

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2729 (Bonta) – As Amended March 19, 2026

Policy Committee: Health

Vote: 11 - 3

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill creates the Employer Responsibility for Medi-Cal Trust Fund in the State Treasury to hold new taxes and deposits, including employer penalties, as specified in the Budget Act of 2026, and directs the fund's moneys to restore health care services cut from Medi-Cal as a result of federal and state budget cuts.

Specifically, this bill:

- 1) Creates the Employer Responsibility for Medi-Cal Trust Fund in the State Treasury.
- 2) Constitutes the fund with new taxes and deposits, including, but not limited to, employer penalties, as specified in the Budget Act of 2026. Requires the Director of Finance, in consultation with the State Treasurer, to determine the total amount of moneys that may be deposited in the fund from all sources.
- 3) Continuously appropriates dollars from the fund to Department of Health Care Services (DHCS) to fund direct and indirect costs of administering the Medi-Cal program in a manner necessary to prevent loss of or to restore health care coverage, benefits, or access to care following the passage of federal House Resolution 1 (H.R. 1; Public Law 119-21) and subsequent state budget actions.
- 4) Specifies it is operative only if the Medicaid provisions of federal H.R. 1 are not repealed prior to January 1, 2027.

**FISCAL EFFECT:**

General Fund cost pressures, potentially in the hundreds of millions of dollars, to the extent funds collected from new taxes, employer penalties, and other possible sources are not sufficient to fund costs of administering the Medi-Cal program as needed to prevent losses of, or to restore, health care coverage, benefits, or access to care.

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

**COMMENTS:**

**Purpose.** According to the author:

California has made historic progress in expanding access to health care, yet millions of residents still face barriers to coverage and affordability. Today, approximately 14.5 million Californians rely on Medi-Cal as their primary source of care, making it a cornerstone of our state's health care system and a lifeline for working families, children, seniors, and people with disabilities.

Despite this progress, an estimated 2.5 million Californians remain uninsured, and many more are underinsured or struggle to access the care they need, while corporations receive billions in tax breaks. Recent federal actions under H.R. 1 threaten to reverse these gains by increasing barriers to coverage and shifting costs onto states. These changes are expected to result in significant coverage losses, disproportionately impacting working families, immigrants with humanitarian protections, and communities already facing systemic inequities in access to care. This bill establishes the Employer Responsibility for Medi-Cal Trust Fund to ensure California is prepared to respond. The fund is designed to provide a dedicated, flexible funding stream to help the state prevent the loss of health coverage, restore benefits, and maintain access to care in the face of federal retrenchment.

This measure reflects a core principle: health coverage should not be destabilized by policies that create unnecessary administrative burdens or shift costs onto states without regard for the real impacts on families. Instead, California must take a proactive approach to protect coverage and ensure that our health care system continues to serve those who depend on it.

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