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# SENATE COMMITTEE ON HEALTH

Senator Dr. Akilah Weber Pierson, Chair

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**BILL NO:** SB 987  
**AUTHOR:** Weber Pierson  
**VERSION:** February 5, 2026  
**HEARING DATE:** March 25, 2026  
**CONSULTANT:** Jen Flory

**SUBJECT:** California Health Access Fund

**SUMMARY:** Creates the California Health Access Fund to redirect any savings to the state resulting from decreased enrollment in the Medi-Cal program caused by the implementation of recently enacted federal enrollment barriers. Requires moneys in the fund to be used to ensure that California residents losing health coverage can continue to receive health care services and that health care providers are reimbursed for these services.

**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 Medicaid recipients' eligibility to be redetermined when the recipient reports a change in circumstances or once every 12 months. [42 C.F.R. §435.916 and §435.919]
- 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 have their eligibility for Medicaid additionally redetermined every 6 months. [42 USC §1396a]
- 4) Starting January 1, 2027, as enacted by H.R. 1, requires individuals described in 3) above who do not meet a specified exception to demonstrate community engagement through not less than 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. [42 USC §1396a]
- 5) 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]
- 6) Starting October 1, 2026, as enacted by H.R. 1, limits 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]

**Existing state law:**

- 1) Establishes the Medi-Cal program, which is administered by the Department of Health Care Services (DHCS), and under which qualified low-income individuals receive health care services. [WIC §14000, et seq.]

- 2) Requires a county to perform redeterminations of eligibility for Medi-Cal recipients every 12 months and to promptly redetermine eligibility whenever the county receives information about changes in a recipient's circumstances that may affect eligibility for Medi-Cal benefits. [WIC §14005.37]
- 3) Establishes eligibility for full-scope Medi-Cal benefits, excluding routine dental services starting July 1, 2026, 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]
- 4) Establishes Medi-Cal eligibility for individuals without satisfactory immigration status or those individuals included in 3) using state funds and directs DHCS to maximize federal financial participation in implementing this section to the extent allowable. Starting January 1, 2026, froze program enrollment for undocumented individuals over age 19. [WIC §14007.8]

**This bill:**

- 1) Creates the California Health Access Fund within the State Treasury.
- 2) Requires DHCS to administer the fund, upon appropriation made by the Legislature, to ensure that California residents losing health care coverage due to the impacts of H.R. 1, or due to any other divestments from the health care system, can continue to receive health care services and that health care providers are reimbursed for these services.
- 3) Requires the fund to include deposits, through any applicable transfers made by the Legislature, equal to the amount of any savings to the state resulting from decreased enrollment in the Medi-Cal program caused by enrollment barriers created by H.R. 1, including, but not limited to, the imposition of work or community engagement requirements and more frequent redeterminations for certain Medi-Cal populations.

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

**COMMENTS:**

- 1) *Author's statement.* According to the author, last July, President Trump and Congress enacted H.R. 1, a federal reconciliation bill that gutted our Medicaid program to give tax cuts to the wealthy. In addition to drastically impacting how our state can raise money for Medi-Cal, H.R. 1 also created new eligibility barriers that could cut nearly two million people off the Medi-Cal program. These barriers include new work requirements, new renewal requirements, and the loss of federal funding for several groups of immigrants who have not previously been denied federal assistance. While coverage losses reduce state Medi-Cal expenditures on paper, they do not eliminate health care needs. Individuals who lose coverage often delay care, rely on emergency services, or receive uncompensated care from safety-net providers, shifting costs rather than reducing them. Under this bill, the state will redirect any savings realized from the loss of Medi-Cal coverage to a new state fund to help pay the providers who still provide services to these individuals.
- 2) *H.R. 1.* H.R. 1, a vast budget reconciliation bill, 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 through a series of program changes.

Medicaid payments were reduced by defunding 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. More relevant to this bill are a number of changes to the Medicaid eligibility rules which were enacted to reduce the number of people receiving assistance through the Medicaid program.

