

THIRD READING

Bill No: SB 1422
Author: Durazo (D), et al.
Amended: 5/14/26
Vote: 21

SENATE HEALTH COMMITTEE: 9-2, 4/8/26

AYES: Weber Pierson, Caballero, Durazo, Gonzalez, Menjivar, Padilla, Pérez,
Rubio, Smallwood-Cuevas

NOES: Valladares, Grove

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/14/26

AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

SUBJECT: Medi-Cal: eligibility: immigration status

SOURCE: California Immigrant Policy Center
Health Access California
Latino Coalition for a Healthy California

DIGEST: This bill phases out the freeze on program enrollment in full-scope Medi-Cal for undocumented immigrants no sooner than January 1, 2028, dependent on the condition of the state General Fund, prioritized by age group.

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) Authorizes lawfully present immigrants with satisfactory immigration status to receive federal public benefits, including lawful permanent residents who have resided in the U.S. for more than five years, asylees, refugees, parolees, Cuban and Haitian entrants, individuals lawfully residing in the U.S. in accordance with a Compact of Free Association, and immigrants who have been battered or subject to extreme cruelty. [8 USC §1613 and §1641]
- 3) Limits, starting October 1, 2026, as enacted by H.R. 1 (Public Law No. 119-21), federal payments to states for individuals who are not citizens or nationals of the U.S., lawful permanent residents, Cuban or Haitian entrants, or individuals lawfully residing in the U.S. in accordance with a Compact of Free Association. [42 USC §1396b]
- 4) Prohibits, under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), individuals without satisfactory immigration status from being eligible for any state or local public benefits, except for assistance for health care items and services that are necessary for the treatment of an emergency medical condition, short-term, non-cash, in-kind emergency disaster relief, public health assistance for immunizations, public health assistance for testing and treatment of symptoms of communicable disease, and other community in-kind services specified by the Attorney General. [8 USC §1621]
- 5) Authorizes states to provide eligibility for state and local public benefits to immigrants without satisfactory immigration status by enacting of a statute after August 22, 1996, affirmatively providing for such eligibility. [8 USC §1621]

Existing state law:

- 1) Establishes the Medi-Cal program, administered by the California 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) Establishes eligibility for full-scope Medi-Cal benefits to individuals over age 19 without satisfactory immigration status who are lawful permanent residents for less than five years or are permanently residing under color or law. [WIC §14007.5]

- 3) Establishes Medi-Cal eligibility for individuals without satisfactory immigration status or those individuals included in 2) (collectively, “undocumented immigrants”) using state funds, and directs DHCS to maximize federal financial participation to the extent allowable under federal law. Starting January 1, 2026, freezes program enrollment for individuals over age 19, except for nonminor dependents and former foster youth until their 26th birthday. [WIC §14007.8]
- 4) Specifies that individuals who apply for or lose coverage after January 1, 2026 are only eligible for medically necessary pregnancy-related services or services necessary for the treatment of an emergency medical condition. Requires individuals who are pregnant when they lose coverage to remain eligible for full-scope Medi-Cal throughout the pregnancy and for 12 months after the pregnancy ends. [WIC §14007.8]
- 5) Requires nonpregnant individuals between the ages of 19 and 59 without satisfactory immigration status to pay a \$30 monthly premium to keep coverage, starting July 1, 2027. Exempts nonminor dependents and former foster youth until their 26th birthday. [WIC §14007.8]
- 6) Specifies that individuals who fail to pay the monthly premium for no more than 90 days are only eligible for medically necessary pregnancy-related services or services necessary for the treatment of an emergency medical condition. Requires outstanding premium balances to be paid in full as a condition of continued eligibility for full-scope Medi-Cal coverage. [WIC §14007.8]
- 7) Eliminates, starting July 1, 2026, nonemergency dental services conditions from full-scope coverage for immigrants without satisfactory immigration status. [WIC §14007.8]

This bill:

- 1) Requires the Director of Finance to annually certify via a report to the Governor and the Legislature, starting August 1, 2027, the following information;
 - a) The annual General Fund cost of implementing full scope Medi-Cal benefits for each successive age group in the order specified starting the following January 1; and,
 - b) A determination of whether the General Fund would be in deficit in the current fiscal year or any of the following two fiscal years.

