
SENATE COMMITTEE ON HEALTH

Senator Dr. Akilah Weber Pierson, Chair

BILL NO: SB 1284
AUTHOR: Smallwood-Cuevas
VERSION: March 25, 2026
HEARING DATE: April 15, 2026
CONSULTANT: Jen Flory

SUBJECT: Medi-Cal benefits: employer reports

SUMMARY: Requires the California Health and Human Services Agency to prepare an annual report of all employers with 50 or more employees that calculates the estimated cost to the Medi-Cal program for each identified employee and employee's dependents receiving Medi-Cal.

Existing federal law:

- 1) Establishes the Medicaid program to enable each state to furnish medical assistance on behalf of individuals whose income and resources are insufficient to meet the costs of necessary medical services. [42 USC §1396, et seq.]
- 2) Requires states to provide safeguards restricting the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the program with limited exceptions for school nutrition programs. [42 USC §1396a]
- 3) Starting January 1, 2027, as enacted by H.R. 1 (Public Law No. 119-21), requires individuals with incomes below 138% of the federal poverty level who are under age 65, not pregnant, and have no Medicaid-eligible dependents to demonstrate community engagement through at least 80 hours of work, community service, or participation in a work program, or at least half-time participation in an educational program, or have a monthly income not less than 80 times the federal minimum wage in a specified month. Provides for some exceptions to this requirement. This is referred to as the "work and community engagement" requirements. [42 USC §1396a]
- 4) Requires an applicable large employer, defined as an employer with an average of 50 or more full-time equivalent employees in a calendar year, to offer its full-time employees and their dependents the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan or be subject to an assessable payment if any of their full-time employees enroll in a state-based health insurance exchange. [26 USC §4980H]

Existing state law:

- 1) Establishes the California Health and Human Services Agency (CHHS), which consists of the following departments and offices: Aging, Child Support Services, Community Services and Development, Developmental Services, Health Care Access and Information, Health Care Services (DHCS), Managed Health Care, Public Health, Rehabilitation, Social Services (DSS), State Hospitals, the Center for Data Insights and Innovation, the Emergency Medical Services Authority, the Office of Technology and Solutions Integration, the Office of Law Enforcement Support, the Office of the Surgeon General, the Office of Youth and Community Restoration, and the State Council on Developmental Disabilities. [GOV §12803 and §12806]

- 2) Establishes the Medi-Cal program, administered by DHCS, under which qualified low-income individuals receive health care services. [WIC §14000, et seq.]
- 3) Requires an individual's information given for purposes of receiving Medi-Cal to be kept confidential and not open to examination other than for purposes directly connected with the administration of the program. Limits the use of Medi-Cal applicant and recipient information to encompass those activities and responsibilities in which DHCS and its agents are required to engage in to ensure effective program operations, which include but are not limited to, establishing eligibility and methods of reimbursement; determining the amount of medical assistance; providing services for recipients; conducting or assisting an investigation, prosecution, or civil or criminal proceeding related to the administration of the Medi-Cal program; and conducting a legislative investigation or audit related to the administration of the Medi-Cal program, with limited exceptions for the coordination of other benefits, namely school nutrition programs. [WIC §14100.2]
- 4) Exempts confidential Medi-Cal applicant or recipient information from disclosure pursuant to the California Public Records Act [GOV §7930.170]

This bill:

- 1) Requires the Employment Development Department (EDD) to share information based on personal income tax wage withholding and the disability insurance program that identifies all employers in California employing 50 or more employees, and that have employees who receive benefits from the Medi-Cal program while employed in the last calendar year, with CHHS, to the extent not prohibited by federal law.
- 2) Requires CHHS, after obtaining the above information, to prepare a report to the Legislature by July 1, 2027, and annually thereafter, that includes:
 - a) The employer's name and address; parent company, if applicable; Employer Identification Number; North American Industry Classification System code; total number of employees; number of employees enrolled in Medi-Cal by aid category at any point during the reporting year; the number of months the employees received Medi-Cal benefits while employed; the number of employee dependents enrolled in Medi-Cal; and the estimated annual cost to the Medi-Cal program for each identified employee and their dependents;
 - b) A summary of the 100 employers with the highest number of employees and dependents enrolled in Medi-Cal and of the 100 employers with the highest percentage of employees and dependents enrolled in Medi-Cal; and,
 - c) A summary of the 100 employers with the lowest number of employees and dependents enrolled in Medi-Cal and of the 100 employers with the lowest percentage of employees and dependents enrolled in Medi-Cal.
- 3) Exempts individually identifiable information about employees or Medi-Cal enrollees contained in the report from disclosure under the California Public Records Act and makes legislative findings about the importance of the privacy of Medi-Cal enrollees.
- 4) Prohibits authorization or publication of identifying information of employees enrolled in the Medi-Cal program.
- 5) Authorizes CHHS and EDD to enter into data-sharing agreements necessary to implement this bill, consistent with state and federal privacy laws.

- 6) Repeals the sunsetted law requiring DHCS and DSS to share with EDD the social security numbers of all Medi-Cal and CalFresh recipients.

FISCAL EFFECT: This bill has not been analyzed by a fiscal committee.

