ASSEMBLY THIRD READING
AB 2208 (Stefani)
As Introduced February 19, 2026
Majority vote

SUMMARY

Preserves the ability of Medi-Cal enrollees to apply for up to three months of retroactive Medi-Cal coverage despite reductions in the number of months of coverage eligible for federal Medicaid matching funds; implements nominal cost-sharing for specified Medi-Cal populations as allowed by federal law; and makes a number of changes to improve the usability of the state's Medi-Cal application and to conform the application process to new eligibility requirements under federal law.

COMMENTS

Basic Medi-Cal Eligibility Redetermination Requirements and Processes. Medi-Cal is California's Medicaid program. As with most components of Medicaid, the federal government has rules establishing minimum requirements for eligibility groups that must be covered and eligibility rules that must be followed, and states have a variety of options in how they design their programs, as long as they seek federal approval for program changes. The federal Patient Protection and Affordable Care Act (ACA) required states to implement data-sharing strategies to simplify eligibility and redetermination processes for beneficiaries. Medicaid agencies now rely primarily on information available through data sources (e.g., the Social Security Administration, the Departments of Homeland Security and Labor) rather than paper documentation from families for purposes of verifying eligibility.

State law establishes specific process requirements and due process safeguards for redeterminations of eligibility. Generally, a beneficiary has 30 days to respond to a request for information, if additional information is needed to establish eligibility. If the beneficiary does not provide the necessary information to the county within the 30-day period, the county may send the beneficiary a 10-day Notice of Action of terminating their eligibility. If terminated, the beneficiary still has 90 days from termination to "cure" or provide the information requested. Beneficiaries also have the right to appeal an adverse determination. Finally, applicants who are successfully enrolled can request retroactive eligibility for up to three months, provided they can demonstrate eligibility in those months.

The Joint Medi-Cal/Covered California "Health Care Affordability Program" Application. The ACA improves access to health coverage through expanded Medicaid eligibility and the creation of health insurance exchanges where individuals and small businesses purchase federally subsidized health plans. To support implementation, the ACA also streamlines Medicaid eligibility rules for most populations and requires states to coordinate eligibility and enrollment processes between Medicaid and subsidized coverage on health insurance exchanges (collectively referred to as health care affordability programs in California law). The goal of these federal policies is to reduce gaps in coverage when a beneficiary experiences changes in income or other circumstances.

The state's main information technology system that supports these functions is called California Healthcare Eligibility, Enrollment and Retention System (CalHEERS). CalHEERS supports account creation, consumer application, eligibility rules, and health plan selection for health care

affordability programs (Covered California and Medi-Cal). CalHEERS also interfaces with the Statewide Automated Welfare Systems (SAWS) for certain Medi-Cal eligibility categories, enrollment and reporting, and provides data for potential eligibility to other health and human services programs. It supports the ″Single Streamlined Application″ (SSApp) that is used for Covered California and Medi-Cal.

The state has made significant efforts to improve the usability of the application process through user testing, engagement with stakeholders, and improvements to the SSApp. The Department of Health Care Services (DHCS) introduced the SSApp in 2013 and has made numerous updates. The latest release was September 22, 2025. The changes this bill makes to improve the user-friendliness of the process and align state law with federal work and community engagement requirements would be implemented in the SSApp through CalHEERS.

Retroactive Coverage. Prior to federal Public Law 119-21 (H.R. 1 of 2025; officially titled the ″One Big Beautiful Bill Act″), under federal Medicaid law, states were required to provide coverage for care and services received up to three months prior to the date an individual applied for Medicaid. The individual must demonstrate they met appropriate Medicaid eligibility criteria in each month they receive retroactive coverage. Once determined retroactively eligible, Medicaid will pay bills for services incurred prior to the application.

According to Justice in Aging, retroactive Medicaid coverage is a key financial protection for low-income, uninsured, and underinsured older adults, especially those who experience a health emergency, need long-term services and supports following an illness, or have other unexpected high-cost health care needs. Justice in Aging notes retroactive eligibility protects people from financial ruin and helps ensure prompt access to care when individuals experience an emergency or sudden illness, need long-term services in a nursing facility or at home, or when a family is facing mounting routine medical bills. Families USA also calls retroactive coverage a critical safeguard for new enrollees, noting retroactive coverage can be extremely helpful for people experiencing new life events such as pregnancy or childbirth. For example, delays in submitting an application following the birth of a child or medically difficult miscarriage (when eligibility levels change) could result in no coverage for families for the care provided and large hospital bills.

Cost-Sharing. Cost-sharing in health care includes copayments, coinsurance, and deductibles. A copayment is a flat dollar amount paid by the enrollee for services subject to a copayment, while coinsurance is the percentage of the total cost of a service that will be paid by the enrollee. A deductible is an amount that must be paid prior to a health plan paying for services. Peer-reviewed literature indicates higher cost-sharing at the point of service reduces the use of health care services, including necessary and appropriate care. This is a particularly acute problem for lower-income people, as research shows even a nominal amount can discourage the use of care. Although cost-sharing is common in commercial plans, Medi-Cal currently does not impose cost-sharing at the point of service.

