
SENATE COMMITTEE ON HUMAN SERVICES

Senator Becker, Chair
2025 - 2026 Regular

Bill No: AB 2278
Author: Ávila Farías
Version: May 18, 2026
Urgency: No
Consultant: Heather Hopkins
Hearing Date: June 29, 2026
Fiscal: Yes

Subject: In-home supportive services: Community First Choice Option program:
noncompliance penalties

SUMMARY

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

ABSTRACT

Existing Law:

- 1) Establishes the In-Home Support Services (IHSS) program to provide supportive services to individuals who are aged, blind, or living with disabilities, and who are unable to perform the services themselves or remain safely in their homes without receiving these services. (*Welfare and Institutions Code (WIC) 12300 et seq.*)
- 2) Specifies that supportive services include: domestic services and services related to domestic services, heavy cleaning, personal care services, accompaniment by a provider when needed during necessary travel to health-related appointments or to alternative resource sites, yard hazard abatement, protective supervision, teaching and demonstration directed at reducing the need for other supportive services, and paramedical services which make it possible for the recipient to establish and maintain an independent living arrangement. (*WIC 12300(b)*)
- 3) Creates the Community First Choice Option to provide home and community-based attendant services and supports through a State plan to assist in accomplishing activities of daily living. (*42 Code of Federal Regulations section 441.500 et seq.*)
- 4) Requires, beginning July 2026, if the state ceases to receive enhanced federal financial participation due to noncompliance of timely case reassessment for the Community First Choice Option program within IHSS, 100% of the federal penalty is to be paid by counties. For the 2025-26 fiscal year only, establishes that the state and county shall each pay 50% of the federal penalty. (*WIC 12306.16 (d)(7)*)

This Bill:

- 1) Requires CDSS to prepare and submit a report to the Legislature by July 1, 2029, on the amount of payments made by counties for the Community First Choice Option program.

FISCAL IMPACT

The Assembly Appropriations Committee analysis was on a prior version of this bill. This bill was gutted and amended after that analysis was completed.

BACKGROUND AND DISCUSSION**Purpose of the Bill:**

According to the author, “Counties across the state are faced with significant financial pressures as a result of H.R. 1, the state budget, and recession signals in the broader economy. Not to mention, new changes in the 2025-26 Budget Human Services trailer bill (AB 118) responding to these federal policies will also shift the cost of Community First Choice Option (CFCO) Late Penalties to counties, further exacerbating these challenges and our ability to efficiently serve our community members. However, there is no specific reporting mechanism in place on how much Counties will be liable for. AB 2278 directs the California Department of Social Services to prepare a report on how much counties owe in Community First Choice Option penalties.”

In-Home Supportive Services (IHSS) program

The IHSS program provides personal care services to over 500,000 qualified low-income individuals who are blind, are at least 65 years old or older, or have disabilities. Personal care services include feeding, bathing, bowel and bladder care, meal preparation, and clean-up, laundry, and paramedical care. These services help program recipients avoid or delay more expensive and less desirable institutional care settings. To qualify for IHSS you must be a California resident, have a Medi-Cal eligibility determination, live at home or an abode of your own choosing, and submit a completed Health Care Certification form.

CDSS oversees the IHSS program, but it is administered at the county level. County social workers determine IHSS eligibility and perform case management after conducting a standardized in-home assessment of an individual’s ability to perform activities of daily living. In general, most social workers annually reassess recipients’ need for services. Based on authorized hours and services, IHSS recipients are responsible for hiring, firing, and directing their IHSS provider(s). These responsibilities include some administrative duties, such as scheduling and signing timesheets, with the state handling payroll. Providers also must complete an enrollment process that includes submitting fingerprint images for a criminal background check and participating in a provider orientation prior to receiving IHSS payments for services they provide.

Community First Choice Option (CFCO)

CFCO allows states to provide home and community-based attendant services and supports to eligible Medicaid enrollees under their state plan, an option that was established under the Affordable Care Act. This option became available on October 1, 2011 and final regulations for the CFCO were published in May 2012. The IHSS cases eligible for the CFCO program receive the regular base Federal Medical Assistance Percentage (FMAP) of 50 percent, plus an additional enhanced FMAP of 6 percent (for a total FMAP of 56 percent). 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 percent FMAP.¹ Prior to the passage of AB 108 (*Committee on Budget, Chapter 7, Statutes of 2025*) counties would pay 35% of the enhanced federal participation that would have been received. AB 108 now requires counties and the state to split the cost of the lost 6 percent FMAP, also referred to as the CFCO late penalty. This bill requires CDSS to prepare and submit to the Legislature a report on the amount of the payments made by counties for the CFCO late penalty.

Related/Prior Legislation:

AB 108 (Committee on Budget, Chapter 7, Statutes of 2025) required, among other things, the counties and state to split the cost of the CFCO late penalty.

COMMENTS

The passage of HR 1 has resulted in increased cost pressures on counties. The change in the share of CFCO late penalty payments has also added to increased fiscal pressures on counties. However, counties do currently have the ability to make changes in their practices to eliminate or lower these late penalties. For example, according to the author’s office, Contra Costa county has been able to lower their penalties close to zero dollars. This report may provide information on how more counties can lower their penalties closer to zero dollars

PRIOR VOTES

This bill was gutted and amended on May 15, 2026. All of the prior votes are based on the bill before it was gutted and amended.

Assembly Floor:	78 - 0
Assembly Appropriations Committee:	11 - 0
Assembly Human Services Committee:	5 - 0

POSITIONS

Support:
 Contra Costa County

¹ <https://lao.ca.gov/Publications/Report/5086/4>

Oppose:
None received

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