
THIRD READING

Bill No: AB 499
Author: Ortega (D)
Introduced: 2/10/25
Vote: 21

SENATE HEALTH COMMITTEE: 9-0, 6/25/25

AYES: Menjivar, Durazo, Gonzalez, Limón, Padilla, Richardson, Rubio, Weber
Pierson, Wiener

NO VOTE RECORDED: Valladares, Grove

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/29/25

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 65-1, 6/2/25 - See last page for vote

SUBJECT: Robert F. Kennedy Farm Workers Medical Plan

SOURCE: United Farm Workers

DIGEST: This bill lowers the limit on the costs the Robert F. Kennedy Farm Workers Medical Plan must cover for an eligible employee or dependent for a single episode of care to \$50,000 (from \$70,000) before the Department of Health Care Services (DHCS) will cover costs above that dollar threshold not to exceed \$3 million per year in total reimbursement by DHCS.

ANALYSIS:

Existing law:

- 1) Establishes the Medi-Cal program, administered by DHCS, under which low-income individuals are eligible for comprehensive medical coverage with no cost-sharing, vision, dental and long-term care. Children under age 21 also receive Early and Periodic Screening, Diagnostic, and Treatment services, which includes therapeutic behavioral health, substance use disorder services

and many other services without cost-sharing. [Welfare and Institutions Code (WIC) §14000, et seq.]

- 2) Requires DHCS to annually reimburse the Robert F. Kennedy Farm Workers Medical Plan (plan) for claim payments that exceed \$70,000 made by the plan on behalf of an eligible employee or dependent for a single episode of care on or after September 1, 2016. Prohibits the reimbursement from exceeding \$3 million per year. Sunsets this program on January 1, 2031. [HSC §100235]
- 3) Requires the plan to submit completed data, verified by an independent certified public accountant, for claims paid by the plan for services during the preceding year, as specified, and requires DHCS to analyze that data to determine the aggregate amount of claims that exceed \$70,000 paid by the plan. [HSC §100235]
- 4) Requires DHCS to reimburse the plan no later than 60 days after the claims data is received. [Health and Safety Code (HSC) §100235]

This bill: Lowers the limit on the costs the plan must cover for an eligible employee or dependent for a single episode of care to \$50,000.

Comments

Author's statement. According to the author, the plan provides healthcare to over 6,000 California farmworkers and their families funded by employer and employee contributions. The overwhelming majority of farmworkers enrolled in the plan are immigrants who are not eligible for Covered California. This bill will help the plan continue. The California Endowment estimates the plan saves the state's Medi-Cal annual budget \$11.2 million and allows these 6,000 Californians to maintain their health coverage. This bill does not increase the current \$3 million cap.

Background

Self-Insurance. In a self-funded or self-insured health plan, an employer funds the cost of all health services covered by the plan. Many employers hire an administrator to handle claims payments but the employer is responsible for funding these payments. Self-funded employer plans, generally, are not subject to state insurance laws, but are subject to several federal regulations. Employers who set up self-funded health plans are responsible for payment of all covered health claims, whether routine or catastrophic. Employers may buy "stop-loss" insurance to help cover high cost claims, but employers are responsible for payment of all claims until they reach the "stop-loss" level. The plan is a joint labor-management health plan for farmworkers organized under the 1947 Taft-Hartley Act. A Taft-

Hartley trust is a type of pension or benefit plan typically sponsored by a labor union and a group of employers to provide benefits to employees who are covered by a collective bargaining agreement. In the case of the plan, the UFW and contributing employers deliver “basic medical care at an affordable cost.” The plan is a self-funded/self-insured plan that is subject to a collective bargaining agreement between the UFW and agricultural employers, supporting over 6,000 Californians, including approximate 2,000 children.

