

## BUDGET FACT SHEET

# PRESERVE HEALTH CARE & PROTECT MEDI-CAL FROM H.R. 1 CUTS

Powered by the County Welfare Directors Association, SEIU California, and the county eligibility workforce



## *Investing in County Eligibility Workers is Critical to Keep Californians Connected to Health Care Benefits*

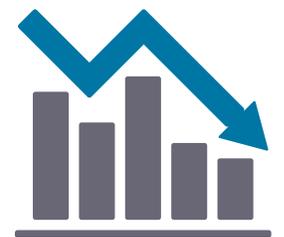
County eligibility workers are responsible for processing, verifying, and redetermining eligibility for applicants and Medi-Cal enrollees in California. **The county eligibility workforce helped enroll millions of low-income adults who became newly eligible for Medi-Cal under the Affordable Care Act (ACA) beginning in 2014, contributing to near universal health care coverage in 2022 and 2023 when the statewide uninsured rate dropped to a historic low of 6.2%.<sup>1</sup>**

Many enrollees successfully retained coverage through the COVID-19 Public Health Emergency (PHE) unwinding period during which the **county eligibility workforce, together with the Department of Health Care Services (DHCS), retained coverage for nearly 9 million Medi-Cal enrollees, representing one of the highest Medicaid retention rates in the nation and higher enrollment levels than before the pandemic.<sup>2</sup>**

**Investment in the county eligibility workforce is a proven, upstream, and cost-effective strategy for retaining Medi-Cal coverage among low-income ACA expansion adults.**

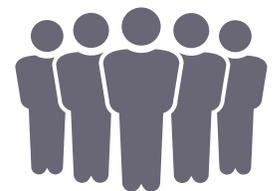
As the State prepares for implementation of H.R. 1, adequate funding for the county eligibility workforce must be prioritized to:

- Mitigate massive Medi-Cal disenrollment.
- Reduce downstream uncompensated care costs to public hospitals, clinics, and indigent care programs.
- Fully draw down the existing 75% Federal Financial Participation (FFP) rate available for administrative-related Medi-Cal costs.
- Ensure continuous, low cost coverage for millions of low income Californians and an enhanced federal match of 90%.



# 6.2%

Historic Low  
Uninsured Rate  
(2022-2023)



# 4.6 MILLION

Low-Income  
Adults Currently  
Enrolled via ACA

1. <https://www.chcf.org/resource/california-achieves-lowest-uninsured-rate-ever-2022/>

2. <https://www.chcf.org/wp-content/uploads/2025/06/Medi-CalUnwindingLessonsRecommendations.pdf>

Beginning January 1, 2027, 4.6 million existing Medi-Cal enrollees - and the county eligibility workers responsible for determining Medi-Cal eligibility and helping enrollees retain Medi-Cal benefits - must navigate **two major barriers to retain basic health care:**

➤ Documenting at least 80 hours per month of qualifying activities such as work, education, or volunteering.

➤ Re-verifying eligibility twice annually at six-month intervals, rather than once annually.

DHCS projects that these changes will lead to substantial losses and interruptions in health care coverage, not primarily because individuals become ineligible, but because administrative hurdles and bureaucratic barriers are anticipated to impede successful enrollment and renewal.

While the requirements apply to adults, research consistently shows that when parents lose or disengage from Medi-Cal coverage, their children are less likely to remain enrolled, even when children are still eligible. Although parents with young children and children themselves are exempt, families may assume the changes affect everyone in the household. Clear messaging and targeted outreach will therefore be critical to preventing coverage losses and declines in enrollment among children during this period of confusion.

Of the 4.6 million expansion enrollees for whom new H.R. 1 requirements apply (based on current estimates):

- **1.8 million** enrollees will be determined exempt or income compliant via an automated source, retaining coverage automatically
- **2.8 million** enrollees will be unable to verify compliance or receive an exemption using automated sources, requiring manual verification and intensive county eligibility workforce engagement to verify compliance or be determined exempt.
- **1.4 million** enrollees (50%) or more may be disenrolled due to lack of properly identified exemptions, paperwork hurdles, or lack of compliance with qualifying activities. DHCS has reported that disenrollment could be as high as 77% based on the experience of other states.
- **An additional 400,000** enrollees may be disenrolled due alone to challenges complying with new 6-month redeterminations, according to DHCS.

**New applicants will be required to navigate an additional hurdle of demonstrating compliance one month before enrollment.**





**2.8**  
**MILLION**

Enrollees requiring manual support to retain coverage

Reducing the disenrollment rate among the 2.8 million enrollees requiring manual verification will hinge on **adequate funding and training of the county eligibility workforce to:**

- Properly screen, identify, and certify key exemptions not discoverable through any other automated means.
- Support enrollees who are properly engaged in qualifying activities but for whom documentation of activities is a challenge.
- Notify enrollees at-risk of not meeting required hours about opportunities to meet required hours on time.

## BUDGET REQUEST

Reinstating Medi-Cal CPI Adjustments for Medi-Cal county administration beginning in FY 2026-27 (\$39.3 million General Fund).

