SENATE COMMITTEE ON HEALTH
Senator Akilah Weber Pierson, Chair

BILL NO: AB 2161
AUTHOR: Bonta
VERSION: May 18, 2026
HEARING DATE: July 1, 2026
CONSULTANT: Jen Flory

SUBJECT: Medi-Cal: redeterminations and work or community engagement

SUMMARY: Codifies federal requirements to implement work or community engagement requirements on specified populations in the Medi-Cal program. Requires the Department of Health Care Services to implement this requirement in the least administratively burdensome way possible according to specified procedures. Excludes immigrants not strictly subject to this requirement from the population required to comply. Codifies federal requirements requiring specified populations to renew Medi-Cal eligibility every six months.

Existing federal law:

1) Establishes the Medicaid program to enable each state to furnish medical assistance on behalf of individuals whose income and resources are insufficient to meet the costs of necessary medical services. [42 USC §1396, et seq.]

2) Requires the eligibility of all Medicaid recipients to be renewed when the recipient reports a change in circumstances or once every 12 months. [42 C.F.R. §435.916 and §435.919]

3) Starting January 1, 2027, as enacted by H.R. 1 (Public Law No. 119-21), requires individuals with incomes below 138% of the federal poverty level who are under age 65, not pregnant, and have no Medicaid-eligible dependents (known as "the Affordable Care Act (ACA) expansion adults") have their eligibility for Medicaid additionally redetermined every six months. [42 USC §1396a]

4) Starting January 1, 2027, as enacted by H.R. 1, requires ACA expansion adults to demonstrate community engagement through at least 80 hours of work, community service, or participation in a work program, as defined, or at least half-time participation in an educational program, as defined, or have a monthly income not less than 80 times the federal minimum wage in a specified month, or an average monthly income over the preceding six months not less than 80 times the federal minimum wage. This is referred to as the "work or community engagement" requirements. [42 USC §1396a]

5) Excludes individuals from the work or community engagement requirement who are foster or former foster youth under 26 years of age; an Indian, Urban Indian, California Indian, or otherwise eligible for Indian Health Services; a parent, guardian or caretaker relative of a dependent child under 13 or an individual with a disability or chronic health condition; a veteran with a disability; an individual who is medically frail, is blind or disabled, has a substance use disorder, disabling mental disorder; has a physical, intellectual or developmental disability that impairs one or more activities of daily living; an individual with a serious or complex medical condition; an individual in compliance with the work requirements under Temporary Assistance for Needy Families or the Supplemental Nutrition Assistance Program; an individual participating in a drug addiction or alcohol rehabilitation

program; an inmate of a public institution; or a pregnant or postpartum individual. [42 USC §1396a]

6) Exempts individuals experiencing short-term hardships, including those who are receiving inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, including services of similar acuity; the individual resides in a county where these is a national emergency or disaster or the unemployment rate is over 8% or 1.5 times the national unemployment rate; or, the individual must travel outside their community for an extended period of time to receive medical care for a complex medical condition that is not available in their community of residence. [42 USC §1396a]

7) Specifies procedures for determining compliance, including the use of *ex parte* verifications; specifies procedures for noncompliant individuals including noticing and termination requirements; and precludes individuals who are terminated for noncompliance with the work or community engagement requirements from utilizing premium subsidies on the state Exchange program. [42 USC §1396a]

8) Requires states to provide individuals who are subject to the work or community engagement requirements information on how to comply, the consequences for noncompliance, and how to identify themselves as qualifying for an exception to the requirement in at least two different formats (e.g. mail, text, telephone, website, or other commonly available electronic means). [42 USC §1396a]

9) Authorizes lawfully present immigrants with satisfactory immigration status to receive federal public benefits, including lawful permanent residents, asylees, refugees, parolees, Cuban and Haitian entrants, individuals lawfully residing in the U.S. in accordance with Compact of Free Association, and immigrants who have been battered or subject to extreme cruelty. [8 USC 1641]

10) Starting October 1, 2026, as enacted by H.R. 1, limits federal payments to states for individuals who are not citizens or nationals of the U.S., lawful permanent residents, Cuban or Haitian entrants, or individuals lawfully residing in the U.S. in accordance with a Compact of Free Association. [42 USC §1396b]

Existing state law:

11) Establishes the Medi-Cal program, which is administered by the Department of Health Care Services (DHCS), and under which qualified low-income individuals receive health care services. [WIC §14000, et seq.]

