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THIRD READING

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Bill No: SB 1284  
Author: Smallwood-Cuevas (D), et al.  
Amended: 5/14/26  
Vote: 21

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SENATE HEALTH COMMITTEE: 8-1, 4/15/26  
AYES: Weber Pierson, Caballero, Durazo, Gonzalez, Padilla, Pérez, Rubio,  
Smallwood-Cuevas  
NOES: Grove  
NO VOTE RECORDED: Valladares, Menjivar

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 4-1, 4/22/26  
AYES: Smallwood-Cuevas, Cortese, Durazo, Laird  
NOES: Strickland

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/14/26  
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab  
NOES: Seyarto, Dahle

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**SUBJECT:** Medi-Cal benefits: employer reports

**SOURCE:** California State Council of Service Employees International Union

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**DIGEST:** This bill requires the Department of Health Care Services to prepare an annual report of all private employers with 100 or more employees that calculates the estimated cost to the Medi-Cal program for each identified employee and employee's dependents receiving Medi-Cal.

**ANALYSIS:**

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. [Title 42 United States Code (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 Medi-Cal program, administered by the Department of Health Care Services (DHCS), under which qualified low-income individuals receive health care services. [Welfare and Institutions Code (WIC) §14000, et seq.]
- 2) 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]

- 3) Exempts confidential Medi-Cal applicant or recipient information from disclosure pursuant to the California Public Records Act [Government Code (GOV) §7930.170]
- 4) Requires private employers with 100 or more employees to submit an annual pay data report with specified information on employees including total earnings hours worked of each employee, total employees, and the employer's North American Industry Classification System code. [GOV §12999]

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 required to file an annual pay data report under existing law, and that have employees who receive benefits from the Medi-Cal program while employed in the last calendar year, with DHCS, to the extent not prohibited by federal law.
- 2) Requires DHCS, after obtaining the above information, to prepare a report to the Legislature by September 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; total number of employees enrolled in Medi-Cal by aid category at any point during the reporting year; the aggregate number of months all employees of that employer received Medi-Cal benefits while employed; the total number of employee dependents enrolled in Medi-Cal; and the total annual cost of Medi-Cal services provided to employees, and dependents of employees, of each employer;
  - 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,
- 3) Requires any public reporting to adhere to DHCS's existing guidelines on data deidentification, 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 DHCS 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.
- 7) Prohibits an employer from discriminating, retaliating, or discharging an employee who applies for or is enrolled in Medi-Cal, or refusing to hire a person on the basis of their enrollment in Medi-Cal.
- 8) States legislative findings that Medi-Cal is intended to function as a public safety net and payor of last resort providing coverage when other sources or health coverage are unavailable or insufficient; that one in three Californians rely on Medi-Cal for coverage, including individuals employed by employers that do not provide affordable health coverage or pay sufficient wages to meet basic health care needs; that policymakers need empirical data to understand if H.R. 1 requirements are leading to changes in the number of persons who are uninsured, covered by employer-sponsored coverage, or enrolled in Medi-Cal; and that this bill is intended to ensure that the Medi-Cal program continues to operate as the payor of last resort and to support the effective administration, oversight, and evaluation of the program by improving transparency regarding the relationship between employment and Medi-Cal enrollment.

## **Comments**

According to the author of this bill:

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.

## **Background**

*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 were 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.

*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.

*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.

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

According to the Senate Appropriations Committee this bill would have the following fiscal impacts:

- EDD estimates one-time General Fund costs of \$100,000 and ongoing General Fund costs of \$100,000 for administration.
- Unknown ongoing General Fund costs, potentially hundreds of thousands, for DHCS to provide the reports.

**SUPPORT:** (Verified 5/14/2026)

California State Council of Service Employees International Union (source)  
American Federation of State, County, and Municipal Employees  
California Federation of Labor Unions  
California Federation of Teachers  
California LGBTQ Health and Human Services Network  
California Physicians Alliance  
California Professional Firefighters  
Community Health Partnership  
Courage California  
End Poverty in California  
Health Access California  
Teamster California  
UFCW Western States Council  
United Domestic Workers/AFSCME Local 3930

**OPPOSITION:** (Verified 5/14/2026)

California Chamber of Commerce  
Tri-County Chamber Alliance

**ARGUMENTS IN SUPPORT:** The source of this bill, the 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.

**ARGUMENTS IN OPPOSITION:** The Tri-County Chamber Alliance write that publicly identifying employers by name alongside Medi-Cal program costs creates a reputational targeting mechanism designed to build political pressure for future employer tax and penalty legislation. Employers who offer health coverage may still have workers who qualify for Medi-Cal for other reasons, and attributing full program costs to those employers without context produces misleading and potentially damaging public disclosures. Cross-agency data sharing involving employee enrollment records, wage data, and benefit usage also raises significant privacy and data security risks beyond what the bill's public records exemptions adequately address. They state that this report is an explicit precursor to employer penalty legislation, and the data it produces is intended to justify future mandates on employers whose workers use public health programs. The California Chamber of Commerce oppose on similar grounds and point to a number of factors that could lead to Medi-Cal enrollment but have nothing to do with employer malfeasance such as employee preference for the comprehensive benefits of Medi-Cal, the part-time or seasonal nature of the work, new hires in a waiting period for employer benefits, and industries paying low wages whose employees chose Medi-Cal regardless of the employer's offerings.

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5/18/26 15:25:42

\*\*\*\* END \*\*\*\*