COMMENTS:

- 1) *Author's statement.* According to the author, over the past decade, California has expanded health care coverage and grown into the fourth largest economy in the world, proving that we can build prosperity while protecting working families. Today, more than three million working Californians rely on Medi-Cal because their employers do not provide affordable health insurance. Nearly one in five jobs in California is held by a worker enrolled in Medi-Cal, representing over \$20 billion annually in public spending tied to the workforce. When companies fail to provide affordable coverage or livable wages, Medi-Cal fills the gap. That means taxpayers are subsidizing a significant share of health care costs for California's low-wage workforce. That should not happen in the dark. If taxpayers are covering the cost of health care for a company's workforce, the public deserves to know. This bill brings transparency and accountability to this issue by requiring CHHS to publish the names of employers with workers enrolled in Medi-Cal, along with the estimated annual cost to the program associated with those employees.
- 2) *Medi-Cal recipients and work.* According to a January 2025 report by the California Health Care Foundation, almost one in five of all California workers was enrolled in Medi-Cal in 2023. In some industries, such as agriculture and the restaurant industry, that percentage is considerably higher, 35% and 36% respectively. Other industries with higher-than-average numbers of workers on Medi-Cal include administrative and building services; other services; retail; transportation and warehousing; arts, entertainment, recreation, and accommodation; and construction. Of all nondisabled, nonelderly adults (age 19-64) in Medi-Cal, 62% reported working full-time or part-time in 2021 (the latest data available) and 82% reported being in a working family where at least one person is working full- or part-time. These workers turn to Medi-Cal because low-wage workers are less likely to be offered job-based coverage than higher-income workers or may not be able to afford the coverage they are offered at work. The report also states that many are seasonal or hourly workers with fluctuating income or may be between jobs. In addition, for those that do not work, 14% reported being a caretaker, 6% said they were going to school, and 9% reported an illness or disability, though likely not meeting the strict requirements for federal disability benefits.
- 3) *H.R. 1 and work requirements.* H.R. 1, the federal budget reconciliation bill passed in July 2025, makes a number of changes primarily to lower taxes, increase funding for immigration control and national defense, and restrict access to and funding for SNAP and Medicaid. More relevant to this bill is the new "community engagement requirement" (or "work requirement") that requires nondisabled adults between the ages of 19 and 65 who gained coverage through the Affordable Care Act ("ACA expansion adults") to demonstrate 80 hours of work, education, or volunteer activities a month to be eligible for Medicaid coverage, unless they qualify for a limited exemption. Because the work requirement is calculated based on federal minimum wage, many may be exempt if they earn at least \$580 in monthly income. States are required to verify that an individual meets the community engagement requirements twice a year, starting January 1, 2027. This provision was included to reduce state Medicaid rolls. The UC Berkeley Labor Center estimates that 1.87 million adults will lose coverage due to the work requirements. According to an estimate from

DHCS given in a presentation *Implementation Plan for New Eligibility and Enrollment Changes Under H.R. 1* on February 5, 2026, by June 2028, 1.4 million recipients will have lost Medi-Cal coverage due to this requirement. Both of these estimates assume that a large number of people to whom the requirements apply will be exempted and that outreach efforts will be largely successful in reaching people who do work and enabling them to comply. However, it is anticipated that some people who are working will lose coverage under this requirement due to the administrative burden of reporting work.

- 4) *Employer-shared responsibility penalties.* According to the Internal Revenue Service (IRS), the ACA requires most employers with an average of 50 or more full-time equivalent employees in a calendar year to offer their full-time employees minimum essential health coverage that is affordable and provides a minimum value, as defined, to their employees or to potentially make an employer shared responsibility payment to the IRS. These provisions are also known as the “employer mandate.” Employers are subject to this provision: 1) if they do not offer minimum essential coverage to at least 95% of their employees and have at least one full-time employee who receives premium tax credits through the state’s health insurance exchange (e.g. Covered California), or 2) if they do offer coverage to at least 95% of their employees, but a full-time employee gets premium tax credits because that employee was not offered coverage or the coverage was insufficient. In the first case, the 2024 amount of the penalty was \$2,970 per employee, with the first 30 employees excluded from the calculation. In the second case, the 2024 amount of the penalty was \$4,460 for each full-time employee receiving premium tax credits.

Notably, there is only shared responsibility for employers if one of the employer’s full-time employees enrolls in Covered California and gets premium tax credits. If the employee is part-time, including part-time at multiple jobs, or their pay and household size make them ineligible for premium tax credits whether because they earn too much or too little, the employer pays nothing. This bill requires counting the number of employees and dependents that an employer has who receive Medi-Cal and calculating the cost to the state but does not impose a penalty.

