

Date of Hearing: June 16, 2026

ASSEMBLY COMMITTEE ON HEALTH
Mia Bonta, Chair
SB 1284 (Smallwood-Cuevas) – As Amended May 14, 2026

SENATE VOTE: 30-9

SUBJECT: Medi-Cal benefits: employer reports.

SUMMARY: This bill requires the Department of Health Care Services (DHCS) to publish a report detailing, for specified large employers, how many employees of the employer are enrolled in Medi-Cal, authorizes data-sharing for this purpose, and prohibits an employer from discouraging an employee or applicant from enrolling in the Medi-Cal program or discriminating, for purposes of employment, based on Medi-Cal enrollment status. Specifically, **this bill:**

- 1) Makes the following findings:
 - a) Medi-Cal is intended to function as a public safety net and as the payor of last resort, consistent with state and federal law, providing coverage only when other sources of health coverage are unavailable or insufficient;
 - b) One in three working Californians rely on Medi-Cal for health coverage, including individuals employed by employers that do not provide affordable employer-sponsored coverage or that pay wages insufficient to meet basic health care needs;
 - c) House Resolution (H.R.) 1 (Public Law 119-21) work requirements have brought the intersection of work, employer-sponsored health care coverage, and Medi-Cal back to the forefront. To best administer the Medi-Cal program, policymakers need empirical data, broken down by employer, business type, and industry, 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,
 - d) It is the intent of the Legislature in enacting this section 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.
- 2) Defines an “employer” as an employer required to file an annual pay data report with the state Civil Rights Department and that has any employee enrolled in Medi-Cal at any point during the reporting year while employed by the employer.
- 3) Requires DHCS to annually publish a report that includes all of the following:
 - a) The name and address of each employer;
 - b) The parent company of the employer, if applicable;
 - c) The Employer Identification Number (EIN) of the employer;

- d) The North American Industry Classification System (NAICS) code assigned to the employer;
 - e) The total number of employees of that employer;
 - f) The total number of employees of that employer enrolled in the Medi-Cal program by category of aid at any point during that reporting year;
 - g) The aggregate number of months all employees of that employer received benefits through the Medi-Cal program while employed;
 - h) The total number of dependents of employees of that employer enrolled in the Medi-Cal program;
 - i) The estimated total annual cost of Medi-Cal services provided to employees, and dependents of employees, of each employer;
 - j) A summary of the 100 employers with the highest number of employees and dependents enrolled in the Medi-Cal program; and,
 - k) A summary of the 100 employers with the highest percent of employees and dependents enrolled in the Medi-Cal program.
- 4) Exempts individually identifiable information about employees or Medi-Cal enrollees contained in the report prepared pursuant to 3) above from disclosure under the California Public Records Act and subjects such information to existing confidentiality requirements that apply for purposes of the Medi-Cal program.
- 5) Allows DHCS and the Employment Development Department (EDD) to enter into data-sharing agreements as necessary to implement the reporting requirement, consistent with state and federal privacy laws.
- 6) Updates authority for EDD to provide information to DHCS for purposes of the report described in 3) above, as specified.
- 7) States it shall not be construed to authorize an employer to engage in any conduct against an employee or an applicant for employment in violation of a specified provision of the Labor Code, including, but not limited to, discouraging or preventing an employee from applying for or enrolling in the Medi-Cal program.
- 8) Prohibits an employer from discharging or in any manner discriminating or retaliating against an employee who applies for, or is enrolled in, Medi-Cal, and prohibits an employer from refusing to hire a person because that person is enrolled in Medi-Cal.
- 9) Repeals an obsolete code section that allowed DHCS to inform EDD of the names and Social Security Numbers of all recipients of the Medi-Cal program and required DHCS and the Department of Social Services, for purposes of calculating the cost of Medi-Cal and CalFresh provided to employees of employers.

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 (42 U.S.C.) § 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 U.S.C. § 1396a(a)]
- 3) Authorizes states, through the Patient Protection and Affordable Care Act (ACA), beginning January 1, 2014, to expand Medicaid (Medi-Cal in California) to individuals who are under 65 years of age, not pregnant, not entitled to, or enrolled for, benefits under Medicare, and whose income does not exceed 133% of the poverty line plus applicable income disregards. [42 U.S.C. § 1396a (a)(10)(A)(i)(VIII), as interpreted by *National Federation of Independent Business v. Sebelius* (2012), 567 U.S. 519]
- 4) Requires, beginning January 1, 2027, the Medicaid ACA Expansion population described in 3) above to comply with “community engagement requirements.” Creates mandatory and state-optional exemptions from compliance. Allows states to conduct compliance checks more frequently than as part of eligibility redetermination. Requires states to establish processes and use reliable information available to the state, without requiring, where possible, the applicable individual to submit additional information. Establishes hours and income thresholds that constitute compliance, and procedures for noncompliance. Requires notice and outreach to affected individuals. Allows the federal Health and Human Services (HHS) Secretary to exempt a state from complying with the law for a defined period if the state requests exemption and the state is demonstrating a good faith effort to comply. [42 U.S.C. § 1396a(xx)]
- 5) 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 U.S.C. § 4980H]