- 2) Ends the freeze on full scope Medi-Cal enrollment for individuals who are undocumented on January 1 of the following year for individuals in an age group for whom the report described in 1) certifies that the General Fund would not be in deficit, as specified.
- 3) Defines deficit as a negative balance in the Special Fund for Economic Uncertainties based on the most recent Department of Finance estimates.
- 4) Specifies that the age groups and order of priority is as follows:
 - a) Individuals over 49 years of age;
 - b) Individuals between the ages of 19 and 25; and,
 - c) Individuals between the ages of 26 and 49.
- 5) Requires DHCS to post on its internet website no later than 60 days prior to any age group no longer being subject to the freeze on full scope Medi-Cal benefits, which age groups are or are not eligible to enroll in the full scope of Medi-Cal benefits, and the relevant time periods.
- 6) Conditions the implementation of the phasing out of the freeze on enrollment in full-scope Medi-Cal and the implementation of premiums and additional service limitations in existing law that have yet to be implemented upon written communication by the director of DHCS to the Department of Finance that systems have been programmed for implementation.

Comments

According to the author of this bill:

California has made significant progress expanding health coverage, helping the state achieve its lowest uninsured rate in history. As Medi-Cal expanded, counties were able to scale down indigent care programs, reducing local fiscal burdens and stabilizing safety-net hospitals and clinics. The 2025–26 State Budget froze new enrollment in full-scope Medi-Cal for undocumented adults ages 19 and older, reversing course and making more people uninsured. Individuals who relied on Medi-Cal for care are now attempting to enroll and being told they no longer qualify, while otherwise eligible adults are receiving denial notices. The enrollment freeze does not eliminate health needs; it shifts responsibility from the state back to beleaguered county indigent care programs, strained hospitals, and overcrowded emergency departments. When people lose coverage, detecting early diabetes at a doctor’s visit becomes arriving at the emergency room in a diabetic coma, and untreated high blood pressure becomes

a stroke. Emergency departments must treat everyone and can cost up to 12 times more than a physician visit, leaving counties to absorb the uncompensated care. California already spends approximately \$3.5 billion each year on preventable emergency care and about \$13 billion treating conditions later rather than earlier. This comes as counties and hospitals face devastating federal H.R. 1 cuts estimated at \$6.0–\$9.5 billion annually. While state legislators cannot fully shield our districts from the federal cuts, we can avoid compounding the damage by restoring Medi-Cal enrollment access.

The simplest explanation for the reason that the cost of care for individuals who are undocumented was higher than estimated is that their health care needs were higher than estimated, and more people needed care than estimated. Two years after the implementation of Medi-Cal coverage for all, regardless of immigration status, is too soon to tell if this is just due to previous unmet health needs that will be resolved in the out years or if undocumented individuals are actually less healthy than presumed, and thus have more urgent need for health care. Considering the living and working conditions of many of these individuals, and longstanding research on the social drivers of health, higher health needs may in fact be the reality. Additionally, while it is true that covering primary care is cheaper than covering emergency care, or that we all pay when hospitals have more or sicker people coming through the emergency room, it is also true that not providing comprehensive coverage is cheaper for the state General Fund. Whether California is able to continue to provide Medi-Cal regardless of immigration status will require long term budgetary commitment.

Background

The availability of Medi-Cal for immigrants. As a federal-state partnership, the Medi-Cal program must abide by federal rules in order to receive federal financial participation for the services it provides. If the Medi-Cal program provides services to individuals who do not have “satisfactory immigration status” under the federal rules, California must pay for the entirety of the cost of care, with the exception of services to pregnant individuals and services provided in a medical emergency. Prior to 1996, immigrants who were lawful permanent residents or were otherwise “permanently residing under color of law” (e.g. were residing in the U.S. with the knowledge and permission of the federal government) were able to access federal benefits. PRWORA limited which immigrants were eligible for federal programs to a list of qualified statuses (known as “satisfactory immigration status”) and in many cases, to immigrants who had lawfully resided in the U.S. for at least five years. Emergency services and services to pregnant individuals were still allowed in the Medicaid program. PRWORA did allow states to extend

benefits to immigrants who did not have satisfactory immigration status or who had not resided here long enough, but these benefits were paid for entirely by the state. The Medi-Cal program continued to provide full-scope benefits to many immigrants who were lawfully present out of state-only funds.

Expansions of Medi-Cal through #Health4All. After the expansion of Medicaid to previously ineligible adults aged 19-64 without dependents under the Affordable Care Act, a coalition of immigrant and health care rights organizations began sponsoring a campaign to expand full-scope Medi-Cal to undocumented immigrants. SB 1005 (Lara of 2014) was the first attempt, and a number of bills in both the Senate and Assembly were run from 2014 through 2021. Ultimately, the program was expanded incrementally through health budget trailer bills each time the Senate, Assembly, and Governor agreed that funding was sufficient, starting with children, then young adults, then adults over age 50, and finally all adults (see *Prior Legislation* in the Senate Health Committee analysis). The last budget trailer bill was passed in 2022 and the expansion was fully implemented on January 1, 2024, making California the first state in the nation to cover all income-eligible individuals, regardless of immigration status, in its Medicaid program.