12) Authorizes the DHCS director to contract, on a bid or nonbid basis, with any qualified individual, organization, or entity to provide services to, arrange for, or case manage the care of Medi-Cal beneficiaries and establishes managed care models that DHCS contracts within each county. [WIC §14087.3, §14089, §14087.98, §14087.967, and §14087.5]

13) Delegates, to the county of residence, the responsibility for Medi-Cal eligibility determinations and ongoing case management. [WIC §14015.5]

14) Requires a county to perform redeterminations of eligibility for Medi-Cal recipients every 12 months and to promptly redetermine eligibility whenever the county receives information

about changes in a recipient's circumstances that may affect eligibility for Medi-Cal benefits. [WIC §14005.37]

15) Authorizes eligibility for the Medi-Cal program during any of the three months immediately prior to the month in which the application was made. [22 CCR §50197]

16) Establishes Medi-Cal eligibility for individuals without satisfactory immigration status using state funds and directs DHCS to maximize federal financial participation in implementing this section to the extent allowable. [WIC §14007.8]

This bill:

1) Codifies the provisions of H.R. 1 requiring eligibility redeterminations for ACA expansion adult category every six months starting with redeterminations scheduled on or after March 1, 2027, but exempts individuals not specifically required by federal law to be redetermined every six months.

2) Authorizes Medi-Cal recipients to use electronic means to return their renewal information and requires counties to accept electronic signatures, including telephonically recorded signatures, signatures obtained through an online application, and handwritten signatures transmitted via electronic means.

3) Codifies the provisions of H.R. 1 requiring ACA expansion adults to participate in work or community engagement unless excluded or exempted under federal law as described in Existing Law 4) through 8) above. States the intent of the Legislature to implement the law so that all eligible applicants and recipients maintain coverage and in ways that are the least administratively burdensome to applicants and beneficiaries.

4) Requires DHCS to ensure and confirm that systems are programmed to maintain coverage with minimal information requests to an applicant or recipient, limits compliance with the work or community engagement requirements to those applicants or recipients who are required under federal law, verifies compliance through interfaces with various specified data sources, allows individuals to add other consent-based verification platforms to verify compliance, and specifies types of income that count for compliance.

5) Requires counties to request information from managed care plans that would verify a recipient's compliance with the work or community engagement requirements and specifies the notice requirements counties must follow for individuals found noncompliant with the work or community engagement requirements.

6) Authorizes DHCS to implement the work or community engagement requirements via guidance in lieu of regulation, but requires a semiannual status report on the implementation of this bill until regulations have been adopted.

7) Conditions the implementation of the work or community engagement requirements upon an appropriation in the annual Budget Act for this purpose and upon the DHCS director determining and communicating in writing to the Department of Finance that systems have been programmed for the implementation of this bill. Specifies that the work or community engagement requirements in this bill remain operative only so long as the authorizing federal law is operative.

FISCAL EFFECT: According to the Assembly Appropriations Committee:

Cost pressures in the tens of millions to low hundreds of millions of dollars per year (General Fund (GF), federal funds), as this bill is subject to an appropriation. 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:

1) Fiscal year (FY) 2026-27: $45 million ($11 million General Fund (GF)) to $105 million ($26 million GF);
2) FY 2027-28: $202 million ($51 million GF) to $524 million ($131 million GF);
3) FY 2028-29: $177 million ($44 million GF) to $413 million ($103 million GF); and,
4) 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).

PRIOR VOTES:

Assembly Floor:	58 - 12
Assembly Appropriations Committee:	11 - 2
Assembly Health Committee:	12 - 2

COMMENTS:

1) *Author's statement.* According to the author, in 2025, the Trump administration championed H.R.1, which enacted new, stringent Medicaid eligibility rules that will remove low-income people from the Medicaid rolls to offset the cost of tax cuts for the wealthiest Americans. These new rules include "work or community engagement" requirements for adults 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. They also subject these individuals to eligibility re-checks every six months. These rules are designed not to help people find jobs or stay covered, but to bury them in paperwork until they lose coverage. This bill protects Californians' Medi-Cal coverage to the maximum extent possible by limiting the application of these new, onerous Medicaid eligibility rules, 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) *H.R. 1.* H.R. 1, the federal budget reconciliation bill passed in July 2025, makes a number of changes primarily to lower taxes, increase funding for immigration control and national defense, and restrict access to and funding for SNAP and Medicaid. Medicaid payments were reduced by defunding family planning providers that provide abortions, prohibiting new or increased provider taxes to fund Medicaid and requiring a gradual reduction of existing provider taxes, capping the rate the state may set for certain services, reducing the federal share of payment for emergency services to adults with unqualified immigration status, and making changes in allowable payments under federal waiver programs. More relevant to this

bill are a number of changes to the Medicaid eligibility rules, which were enacted to reduce the number of people receiving assistance through the Medicaid program.

a) *Work requirements.* The new "community engagement requirements" (or "work requirements") require nondisabled adults between the ages of 19 and 65 who gained coverage through the Affordable Care Act ("ACA expansion adults") to demonstrate 80 hours of work, education, or volunteer activities a month to be eligible for Medicaid coverage, unless they qualify for a limited exemption (pregnant or postpartum; incarcerated; parents with dependent children under age 14; disabled veterans; individuals with serious or complex medical conditions, including substance use or disabling mental disorders; and former foster youth; or live in either an area with a federally declared disaster or with a recognized high unemployment rate). Because the work requirement is calculated based on federal minimum wage, many may be exempt if they earn at least $580 in monthly income. States are required to verify that an individual meets the community engagement requirements twice a year, starting January 1, 2027. This bill implements those requirements with additional detail intended to ensure that recipients have sufficient notice and opportunity to comply.
b) *Semiannual eligibility redeterminations.* Under current federal regulation and state law, Medi-Cal eligibility must be redetermined once every 12 months or whenever an individual reports a change in circumstances. H.R. 1 requires an additional eligibility renewal process every six months for the same group of ACA expansion adults that the work requirements apply to, starting January 1, 2027. This is intended to reduce the Medicaid rolls because eligible individuals often fail to respond to requests for information. In fact, prior to the ACA, California would use additional redeterminations, at times quarterly redeterminations when the state budget was tight, to reduce Medi-Cal enrollment. This bill contains language excluding populations not specifically required to renew their eligibility every six months, which clearly applies to exempted tribal populations. However, even immigrants with limited-scope services are required to renew their eligibility every six months.
c) *Reduced federal funding for previously qualified immigrants.* H.R. 1 also ends the availability of full-scope federal Medicaid funding for additional groups of immigrants who are lawfully present, including refugees, asylees, victims of trafficking and others under humanitarian immigration statuses, starting October 1, 2026. The state can only continue to provide for full-scope Medi-Cal for these populations by paying for the entirety of their care, with the exception of emergency and pregnancy services. Emergency and pregnancy services, while still eligible for federal financial participation, are now reimbursed at a lower rate as well: 50% versus 90% for the ACA expansion adults.

3) *Impacts of H.R. 1 eligibility barriers.* The UC Berkeley Labor Center estimates that 1.87 million adults will lose coverage due to the work requirements, and 270,000 will lose coverage due to the semiannual eligibility redeterminations. The most recent estimate from DHCS in the "Implementation Plan for New Federal Eligibility and Enrollment Changes Under H.R. 1," released on January 29, 2026, estimates up to 1.8 million will lose coverage due to work requirements, increased renewals, and the normal churn of individuals transitioning from Medi-Cal to Covered California. DHCS has also shared that approximately 200,000 immigrants will no longer have satisfactory immigration status due to the H.R. 1 change regarding immigrant eligibility and, according to the current Governor's budget proposal, will lose full-scope Medi-Cal. These numbers are somewhat in flux now that the Centers for Medicare and Medicaid Services has released an interim final rule

interpreting the work or community engagement requirements that indicate that certain exemptions will be interpreted more narrowly than expected, so the numbers could be even higher.

According to a 2021 issue brief, *Medicaid Churning and Continuity of Care,* by the U.S. Health and Human Services Department, Medicaid "churn" (recipients moving in and out of coverage caused by frequent redeterminations) results in higher administrative costs, less predictable state expenditures, and higher monthly health care costs due to pent-up demand for health care services. People who experience churn are more likely to delay care, receive less preventive care, refill prescriptions less often, and have more emergency department visits. This bill seeks to reduce churn in Medi-Cal by including recipients and other stakeholders in developing outreach and education plans and requiring specified data on any coverage losses.