H.R. 1. H.R. 1 (Public Law 119-21), officially titled the ″One Big Beautiful Bill Act,″ includes significant Medicaid-related changes that reduce federal investment in Medicaid, including new rules that apply to the ACA Expansion population. H.R. 1 represents the largest-ever cut to the Medicaid program, with savings from Medicaid eligibility, coverage, and financing changes projected to partially offset the loss of federal revenue associated with tax cuts that disproportionately benefit the wealthy and corporations. These changes particularly affect the

ACA Expansion population (the group of adults without dependent children who were covered under the ACA′s Medicaid expansion).

1) *Work or Community Engagement Requirements.* Section 71119 of H.R. 1, with certain exceptions, requires the ACA Expansion population to engage in a minimum of work or community engagement requirements (called ″community engagement requirements″ in H.R. 1) beginning in 2027. This means an individual needs to document at least 80 hours per month of work, community service, or job training to keep Medi-Cal coverage. The law outlines mandatory and short-term hardship exemptions, which must be verified every 6 months.

2) *Six-Month Eligibility Checks.* Section 71107 of H.R. 1 requires states to redetermine eligibility for the ACA Expansion population twice a year instead of once a year.

3) *Changes to Retroactive Coverage.* Section 71112 of H.R. 1 restricts retroactive Medicaid coverage to one month for the ACA Expansion population and two months for other populations.

4) *Cost-Sharing.* Section 71120 of H.R. 1 requires states to impose cost-sharing on ACA Expansion enrollees who are over 100% of the federal poverty level (FPL), but grants significant flexibility to states on implementation.

2026-27 Governor's Budget Proposal. As part of the Governor′s 2026-27 Proposed Budget released in January, the Newsom Administration proposes budget changes and Trailer Bill Legislation (TBL) to implement H.R. 1, including the implementation of work or community engagement requirements and six-month eligibility determinations. The proposed budget does not address H.R. 1-required copayments, nor does it address improving the user-friendliness of the application process. However, the proposed budget does include TBL and a related budget proposal to implement a reduction in retroactive eligibility. The Administration′s approach is to align California′s policy with the time period of retroactive coverage that is eligible for federal matching funds, i.e., one month for the ACA Expansion population and two months for other populations. In contrast, this bill would maintain three months of retroactive coverage, at state cost for those additional months where federal matching funds are unavailable. The Administration assumes implementation no sooner than January 1, 2027, and projects estimated savings from reducing retroactive eligibility in 2026-27 is $23 million total funds ($9.6 million General Fund). An estimated 86,000 Medi-Cal members per year would be affected by this reduction in eligibility.

According to the Author
As Washington, D.C. threatens to rip health care away from over three million Californians, our state must act. This bill ensures that no one must choose between lifesaving care and crushing medical debt by capping costs for low-income Medi-Cal patients at a penny, protecting retroactive Medi-Cal coverage, and requiring clear communication about benefits. When the federal government turns its back on patients, California will step in to protect them.

Arguments in Support
A wide range of consumer and health advocates, labor organizations, legal services organizations, and safety net providers support this bill, arguing it protects Medi-Cal coverage for Californians from H.R. 1 policies. Co-sponsors Western Center on Law & Poverty, Health Access California, Justice in Aging, and National Health Law Program note the cuts included in

H.R. 1 threaten to unravel years of progress on health care coverage and affordability in a matter of months. Co-sponsors argue that H.R. 1′s cost-sharing requirements could result in Medi-Cal enrollees likely to forgo care altogether because of the high cost. Co-sponsors note the retroactivity provision protects individuals who do not know they′re eligible for Medi-Cal or are not able to apply until after an emergency happens. Finally, co-sponsors note the importance of continuing to make progress on improving the application and renewal processes, arguing it is critical to make these processes as easy and seamless as possible so individuals can preserve their coverage.

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

1) Based on DHCS′s estimated savings from reducing retroactive eligibility in fiscal year (FY) 2026-27, maintaining three months of retroactive eligibility would cost approximately $23 million ($9.6 million General Fund (GF)) in FY 2026-27. In FY 2027-28 and beyond, with full-year implementation, GF costs could be in the low tens of millions of dollars per year. Costs to the Medi-Cal program would likely decrease over time as the state implements the various provisions of H.R. 1 and more people lose Medi-Cal coverage. The author has requested $23 million in the state budget to fund the provisions of this bill.

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

VOTES

ASM HEALTH: 12-3-1
YES: Bonta, Addis, Aguiar-Curry, Ahrens, Caloza, Carrillo, Mark González, Patel, Rogers, Schiavo, Sharp-Collins, Stefani
NO: Johnson, Patterson, Sanchez
ABS, ABST OR NV: Chen

ASM APPROPRIATIONS: 11-3-1
YES: Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
NO: Dixon, Ta, Tangipa
ABS, ABST OR NV: Hoover

UPDATED

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