Recent reductions in immigrant eligibility. After years of program expansion in relatively good budget years, in early 2025, despite a decline in Medi-Cal caseload, an overall increase in Medi-Cal spending was projected. According to DHCS's published highlights from the Governor's 2025-26 proposed budget, the major drivers in these increased costs were an approximately \$2.7 billion increase in costs for individuals with unsatisfactory immigration status due to higher than anticipated enrollment and increased pharmacy costs for this population. The other drivers are increased pharmacy costs for the rest of the Medi-Cal population, higher caseload retention rates than predicted, and a reduction in a provider tax due to the passage of ballot Proposition 35 (which redirected how proceeds from the tax could be spent). By May 2025, DHCS's published highlights stated that the increase in costs for individuals with unsatisfactory immigration status had grown to \$5 billion over the previous year's projection because enrollment had not declined as predicted, and the average costs of care were still higher than predicted. The Governor's May budget revision thus proposed a number of cuts to this population including an enrollment freeze, monthly premiums, service cuts, and reducing provider payments to clinics serving this population. The Legislature agreed to and enacted a modified version of these proposals, including an enrollment freeze for otherwise eligible undocumented immigrants, \$30 monthly premiums for most nonpregnant adults between the ages of 19 and 59 with

unsatisfactory immigration status, the elimination of dental benefits for nonpregnant adults over age 19, and the proposed provider rate cuts to clinics.

H.R. 1 increases pressures to the Medi-Cal program. In addition to the recent increases in Medi-Cal spending, the federal budget reconciliation bill, H.R. 1 (passed in July 2025), included reductions in federal Medicaid spending of over \$125 billion a year in the out years, according to the Congressional Budget Office. These program changes include defunding Medicaid payments to family planning providers that provide abortions, prohibiting new or increased provider taxes to fund Medicaid and requiring a gradual reduction of existing provider taxes, capping the rate the state may set for specified services, reducing the federal share of payment for emergency services to adults with unqualified immigration status, and changes in allowable payments under federal waiver programs. As a result, California's Medi-Cal program now has significantly less federal support coming in, and DHCS and providers (including hospitals and clinics) are trying to figure out how to replace federal Medicaid dollars.

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

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

- Unknown significant ongoing costs (high hundreds of millions General Fund) to eliminate the existing enrollment freeze for full-scope Medi-Cal coverage for individuals who do not have satisfactory immigration status. Actual costs would depend on the phase-in and timing of implementation of the bill's provisions.
- Costs to counties for administration would be potentially reimbursable by the state, subject to a determination by the Commission on State Mandates.

SUPPORT: (Verified 5/15/2026)

California Immigrant Policy Center (co-source)
Health Access California (co-source)
Latino Coalition for a Healthy California (co-source)
AAPIs for Civic Empowerment
Access Reproductive Justice
Adventist Health
Alliance for a Better Community
Alliance of Catholic Health Care, Inc.
Alma Family Services

AltaMed Health Services
Asian Americans Advancing Justice - Southern California
Asian Americans for Community Involvement
American Civil Liberties Union California Action
Asian Law Alliance
Asian Resources, Inc.
Asociacion de Migrantes Guatemaltecos Los Angeles
Avance Democratic Club
Barrio Action Youth and Family Center
Bet Tzedek Legal Services
Bienstar Human Services
Buen Vecino
California Academy of Family Physicians
California Alliance for Retired Americans
California Alliance of Child and Family Services
California Association of Alcohol and Drug Program Executives
California Association of Health Plans
California Association of Public Hospitals and Health Systems
California Chapter of the American College of Emergency Physicians
California Community Foundation
California Coverage & Health Initiatives
California Federation of Labor Unions
California Human Development
California LGBTQ Health and Human Services Network
California PACE Association
California Pan-Ethnic Health Network
California Physicians Alliance
California Primary Care Association
California Rural Legal Assistance Foundation, Inc.
California School-Based Health Alliance
California State Council of Service Employees International Union
California Undocumented Higher Education Coalition
Celestria Health
Center for Employment Training
Central American Resource Center of California
Central City Neighborhood Partners
Central Valley Opportunity Center
Centro Binacional Para El Desarrollo Indigena Oaxaqueño
Children's Hospital Los Angeles
Chinatown Service Center