With regards to work or community engagement requirements, research published by *Health Affairs* in September 2020 on Arkansas's temporary community engagement requirements found that lack of outreach was a significant problem in the implementation. Almost 35% of those potentially subject to the requirement had heard nothing about it. A February 2020 *Urban Institute* report on New Hampshire's attempt to implement work requirements described that during the one month the requirement was in effect, only 32% of the recipients subjected to the requirement were in compliance with the target, causing state officials to pause the program before it was ultimately halted by a court. According to the report, outreach remained a key issue with recipients reporting that they did not understand the information sent to them and a too heavy reliance on mail- and telephone-based communication. Georgia more recently implemented work requirements in 2023, but that was part of a demonstration waiver that was the first time Georgia had expanded coverage to the ACA expansion adults at all, so no individuals lost coverage as a result. Nonetheless, the demonstration was widely criticized as the administrative expenses of implementing the expansion in this manner were more than double the cost of actually providing care to the same individuals, as noted by a September 2025 U.S. Government Accountability Office report. This bill contains a number of provisions intended to make compliance with the rule easier on recipients by mandating considerable work by DHCS and the counties to determine eligibility without needing documentation from recipients.

4) *Related legislation.* SB 987 (Weber Pierson) would have created the California Health Access Fund to redirect any savings to the state resulting from decreased enrollment in the Medi-Cal program caused by the implementation of H.R. 1 to ensure that California residents losing health coverage can continue to receive health care services and that health care providers are reimbursed for these services. *SB 987 was held on the Senate Appropriations suspense file.*

   SB 1202 (Weber Pierson) would require the DHCS to establish a dashboard to track enrollment data related to the implementation H.R. 1 Medicaid enrollment barriers, and requires DHCS, counties, and Medi-Cal managed care plans to undertake linguistically and culturally appropriate outreach efforts to Medi-Cal recipients to educate them on the changes to federal law and maintaining Medi-Cal eligibility. *SB 1202 passed the Assembly Health Committee by a vote of 15-0 on June 9, 2026.*

   AB 2201 (Boerner) would codify H.R. 1's semiannual redetermination requirements and allow more instances where a Medi-Cal recipient may be renewed *ex parte*, or without

requiring a recipient to produce income information such as for individuals with minimal, stable income sources, as defined, such as Supplemental Security Income. *AB 2201 is set for hearing in this Committee on July 1, 2026.*

AB 2208 (Stefani) would codify H.R. 1's Medicaid cost-sharing requirements and limit the cost sharing to one cent; require Medi-Cal systems implementing H.R. 1 changes to be user-tested; and require the state to provide three months of retroactive eligibility for Medi-Cal even after H.R. 1 limits federal payments for retroactive eligibility. *AB 2201 is set for hearing in this Committee on July 1, 2026.*

5) *Support.* Co-sponsors Health Access, Justice in Aging, National Health Law Program, and Western Center on Law & Poverty write that federal law has required certain adults to meet specified work and community engagement requirements to remain eligible for Medi-Cal, but DHCS has decided to apply this reporting requirement to state-funded ACA expansion adults. They state this is punitive to immigrant communities who face the threat of daily immigration enforcement actions and imposing these requirements on individuals who may not have authorization to work puts these individuals at risk. A number of other provider and advocacy organizations write in support noting in particular the elements of this bill that would ensure that the implementation of work or community engagement requirements are implemented in the least burdensome manner to Medi-Cal recipients.

6) *Policy comment.* This bill calls to question the issue of whether immigrants with unsatisfactory immigration status should be required to comply with the work or community engagement requirements. The requirement arguably only applies to the ACA expansion adults receiving federal financial participation, thus the state need not apply it to immigrant populations it chooses to cover from its own funds, particularly those immigrants who do not have authorization to work in the United States. In addition, other recent changes to Medi-Cal coverage for this population such as the limitation on certain services, enrollment freezes, premiums that will soon be imposed, and a change in delivery system due to a federal requirement to exclude immigrants with unsatisfactory immigration status from Medicaid managed care plans, the Medi-Cal benefits for immigrants with unsatisfactory immigration status are much different than for the rest of the population. However, it should also be noted that including all immigrants who are ACA expansion adults in the work or community engagement requirement is in the budget trailer bills SB 164/AB 164 that the Legislature and Administration have agreed on that will be voted on shortly.

