring available data sources be leveraged to keep people covered, and requiring robust notification and cure processes to help people keep covered when verifying compliance.

- 2) **Background. H.R. 1.** H.R. 1 requires, beginning January 1, 2027, the Medicaid expansion population to comply with "community engagement requirements," establishes mandatory and state-optional exemptions from compliance, requires states to establish processes and use reliable information available to the state, and, where possible, without requiring the applicable individual to submit additional information to ascertain compliance. H.R. 1 also establishes hours and income thresholds that constitute compliance and procedures for noncompliance. H.R. 1 also allows the secretary of the federal Department of Health and Human Services (HHS) to exempt a state from complying with the law for a defined period if the state requests exemption and the state is demonstrating a good faith effort to comply.

DHCS estimates 233,000 Medi-Cal members will lose coverage by June 2027, one million by January 2028, and 1.4 million by June 2028 as a result of the imposition of work requirements, significantly increasing California's uninsured rate and raising costs for hospitals and clinics treating uninsured patients.

The requirement for six-month, rather than annual, eligibility redeterminations will also result in Medi-Cal members losing coverage. DHCS has found many members become disenrolled without having been deemed ineligible, often due to missing or late paperwork, and despite wanting to be enrolled in Medi-Cal.

Federal regulations implementing work or community engagement requirements are forthcoming; H.R. 1 requires the federal HHS Secretary to issue regulations by June 1, 2026.

When these regulations are released, the Legislature may need to consider whether further legislation is needed.

2026-27 Governor's Budget Proposal. In its 2026-27 Proposed Budget released in January, the Newsom administration proposed to apply work or community engagement rules and six-month eligibility verification to individuals with unsatisfactory immigration status (UIS), whose citizenship status disqualifies them from federal eligibility, and whose full-scope Medi-Cal coverage is funded at 100% state cost because federal matching funds are unavailable for full-scope Medi-Cal. Because coverage for individuals who have UIS is state-funded, the state has discretion to establish eligibility rules for this category of individuals. This bill rejects the Governor's proposal and limits the state's ability to impose work or community engagement requirements and six-month redeterminations on the state-funded UIS population and any other population that is not explicitly required by federal law to comply with these new rules. People with UIS status may be legal immigrants. H.R. 1 redefines many categories of lawfully residing immigrants as UIS, making their coverage newly ineligible for federal matching funds. These categories include most refugees and asylees, as well as victims of human trafficking. The Governor's 2026-27 Proposed Budget, in response, proposes to move these categories of immigrants to restricted-scope coverage (emergency and pregnancy care only), leaving this population essentially uninsured.

Other UIS populations with legal status that are currently enrolled in Medi-Cal would be subject to new H.R. 1 eligibility rules under the Governor's 2026-27 Proposed Budget. The Medi-Cal program is currently closed to new applicants with UIS, pursuant to an enrollment freeze for these populations adopted in the 2025-26 Budget Act.

- 3) **Related Legislation.** This bill is part of a package of bills related to implementing various aspects of H.R. 1 and sponsored by the coalition sponsoring this bill.

AB 2201 (Boerner) extends eligibility-related flexibilities to streamline asset and income verifications where allowed under federal law. AB 2201 is pending in this committee.

AB 2208 (Stefani), also being heard on April 7, 2026, by the Assembly Health Committee, would maintain three months of retroactive coverage despite H.R. 1's restriction to one or two months, depending upon the population; would implement one-cent copayments to minimize barriers to accessing health care, and would allow individuals to update eligibility information using mobile devices. AB 2208 is pending in this committee.

SB 1202 (Weber Pierson) requires DHCS to establish a dashboard to track enrollment data related to the implementation of H.R. 1 and is pending in the Senate Appropriations Committee.

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