Clínica Monseñor Oscar A. Romero
Coalition for Economic Survival
Coalition of Orange County Community Health Centers
Communities United for Restorative Youth Justice
Community Clinic Association of Los Angeles County
Community Health Partnership
County of Contra Costa
County of Los Angeles
County of San Mateo
County of Santa Clara
County Welfare Directors Association of California
Courage California
CRI-HELP, Inc.
Disability Rights and Education Defense Fund
Disability Rights California
Disability Voices United
East Bay Community Law Center
Eastmont Community Center
El Centro del Pueblo
Equality California
Farms2People
First Day Foundation
Friends Committee on Legislation of California
Gateways Hospital and Mental Health Center
Gardner Health Services, Inc.
Gender Affirming Professionals
GLIDE
Grantmakers Concerned with Immigrants and Refugees
Healing Urban Barrios
Health4Kern
Homeboy Industries
Immigrant Defenders Law Center
Inclusive Action for the City
Indivisible CA: StateStrong
Inland Coalition for Immigrant Justice
Inland Empire Immigrant Youth Collective
InnerCity Struggle
Justice in Aging
Kedren Health

Kheir Clinic
Koreatown Youth and Community Center
La Cooperativa Campesina de California
La Raza Roundtable de California
Latino Equity Alliance
Legacy Los Angeles Youth Development Corporation
Lideres Campesinas
LifeLong Medical Care
Local Health Plans of California
Los Amigos de la Comunidad, Inc.
Los Angeles Care Health Plan
Los Angeles County Federation of Labor
Miguel Contreras Foundation
Mixteco/Indigena Community Organizing Project
Multi-Faith ACTION Coalition
National Health Law Program
Northeast Valley Health Corporation
Oasis Legal Services
Occupational Therapy Association of California
Organización de Líderes Campesinas en California, Inc.
Organizing Rooted in Abolition Liberation and Empowerment
Oxford Health Group
PICO California
Planned Parenthood Affiliates of California
Private Essential Access Community Hospitals
Proteus, Inc.
Proyecto Pastoral
RotaCare San Rafael
San Diego Immigrant Rights Consortium
Santa Cruz Community Health
Social Equity California
Social Equity Los Angeles
Social Justice Collaborative
South Asian Network
Southeast Asia Resource Action Center
St. John's Community Health
St. Vincent Behavioral Health Campus
St. Vincent Meals on Wheels
Teamsters California
Thai Community Development Center

The Children's Partnership
The Los Angeles Trust for Children's Health
The San Diego LGBT Community Center
The Translatin@ Coalition
TODEC Legal Center
UNITE HERE International Union
United Farm Workers
United Latino Voices of Contra Costa County
United Ways of California
Urban Counties of California
Urban Semilias
Venice Family Clinic
Visión y Compromiso
Weingart East Los Angeles YMCA
Wesley Health Centers JWCH Institute
Western Center on Law & Poverty
Women's Foundation California
Young Invincibles

OPPOSITION: (Verified 5/15/2026)

5 individuals

ARGUMENTS IN SUPPORT: This bill is supported by a number of immigrants' rights, health care rights, labor, and provider organizations. Co-sponsors Health Access California and the California Immigrant Policy Center write that California's expansion of Medi-Cal regardless of immigration status strengthens public health and economic stability resulting in the lowest uninsurance rate in California history and improved health outcomes for children. They write that the recent enrollment freeze does not eliminate health needs but just shifts those costs to counties, hospitals and emergency departments. Co-sponsor Latino Coalition for a Healthy California writes that undocumented immigrant households in California pay nearly \$8.5 billion in state and local taxes thus denying them coverage blocks them from services they help pay for.

The County of Santa Clara writes that their county's Latino Health Assessment found that Latinos face higher rates of preventable diseases like obesity, diabetes, and heart disease than other groups. On September 16, 2025, the County Board of Supervisors declared a public health crisis for Latino residents based on these findings and committed to addressing the disparities, but their ability to do so is limited if the current Medi-Cal enrollment freeze continues to block otherwise

eligible members of the community from the care they need. Adventist Health writes that when coverage is disrupted, patients often delay care until conditions worsen, resulting in increased reliance on emergency departments—the most expensive and least efficient setting for treatment. For safety-net providers like them, this leads to increased uncompensated care and further strains already limited resources, particularly in rural and underserved communities where margins are thin and access points are limited.

ARGUMENTS IN OPPOSITION: Five individuals write in opposition stating the Medi-Cal should not be for undocumented individuals, or for citizens only, and that the state of California cannot afford to pay for these individuals.

Prepared by: Jen Flory / HEALTH / (916) 651-4111
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