SUPPORT AND OPPOSITION:

Support: Health Access California (co-sponsor)
Justice in Aging (co-sponsor)
National Health Law Program (co-sponsor)
Western Center on Law & Poverty (co-sponsor)
Access Reproductive Justice
Alliance for a Better Community
Alzheimer's Greater Los Angeles
Alzheimer's Orange County
Alzheimer's San Diego
American Cancer Society Cancer Action Network, Inc.
American College of Obstetricians & Gynecologists - District IX
American Diabetes Association

American Federation of State, County and Municipal Employees
Asian Americans for Community Involvement
Asian Resources, Inc.
Association of Regional Center Agencies
Beverly Hills Synagogue
Biocom California
California Academy of Family Physicians
California Advocates for Nursing Home Reform
California Alliance for Retired Americans
California Alliance of Child and Family Services
California Behavioral Health Association
California Collaborative for Long-term Services and Supports
California Community Foundation
California Faculty Association
California Family Resource Association
California Immigrant Policy Center
California Kidney Care Alliance
California LGBTQ Health and Human Services Network
California Long Term Care Ombudsman Association
California Opioid Maintenance Providers
California Pan - Ethnic Health Network
California Physicians Alliance
California Podiatric Medical Association
California Primary Care Association Advocates
California Retired Teachers Association
Cardea Health
Caring Across Generations
Celestria Health
Center for Employment Opportunities
Central American Resource Center of California
Child Abuse Prevention Center
Children Now
Choice in Aging
Coalition of California Welfare Rights Organizations
Coalition of Orange County Community Health Centers
Community Clinic Association of Los Angeles County
Community Health Partnership
Community Legal Aid SoCal
Community Legal Services in East Palo Alto
County of Los Angeles
County of San Diego
Courage California
Cystic Fibrosis Foundation
Democrats for Israel Los Angeles
Disability Rights California
Drug Policy Alliance
East Bay Community Law Center
Family Voices of California
Friends Committee on Legislation of California
Gardner Health Services, Inc.

Gender Affirming Professionals
Grace Institute - End Child Poverty in CA
Hadassah, the Women's Zionist of America, INC.
Hillel of San Diego
Hispanas Organized for Political Equality
Indivisible CA: StateStrong
Inland Empire Immigrant Youth Collective
JCC-Federation of San Luis Obispo
Jewish Family and Children's Services (JFCS) of East Bay
JFCS of Long Beach and Orange County
Jewish Community Relations Council (JCRC) Bay Area
JCRC Santa Barbara County
JCRC Jewish Long Beach
Jewish California
Jewish Center for Justice
Jewish Council for Public Affairs
Jewish Democratic Club of Marin
Jewish Family Service of Los Angeles
Jewish Family Service of San Diego
Jewish Family Services of Silicon Valley
Jewish Federation Bay Area
Jewish Federation of Greater Santa Barbara
Jewish Federation of Orange County
Jewish Federation of the Desert
Jewish Federation of the Greater San Gabriel and Pomona Valleys
Jewish Partisan Educational Foundation
Jewish Vocational Services (JVS) Bay Area
JVS SoCal
LA Best Babies Network
Latino Coalition for a Healthy California
LeadingAge California
Los Angeles LGBT Center
Maternal and Child Health Access
Multi-faith Action Coalition
National Council of Jewish Women – San Francisco
National Multiple Sclerosis Society
Neighborhood Legal Services of Los Angeles County
Northeast Valley Health Corporation
Occupational Therapy Association of California
Orange County United Way
Organizing Rooted in Abolition Liberation and Empowerment
PICO California
Planned Parenthood Affiliates of California
Private Essential Access Community Hospitals
Public Counsel
San Francisco AIDS Foundation
San Francisco Senior and Disability Action
Senior Services Coalition of Alameda County
South Asian Network
Southeast Asia Resource Action Center

The Children's Partnership
The EveryLife Foundation for Rare Diseases
The Los Angeles Trust for Children's Health
UnidosUS
Two individuals

Oppose: None received.

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