

ASSEMBLY THIRD READING

AB 2278 (Ávila Farías)

As Amended May 18, 2026

Majority vote

SUMMARY

Requires the California Department of Social Services (CDSS) to prepare and submit to the Legislature a report on the amount of Community First Choice Option payments made by counties by July 1, 2029.

Major Provisions**COMMENTS**

Background: *In-Home Supportive Services*. The IHSS program offers in-home personal and domestic care to low-income individuals who are aged, blind, or disabled, helping them live safely in their communities. Most recipients have incomes low enough to fall below SSI/SSP limits (about \$1,234 per month for an individual in 2025–26). Because it is an entitlement program, anyone who meets eligibility requirements can receive services.

Recipients may receive up to 283 hours of monthly assistance with tasks like bathing, dressing, and meal preparation. County social workers assess each person's needs to determine service levels. Recipients typically hire and manage their own caregivers, often family members. On average, about 875,344 recipients are projected to receive 127 hours of care per month in 2026–27, slightly higher than 125.1 hours in 2025–26.

Within the IHSS program, four subprograms provide services to different populations:

- 1) Personal Care Services Program. Recipients qualified for Medi-Cal on the basis of age, blindness, or disability.
- 2) IHSS Plus Option. Recipients who have qualified for Medi-Cal and are also part of one of the following groups: parent provider for a minor child, spouse providers, advance pay cases, or meal allowance cases.
- 3) IHSS-Residual. Recipients do not meet the requirements for the two above categories and are typically people with Satisfactory Immigration Status, which denies them federal reimbursement.
- 4) Community First Choice Option (CFCO). Recipients qualified for Medi-Cal and would otherwise need a nursing home level of care.

Community First Choice Option. CFCO is an option available to states within their Medicaid programs to provide home- and community-based attendant services and supports to seniors and persons with disabilities.

The IHSS cases eligible for the CFCO program receive the regular base Federal Medical Assistance Percentage (FMAP) of 50%, plus an additional enhanced FMAP of 6% (for a total

FMAP of 56%). However, if counties do not conduct timely, federally required reassessments of CFCO recipients, those particular cases are no longer eligible to receive the additional 6% FMAP. Counties must complete a reassessment every 12 months.

The cost of this lost 6% FMAP must then be reimbursed to the federal government. Prior to 2025-26, the state picked up 100% of the loss of the 6%, also known as the CFCO late penalty. The 2025-26 Budget required a 50/50 cost split between the counties and the state. Beginning July 2026, counties will be 100% responsible if CFCO reassessment requirements are not met. A coalition including the County Welfare Directors Association, California State Association of Counties, California State Council of SEIU, UDW/AFSCME Local 3930, California Association of Public Authorities for IHSS, Disability Rights California, National Health Law Program, and Justice in Aging has submitted a letter to the budget committee and the corresponding subcommittees in each house to request, among other requests, to maintain the 50/50 cost share to "Minimize Harm from the IHSS CFCO Penalties". According to the Legislative Analyst's Office (LAO), counties report that the processing time has decreased, but it may be at the cost of shifting staff time to CFCO reassessment to avoid these penalties. According to LAO's, *The 2026-27 Budget: In-Home Supportive Services*, "the number of [IHSS] applications that take over 90 days to be processed has grown from 1,600 to 4,600 in the first six months of the CFCO penalty policy being in effect.¹ CFCO penalties are an issue all 58 counties are grappling with and attempting to find solutions.

According to the Author

"Contra Costa, like many other counties, is faced with significant financial pressures as a result of H.R. 1, the state budget, and recession signals in the broader economy. County revenues are declining as a result of decreasing sales tax revenue and slowing property tax revenue growth. Increasing unfunded spending requirements for social services administration and health care are exacerbating these challenges of the County's already-underfunded IHSS administration. The new CFCO penalties will amount to nearly \$2.5 million in the first full year of implementation and are expected to climb to almost \$5 million. Faced with these challenges, the County is seeking ways to improve services for IHSS enrollees and decrease application processing times without significantly increasing administrative costs.

"[This bill] would authorize Contra Costa County to pilot innovative technologies to help accelerate eligibility and enrollment processing times for In Home Supportive Services (IHSS), resulting in an improved customer experience while reducing administrative burden on social services employees and avoid federal penalties. Through this pilot, the County aims to significantly decrease IHSS application processing for the CFCO recipients - and ultimately save money in the long run."

Arguments in Support

Contra Costa County writes, "By streamlining aspects of the assessment and documentation process, this pilot aims to significantly reduce IHSS application processing times, improve the customer experience for some of our most vulnerable residents, and alleviate administrative burden for frontline staff—without compromising program integrity or client protections."

¹ https://lao.ca.gov/reports/2026/5166/2026-27_IHSS_031826.pdf

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee on May 14, 2026, "One-time General Fund costs to CDSS are likely minor and absorbable."

VOTES**ASM HUMAN SERVICES: 5-0-2**

YES: Lee, Gipson, Elhawary, Jackson, Solache

ABS, ABST OR NV: Castillo, Tangipa

ASM PRIVACY AND CONSUMER PROTECTION: 15-0-0

YES: Bauer-Kahan, Macedo, Aguiar-Curry, Bryan, DeMaio, Hoover, Irwin, Lowenthal, McKinnor, Ortega, Patterson, Petrie-Norris, Ward, Wicks, Wilson

ASM APPROPRIATIONS: 11-0-4

YES: Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

VERSION: May 18, 2026

CONSULTANT: Alexandria Smith / HUM. S. / (916) 319-2089

FN: 0002821