- 5) *Double referral.* This bill is double referred. Should it pass out of this committee, it will be referred to the Senate Committee on Labor, Public Employment, and Retirement.
- 6) *Related legislation.* SB 1202 (Weber Pierson) requires DHCS to establish a dashboard to track enrollment data related to the implementation of recently enacted federal enrollment barriers, including work requirements. Requires DHCS, counties, and Medi-Cal managed care plans to undertake linguistically and culturally appropriate outreach efforts to Medi-Cal recipients to educate them on the changes to federal law and maintaining Medi-Cal eligibility. *SB 1202 passed the Senate Health Committee by a vote of 11-0 on April 8, 2026.*

AB 2161 (Bonta) codifies H.R. 1’s work requirements; requires DHCS to implement H.R. 1’s work requirements in California in the least administratively burdensome way to Medi-Cal applicants and recipients as possible; and prohibits DHCS from applying H.R. 1’s work requirements to state-only Medi-Cal populations. *AB 2161 is pending in the Assembly Appropriations Committee.*

AB 2729 (Bonta) creates the Employer Responsibility for Medi-Cal Trust Fund consisting of new taxes and deposits, including employer penalties, to fund direct and indirect costs of administering the Medi-Cal program in a manner necessary to prevent the loss of or restore

health care coverage, benefits, or access to care, following the passage of H.R. 1. *AB 2729 is in the Assembly Health Committee.*

- 7) *Prior legislation.* AB 1792 (Gomez, Chapter 889, Statutes of 2014) requires the Department of Finance to publish an annual report listing the 500 employers in the state with the most number of employees enrolled in a public assistance program, including Medi-Cal, ranked by the number of those employees after receiving the relevant information from EDD, DHCS, and DSS. The relevant pieces of this bill sunsetted in 2020.

AB 880 (Gomez of 2013) would have required employers with 500 or more employees to pay an employer responsibility penalty if their employees working more than 12 hours per week and more than 45 days in a calendar year are enrolled in Medi-Cal based on the Modified Adjusted Gross Income eligibility standard. *AB 880 failed on the Assembly Floor.*

- 8) *Support.* Sponsors California State Council of Service Employees International Union write that employers that pay low wages and offer no or unaffordable benefits shift the costs of doing business onto taxpayers and also put responsible employers at a competitive disadvantage. They explain that as H.R. 1 work requirements have brought the intersection of work, employer-sponsored health care, and Medi-Cal back to the forefront, policymakers should have empirical data to understand if H.R. 1 requirements are leading to changes in the number of uninsured, number of persons covered by employer-sponsored coverage, and enrolled in Medi-Cal by business type and industry. The California Federation of Labor Unions, AFL-CIO point to data on the country's largest low-wage employers showing median worker pay declining and high reliance on Medicaid while CEOs of the companies earned an average of 900 times more than the median worker. They also point out that Massachusetts published a similar report beginning in 2006 that was used to analyze program utilization, financing of publicly subsidized programs, identify trends, and track the effect of policies on the use of public programs.
- 9) *Policy comments.* In light of the recent imposition of work requirements on Medi-Cal recipients, this bill asks the inverse question: why do so many California workers rely on Medi-Cal? While this is a valid question, and perhaps the first step in crafting policy to address the problem, this bill raises the following important considerations:
- Confidentiality of Medi-Cal recipient information.* State and federal law mandate that personal information provided for the purposes of receiving Medi-Cal is confidential. The California Public Records Act already acknowledges this and specifies an exemption for this information, thus the language exempting such information from disclosure under the Public Records Act is superfluous. However, more care should be given as to how this information will be reported and used given the small numbers of individuals that may be involved and the potential for uncovering the identity of an individual even when the information presented is de-identified.
 - Clarifying the administrative purpose of the bill.* State and federal law specify that information provided by a Medi-Cal applicant or recipient may only be used for the direct administration of the program, with limited exceptions. This bill could use language explicitly connecting the use of this information and the creation of the report of employers with the most and least Medi-Cal employees to the administration of the Medi-Cal program.
 - Protections for employees on Medi-Cal.* Scrutiny regarding the numbers of employees receiving Medi-Cal could create a situation where employers do not want to hire or retain workers who are on Medi-Cal or whose dependents are on Medi-Cal. A bill requiring the

reporting of this information should also contain language to protect Medi-Cal recipients (or parents of Medi-Cal recipients) from discrimination on that basis in the workplace. AB 1792 included this language, but it sunsetted in 2020 when the reporting requirements expired.

- d) *Employer threshold.* Proponents state that the 50-employee threshold is intended to align with the ACA employer mandate requirements. It should be noted that those requirements are an average of 50 full-time-equivalent employees over the calendar year, which in many cases could be considerably more than 50 employees. Regardless, this relatively low threshold makes reporting the employers with the least number of employees and lowest percentage of employees unwieldy as there could be numerous employees with only zero or one employee on Medi-Cal. It also means the overall data to be matched is quite large. Finally, the low threshold increases the likelihood that employees will be inadvertently de-identified if any information is released.
- e) *Entity tasked with compiling the report.* This bill tasks CHHS with completing the report despite all the data being held within DHCS. In all likelihood, CHHS would assign the report to DHCS. However, given DHCS's holding of the data and experience in handling confidential Medi-Cal data, they should be responsible for handling the report.

SUPPORT AND OPPOSITION:

Support: California State Council of Service Employees International Union (sponsor)
California Federation of Labor Unions AFL-CIO
Health Access California
United Domestic Workers/AFSCME Local 3930

Oppose: None received.

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