EXISTING STATE LAW:

- 1) Establishes the Medi-Cal program, administered by 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 a private employer that has 100 or more employees to submit a pay data report to the Department of Civil Rights containing information about the number of employees, broken down by specified demographic categories, in each type of position and pay range, as specified. [GOV § 12999]
- 5) Establishes the EDD within the Labor and Workforce Development Agency. EDD is responsible for, among other duties, the administration of the Unemployment Insurance (UI) and Disability Insurance programs. (Unemployment Insurance Code (UIC) § 301)
- 6) Establishes the UI program as a joint state/federal program, administered by EDD that provides weekly unemployment insurance payments for workers who lose their job through no fault of their own. (UIC §§100-144)
- 7) Requires, among other things, an employer to file a report of contributions, a quarterly return, and a report of wages paid to the employer's worker, as well as information on new employees, as specified. (UIC § 1088, § 1088.5)
- 8) Authorizes EDD to share wage and employment data, under specified conditions, for a variety of purposes, including the evaluation of workforce programs, as specified, which enumerates the programs for which data can be shared. (UIC § 1095)

FISCAL EFFECT: According to the Senate Committee on Appropriations:

- 1) Unknown costs for the EDD, likely one-time General Fund (GF) costs of \$100,000 and ongoing GF costs of \$100,000, for administration.
- 2) Unknown ongoing GF costs, potentially hundreds of thousands, for DHCS to provide the reports.

COMMENTS:

- 1) **PURPOSE OF THIS BILL.** 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, the author notes, 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. The author argues that 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. The author states that if taxpayers are covering the cost of health care for a company's workforce, the public deserves to know. The author concludes that this bill brings transparency and accountability to this issue by requiring DHCS 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) BACKGROUND.

- a) **Employer Sponsored Insurance (ESI).** Unlike many other nations, the U.S. relies on voluntary, private health insurance as the primary source of coverage for most residents who are not elderly, poor or disabled. According to *KFF*, ESI is by far the most common source of private health insurance. There are two primary reasons for this. The first is that providing health insurance through the workplace is efficient, with advantages relating both to risk management and to the costs of administration. The second is that contributions towards premiums by employers and (in most cases) by employees are not subject to income or payroll taxes, providing a substantial federal and state subsidy towards the costs of ESI.

Overall, 60% of people under age 65, or about 165.6 million people nationwide, had employment-sponsored health insurance in 2025. The level of coverage varies significantly with income and other factors, even among working families.

According to research by the U.C. Berkeley Labor Center (Labor Center), workers paid low wages are less likely to have coverage through their job. They may have no offer of coverage, with small firms under 50 employees less likely to offer coverage. They may be ineligible because of part-time work or because they were recently hired and are subject to a waiting period. Finally, coverage may be unaffordable. The average annual worker premium contribution in 2025 was \$1,303, which is 8% of income for a person at the federal poverty level. For family coverage, the average annual worker premium contribution is \$7,312, making this 23% of average income just for premiums. These plans often have high deductibles when health care is actually needed, meaning people have to pay thousands of dollars for their health care out of pocket, in addition to their premium payments, before getting any help from their insurance plan.

- b) **Low-Wage Workers Enrolled in Medi-Cal.** 3.6 million California workers ages 19-64 are enrolled in Medi-Cal, excluding 900,000 self-employed workers. The Labor Center estimates \$36 billion will be spent to provide Medi-Cal to these workers, including state and federal spending, in Fiscal Year 2026-27. Certain industries are more likely to employ individuals who are also enrolled in Medi-Cal, including agriculture, forestry, fishing, and mining (35% of workers in this industry are on Medi-Cal); restaurants, bars, and food service (35%); administrative and building services, and retail (26%). Medi-Cal enrollees work across a range of firm sizes, with 27% of Medi-Cal enrolled workers working in companies with over 1,000 employees, 17% working in companies with 101-999 employees, and 7% working in companies with 51-100 employees. Nearly half of working Medi-Cal enrollees work in businesses with under 50 employees.
- c) **Work or Community Engagement Requirements under New H.R. 1 Eligibility Rules.** H.R. 1 of 2025, officially titled the “One Big Beautiful Bill Act,” includes significant Medicaid-related changes that reduce federal investment in Medicaid, including new eligibility rules for the population of adults without dependent children who gained health care coverage through the ACA Expansion. More stringent eligibility rules result in cost savings from individuals losing Medicaid coverage. H.R. 1 represents the largest-ever cut to the Medicaid program, with savings from Medicaid eligibility-

related and financing changes projected to partially offset the loss of federal revenue associated with tax cuts that disproportionately benefit the wealthy and corporations.

Section 71119 of federal H.R. 1 with certain exceptions, requires the ACA expansion population—generally, adults ages 19 through 64 without dependent children—to engage in a minimum of work or community engagement requirements (called “community engagement requirements” in H.R. 1) beginning in 2027. This means an individual needs to document at least 80 hours per month of work, community service, or job training to keep Medi-Cal coverage. The law outlines mandatory and short-term hardship exemptions, which must be verified every 6 months.

