# SENATE COMMITTEE ON APPROPRIATIONS
**Senator Sabrina Cervantes, Chair**
**2025 - 2026 Regular Session**

**SB 987 (Weber Pierson) - California Health Access Fund**

**Version:** February 5, 2026
**Urgency:** No
**Hearing Date:** April 13, 2026
**Policy Vote:** HEALTH 10 - 0
**Mandate:** No
**Consultant:** Agnes Lee

**Bill Summary:** SB 987 would create the California Health Access Fund and require that moneys in the fund be used to ensure that California residents losing health care coverage due to the impacts of H.R. 1 (Public Law No 119-21), 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.

**Fiscal Impact:**

- Unknown significant ongoing General Fund costs, potentially hundreds of millions to several billions, to provide health care services to individuals losing health coverage (see staff comments below).

- Unknown General Fund costs, potentially low hundreds of thousands to low millions, for the Department of Health Care Services (DHCS) to administer the fund and to establish programs/services designed to serve individuals losing health coverage.

**Background:** The Medi-Cal program, administered by DHCS, provides health care services to qualified low-income individuals. The Medi-Cal program is primarily governed by the federal Medicaid program. H.R. 1 made a number of significant changes that restrict eligibility and funding for the federal Medicaid program. Changes include, but are not limited to:

- ***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 federal 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.

- ***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 instead, an additional eligibility redetermination process every six months for the group of ACA expansion adults.

- ***Reduced federal funding for previously qualified immigrants.*** H.R. 1 also ends the availability of federal funding for full-scope Medi-Cal coverage for certain groups of immigrants who are lawfully present, including refugees, asylees, victims of trafficking and others under humanitarian immigration

statuses. Only restricted-scope Medi-Cal services (emergency care and pregnancy services) for this population would be eligible for federal funding.

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 would lose Medi-Cal coverage due to work requirements, increased redeterminations, and the normal churn of individuals transitioning from Medi-Cal to Covered California.

**Proposed Law:** Specific provisions of the bill would:

- Create the California Health Access Fund within the State Treasury to be administered by DHCS.

- Require that moneys in the fund 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.

- Require that upon appropriation made by the Legislature for this purpose, moneys in the fund must be used 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.

**Related Legislation:**

SB 1202 (Weber Pierson) would require DHCS to track and publish data related to the impact of H.R. 1 on Medi-Cal eligibility and enrollment. The bill is currently in this committee.

SB 1252 (Durazo) would require DHCS to take all necessary actions to prevent abrupt loss of health care coverage for individuals, as described, due to federal policy changes, state enrollment freezes, the imposition of premiums, work requirements, or administrative barriers. The bill is currently in the Senate Health Committee.

SB 1422 (Durazo) would delete provisions of existing state law that freeze program enrollment in full-scope Medi-Cal for individuals who do not have satisfactory immigration status. The bill is currently in this committee.

AB 2161 (Bonta) would include provisions related to H.R. 1's work requirements and eligibility redetermination requirements. The bill is currently in the Assembly Appropriations Committee.

AB 2201 (Boerner) would include provisions related to H.R. 1's eligibility redetermination requirements. The bill is currently in the Assembly Appropriations Committee.

AB 2208 (Stefani) would include provisions related to eligibility and cost-sharing in response to H.R. 1. The bill is currently in the Assembly Appropriations Committee.

AB 2729 (Bonta) would create the Employer Responsibility for Medi-Cal Trust Fund to fund the costs of administering the Medi-Cal program in a manner necessary to prevent loss of or to restore health care coverage, benefits, or access to care following the passage of H.R. 1 and subsequent state budget actions. The bill is currently in the Assembly Health Committee.

**Staff Comments:** The Governor's budget includes estimates for various impacts due to the implementation of H.R. 1, including but not limited to:

- Savings of $373 million ($102 million General Fund) in 2026-27 and $13.1 billion ($3.6 billion General Fund) by 2029-30 due to individuals losing Medi-Cal coverage from the work and community engagement requirements.

- Savings of $463 million ($74 million General Fund) in 2026-27 and $3 billion ($474 million General Fund) by 2029-30 due to individuals losing Medi-Cal coverage from implementing six-month redeterminations.

- The Governor's budget proposes to disenroll immigrants in the H.R. 1 impacted categories from full-scope Medi-Cal coverage and instead enroll them in restricted-scope coverage due to the loss of federal funding. If the state were to maintain full-scope coverage for this population using state moneys, DHCS estimates this would result in General Fund costs of $786 million in 2026-27 and $1.1 billion annually thereafter.

The estimates for the loss of Medi-Cal coverage and enrollment due to H.R. 1 provisions and the resulting savings to the state are dependent on many factors, including implementation details, county eligibility system readiness, federal guidance, enrollee outreach/education, etc. There is significant uncertainty regarding the precise impacts and the timing of H.R. 1 impacts on Medi-Cal coverage and enrollment.

The federal Medicaid program provides funding for 50 percent of the costs for most federally-eligible Medi-Cal services (federal financial participation varies based on the specific program or service). If the state were to backfill for losses of Medi-Cal coverage due to the provisions of H.R. 1, it is likely that federal Medicaid funding would be unavailable and the costs for continued health coverage/services would instead be funded primarily from the General Fund.

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