- a) *Work requirements.* The new “community engagement requirements” (or “work requirements”) require 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 in order to be eligible for Medicaid coverage, unless they qualify for a limited exemption (pregnant or postpartum; incarcerated; parents with dependent children under age 14; disabled veterans; individuals with serious or complex medical conditions, including substance use or disabling mental disorders; and former foster youth; or, live in either an area with a federally declared disaster or with a recognized high unemployment rate). 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 work requirements twice a year, starting January 1, 2027.
  - b) *Semiannual eligibility redeterminations.* Under current federal regulation and state law, Medi-Cal eligibility must be redetermined once every 12 months or whenever an individual reports a change in circumstances. H.R. 1 requires an additional eligibility renewal process every six months for the same group of ACA expansion adults that the work requirements apply to, starting January 1, 2027.
  - c) *Reduced federal funding for previously qualified immigrants.* H.R. 1 also ends the availability of full-scope federal Medicaid funding for groups of immigrants who are lawfully present, including refugees, asylees, victims of trafficking and others under humanitarian immigration statuses, starting October 1, 2026. The state can only continue to provide full-scope Medi-Cal for these populations by paying for the entirety of their care, with the exception of emergency and pregnancy services. Emergency and pregnancy services, while still eligible for federal financial participation, are now reimbursed at a lower rate as well: 50% versus 90% for the ACA expansion adults.
- 3) *Impacts of H.R. 1 eligibility barriers.* The UC Berkeley Labor Center estimates that 1.87 million adults will lose coverage due to the work requirements, and 270,000 will lose coverage due to the semiannual eligibility redeterminations. The most recent estimate from DHCS in the *Implementation Plan for New Federal Eligibility and Enrollment Changes Under H.R. 1* (released on January 29, 2026) estimates up to 1.8 million will lose coverage due to work requirements, increased renewals, and the normal churn of individuals transitioning from Medi-Cal to Covered California. DHCS has also shared that approximately 200,000 immigrants will no longer have satisfactory immigration status due to the H.R. 1 change regarding immigrant eligibility and, according to the current Governor’s budget proposal, will lose full-scope Medi-Cal.

According to a 2021 issue brief, *Medicaid Churning and Continuity of Care*, by the U.S. Health and Human Services Department, Medicaid “churn” (recipients moving in and out of

coverage caused by frequent redeterminations) results in higher administrative costs, less predictable state expenditures, and higher monthly health care costs due to pent-up demand for health care services. People who experience churn are more likely to delay care, receive less preventive care, refill prescriptions less often, and have more emergency department visits.

- 4) *Related legislation.* SB 1202 (Weber Pierson) requires DHCS to track and publish data including the number of individuals who lose coverage due to eligibility barriers imposed by H.R. 1 and requires DHCS, counties, and plans to conduct outreach to Medi-Cal recipients about the H.R. 1 program changes. *SB 1202 is being heard on April 8, 2026 in this committee.*

AB 2161 (Bonta) codifies H.R. 1's work requirements; requires DHCS to implement the work requirements 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 set for hearing on April 7, 2026 in the Assembly Health Committee.*

AB 2201 (Boerner) codifies H.R. 1's semiannual redetermination requirements and allows more instances where a Medi-Cal recipient may be renewed *ex parte*, or without requiring a recipient to produce income information such as for individuals with minimal, stable income sources, such as Supplemental Security Income. *AB 2201 is set for hearing on April 7, 2026 in the Assembly Health Committee.*

AB 2208 (Stefani) codifies H.R. 1's Medicaid cost-sharing requirements and limits the cost sharing to one cent; requires Medi-Cal systems implementing H.R. 1 changes to be user-tested; and, requires the state to provide three months of retroactive eligibility for Medi-Cal even after H.R. 1 limits federal payments for retroactive eligibility. *AB 2208 is set for hearing on April 7, 2026 in the Assembly Health Committee.*

- 5) *Previous legislation.* SB 528 (Weber Pierson of 2025) Would have required DHCS to develop a program, or expand an existing program, to continue providing services or benefits that are otherwise covered under Medi-Cal should federal financial participation for these services or benefits be eliminated, reduced, or otherwise limited, subject to an appropriation by the Legislature. *SB 528 was held on the Senate Appropriations Committee suspense file.*
- 6) *Support.* The California Alliance of Child and Family Services writes that the community-based organizations they represent are increasingly asked to absorb the gaps between what Medi-Cal requires and what reimbursement rates actually cover while also navigating growing operational complexity and cash flow demands. Absent state action, savings generated by reduced enrollment may not be directed toward maintaining access to care, supporting providers, or addressing gaps created by federal disinvestment. Planned Parenthood Affiliates of California writes that this bill will help ensure that historical state investments in health care stay in the system and support Californians who lose Medi-Cal and the providers that deliver service to these individuals. Western Center on Law and Poverty states that the services available to people who do lose coverage are insufficient to cover their needs and not all people will be eligible for the available county programs.
- 7) *Policy comment.* This bill gives broad discretion to DHCS to administer the Health Care Fund. As the level of available funding will be determined in part by how successful DHCS,

counties, Medi-Cal plans, and community partners are in assisting Medi-Cal recipients to renew their eligibility, document work or community engagement or qualify for an exception, it is not known at this time how robust the fund will be.

**SUPPORT AND OPPOSITION:**

**Support:** American College of Obstetricians and Gynecologists District IX  
California Academy of Family Physicians  
California Alliance of Child and Family Services  
California Chapter of the American College of Emergency Physicians  
California Chiropractic Association  
Disability Rights California  
Indivisible CA: StateStrong  
Planned Parenthood Affiliates of California  
Western Center on Law and Poverty

**Oppose:** None received.

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