Although rhetoric related to work requirements indicates these policies are designed to support employment, evidence from other states and programs consistently shows that significant coverage losses under policies similar to H.R. 1’s occur because individuals face administrative barriers, paperwork burdens, and documentation challenges even when they remain eligible.

Furthermore, data analyzed by *KFF* and reported by the Labor Center demonstrates that most Medi-Cal members who can work are already working. Data from 2023 show that 63% of non-disabled, non-elderly adults reported working full-time or part-time, 14% were not working due to being a caretaker for a family member, 8% were students, and 7% reported a disability or other illness that was not eligible for a federal disability designation. Missed notices, unstable housing, limited internet access, language barriers, or confusion about reporting requirements can result in termination of coverage even when individuals meet eligibility requirements.

Ultimately, DHCS estimates 1.4 million Medi-Cal members will lose coverage by June 2028 as a result of the federally imposed work requirements. DHCS projects this coverage loss will significantly drive up California’s uninsured rate and raise costs for hospitals and clinics treating uninsured patients.

- 3) **SUPPORT.** According to co-sponsors California Federation of Labor Unions, AFL-CIO; End Poverty in California; SEIU California; and United Food and Commercial Workers Western States Council, H.R. 1 creates the urgency to revisit corporate accountability in health coverage, but the broader interplay of work, poverty, and public benefits long predates this moment. Co-sponsors assert workers turn to Medi-Cal because they are working in a low-wage industry or the employer-sponsored health care plan premiums and associated out of pocket costs are not affordable for their family. Co-sponsors argue that employers that pay low wages and offer no or unaffordable benefits shift the costs of doing business onto taxpayers, and this bill is a critical step forward to promote a deeper understanding of the dynamics of health care coverage and employment, and the related economic impacts on Californians, businesses, and the state budget.
- 4) **OPPOSITION.** Southwest California Legislative Council (SWCLC), an alliance of Riverside County Chambers of Commerce, opposes this bill. They assert that cross-agency sharing of confidential employee wage and enrollment records raises significant privacy and data security risks, and the annual reporting obligations imposed on multiple state departments generate administrative costs without demonstrated offsetting benefits. SWCLC argues this bill creates reputational harm and new administrative burdens for businesses. The California Chamber of Commerce asserts in opposition that this bill will create a

government-operated public shaming registry built on incomplete, decontextualized data that says nothing definitive about how an employer treats its workforce.

5) RELATED LEGISLATION.

- a) SB 1202 (Weber Pierson) would require DHCS to establish a dashboard to track enrollment data related to the implementation of recently enacted federal enrollment barriers, including work requirements. Would require 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 is pending in the Assembly Appropriations Committee.
- b) AB 2161 (Bonta) would codify H.R. 1's work requirements; would require 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 would limit the application of H.R. 1's work requirements to Medi-Cal populations required to comply under federal law. AB 2161 is pending in the Senate Health Committee.
- c) AB 2729 (Bonta) would create 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 pending in the Assembly Appropriations Committee.

6) PREVIOUS LEGISLATION.

- a) 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 the Department of Social Services. Provisions of AB 1792 similar to this bill were sunsetted in 2020.
 - b) 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. AB 880 failed on the Assembly Floor.
- 7) **DOUBLE REFERRAL.** This bill is double-referred; upon passage of this committee, it will be referred to the Assembly Labor and Employment Committee.
- 8) **POLICY COMMENT.** In 2014, the Department of Finance encountered challenges implementing AB 1792 (Gomez), described above, because of concerns about using data collected for unemployment insurance-related uses for purposes of the public report required by that bill. However, at least three other states have mandated similar reports (Nevada, Washington, and New Jersey), and these states all rely on quarterly wage data reported by their labor and workforce departments. Leveraging existing data sources, as this bill does, is the most efficient way to implement this bill. As this bill moves forward, the author may wish to mitigate risk of implementation barriers by ensuring state departments have appropriate authority to use data to create the desired report.

REGISTERED SUPPORT / OPPOSITION:

Support

California Federation of Labor Unions, AFL-CIO (co-sponsor)
End Poverty in California (EPIC) (co-sponsor)
Service Employees International Union (SEIU), California State Council (co-sponsor)
United Food and Commercial Workers (UFCW), Western States Council (co-sponsor)
American Federation of State, County and Municipal Employees, AFL-CIO
California Alliance for Retired Americans
California LGBTQ Health and Human Services Network
California Physicians Alliance
California Professional Firefighters
CFT – a Union of Educators & Classified Professionals, AFT, AFL-CIO
Community Health Partnership
Courage California
Health Access California
Teamsters California
United Domestic Workers/AFSCME Local 3930
Western Center on Law & Poverty, Inc.

Opposition

California Chamber of Commerce
Southwest California Legislative Council

Analysis Prepared by: Lisa Murawski / HEALTH / (916) 319-2097