Augmenting Medi-Cal Administrative Funding for H.R. 1 Implementation by:

- **\$230.9 million** General Fund in FY 2026-27,
- **\$304.7 million** General Fund in FY 2027-28,
- **\$175.9 million** General Fund in FY 2028-29,
- **\$114.1 million** General Fund annually thereafter

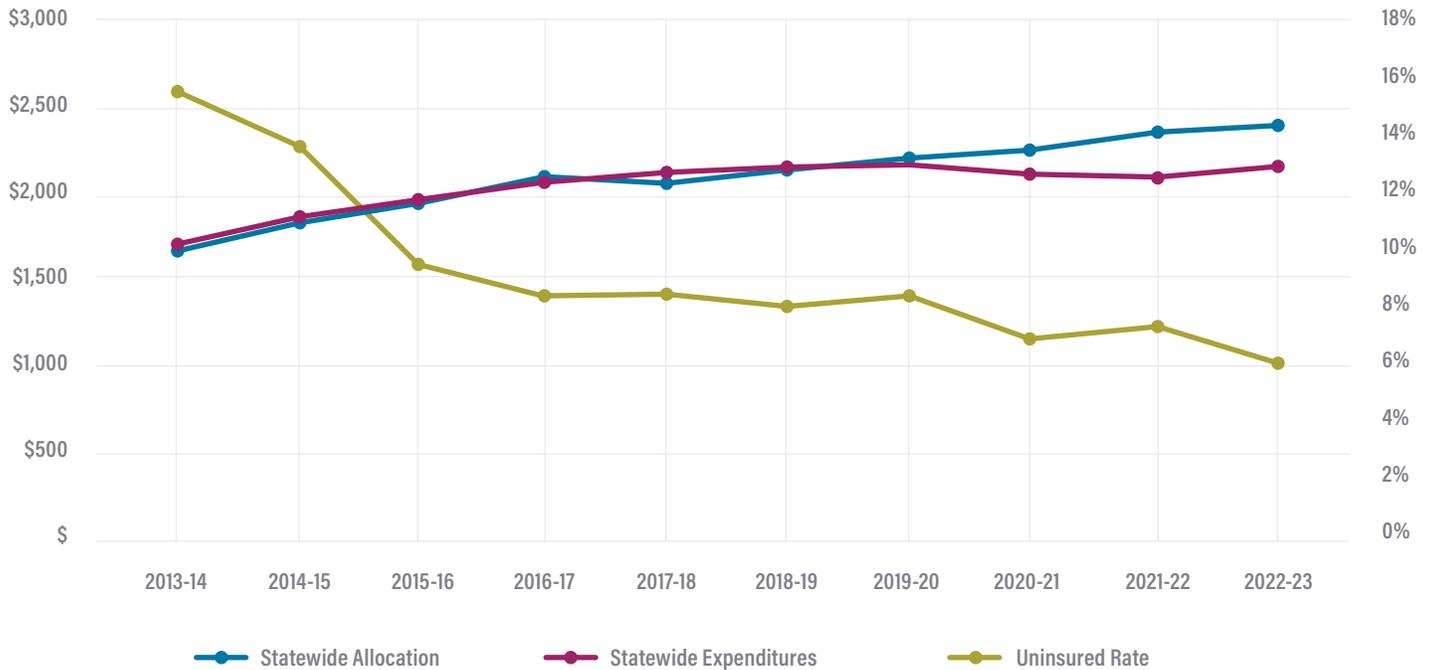
This funding will also support:

- The hiring of at approximately **2,000 new eligibility workers**
- **+3.5 hours per client** per year to screen for exemptions, and review and support enrollees through compliance.
- **+1.2 hours per client** per year for the doubling of required renewals.

FISCAL YEAR	MEDI-CAL CPI ADJUSTMENTS	H.R. 1 WORKFORCE FUNDING	TOTAL GENERAL FUND REQUEST
FY 2026-27	\$39.3 Million	\$230.9 Million	<b>\$270.2 Million</b>
FY 2027-28	Ongoing	\$304.7 Million	<b>\$341.5 Million+</b>
FY 2028-29	Ongoing	\$175.9 Million	<b>\$212.7 Million+</b>
Ongoing (Annual)	TBD	\$114.1 Million	<b>\$114.1 Million+</b>

# Medi-Cal Allocation / Expenditures & Statewide Uninsured Rate

(dollars in millions)



Such investment levels are consistent with prior State actions to prioritize county Medi-Cal eligibility workers during past implementation of other major changes in federal healthcare policy, which made it possible for California to distinguish itself nationally as a success story in enrolling and helping retain unprecedented levels of coverage among Medi-Cal enrollees.

During the ACA implementation the state augmented annual county Medi-Cal eligibility funding by 50% or \$655 million total funds (FYs 2016-17 and 2017-18), supporting historic increases in the insured rate. During the Public Health Emergency unwinding period, the state again invested in eligibility capacity, helping California secure among the highest Medicaid retention rates nationally and achieving pre-pandemic levels of coverage through successful retention of nearly 9 million Medi-Cal recipients.



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