SB 145 (Pan, Chapter 712, Statutes of 2015) requires DHCS to annually reimburse the plan for claim payments that exceed \$70,000. It was thought that the state would theoretically spend less money as the stop-loss insurer than on paying the plan the cost to buy stop-loss insurance. Additionally, the case was made by the plan that the state would save on Medi-Cal costs if plan enrollees remained in the plan instead of Medi-Cal. At that time, those costs were estimated to be \$6.6 million. However, existing law does not prevent a person otherwise eligible for Medi-Cal from enrolling in Medi-Cal. Medi-Cal acts as the secondary payer of coverage or payer of last resort, covering any Medi-Cal benefits not covered by the plan if necessary, after the primary coverage pays for services covered by the plan. DHCS indicates that for each plan year, RFK submits claim files for their members where a single episode of care has exceeded \$70,000. After these submissions are verified by an independent certified public accountant, DHCS reviews the files to confirm they meet the criteria defined in the statute, calculates the amount in excess of \$70,000 for each eligible employee or dependent, and reimburses RFK that amount, up to \$3 million annually. DHCS indicates that the plan operates on a policy year that is September 1 through August 31, but that DHCS reimbursements are made each fiscal year. In 2021-22 RFK reimbursement totaled \$2,210,658.82, and in 2022-23 totaled \$1.7 million, while prior plan years reached the full \$3,000,000 reimbursement maximum. DHCS receives information only for certain RFK members, which is a small subset of the entire RFK membership. For the 2022-23 reimbursement, DHCS received data for 24 members, six of whom were enrolled in Medi-Cal managed care. For the 2023-24 policy year the plan reimbursement was \$1,051,014.53. There were 16 claimants and a total of 2,960 individual claim lines submitted. Seven of the 16 claimants were enrolled in Medi-Cal during the timeframe of the claims.

Medi-Cal “savings.” According to background information provided by the author, the California Endowment analyzed state general fund costs if the plan ceased to exist, and determined that year one state costs for Medi-Cal to cover eligible members would be \$12.9 million and year two state costs would be \$11.2 million. This is based on May 2022 Medi-Cal Local Assistance Estimates and County Organized Health System managed care rates for Central California

Alliance for Health (Monterey County). The analysis assumes all ages will be eligible for Medi-Cal, regardless of immigration status,

Unique farmworker coverage issues. According to the 2022 Farmworker Health Study (FWHS), in order to access health care farmworkers have to be able to afford the care and health care must be readily available in a manner that meets their needs. Farm work is seasonal and means farmworkers will travel to regions where there is work. Many of the regions they work in are medically underserved. In some seasons there is no work. Fifty percent of farmworkers do not have health insurance in the months when they are not working. Thirty-nine percent reported needing an interpreter for medical treatment and 90% received this assistance. However, the rates tend to be lower for specialty and emergency care. The survey found that farmworker women had pregnancies that were low-weight, pre-term, and with birth defects at twice the rate as the general population. California farmworkers have lower rates of chronic health conditions but the FWHS describes research that shows because of the physical demands of farm work, those in poor health leave the workforce. There are also concerns about applying for health coverage because of changing public charge rules that could impact citizenship.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No.

According to the Senate Appropriations Committee, unknown increased General Fund expenditures, potentially hundreds of thousands, due to additional and/or higher state reimbursements for claim payments.

SUPPORT: (Verified 8/29/25)

United Farm Workers (source)
California Medical Association
California Pan-Ethnic Health Network
Robert F. Kennedy Medical Plan

OPPOSITION: (Verified 8/29/25)

None received

ARGUMENTS IN SUPPORT: Sponsor, UFW, and the plan write that with recent changes in California law there is reasonable expectation that the number of farmworkers covered by the UFW collective bargaining agreements will grow. The proponents write that growth will increase the current annual \$11 million state Medi-Cal savings that the plan generates. The California Pan-Ethnic Health Network (CPEHN) writes about 96% of the plan's budget goes directly to providing benefits to its beneficiaries and their dependents. CPEHN believes by

any standards, administrative costs of 4% are extremely low, and based on the California Endowment estimates that if the plan no longer provides coverage to California farmworkers, the state Medi-Cal program would be responsible for an additional \$11.2 million annually to pick up coverage for those workers.

ASSEMBLY FLOOR: 65-1, 6/2/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio

NO VOTE RECORDED: Castillo, Chen, Dixon, Ellis, Flora, Gallagher, Hadwick, Hoover, Lackey, Macedo, Sanchez, Ta, Tangipa

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