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H.R. 1 and Medi-Cal: Implications on Medi-Cal eligibility, enrollment and CalAIM

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H.R. 1 : Background and Overview

- H.R.1 includes provisions that change Medi-Cal eligibility and enrollment requirements and processes
- Today's webinar will focus on 5 key areas within H.R. 1:
  - New work & community engagement requirements
  - 6-month redetermination requirement
  - Reduced retroactive coverage period
  - New cost sharing requirements
  - Changes to eligibility for certain immigrant populations
- Medicaid changes will have implications for Medi-Cal enrollment and CalAIM

H.R. 1: Big Picture Impacts for Medi-Cal

- H.R.1 includes the largest spending cuts to Medicaid in the history of the program
  - Congressional Budget Office estimates federal Medicaid spending will decrease by $990 billion over 10 years (FFY 2025-2034)
  - 2-4 million Californians projected to lose their Medi-Cal coverage
- Reduces federal funding for Medicaid which forces states to cut eligibility, provider/health plan rates, and/or services **OR** raise taxes **OR** both
- Adds barriers to enrolling in or accessing Medi-Cal services

Key H.R. 1 Medi-Cal Eligibility Provisions

Provision	Description	Effective Date
Work/Community Engagement Requirement	Medi-Cal adult expansion enrollees required to work, study, or volunteer at least 80 hours per month to maintain Medi-Cal eligibility unless exempt	January 1, 2027
6-Month Redetermination Requirement	Medi-Cal adult expansion enrollees to renew Medi-Cal eligibility twice per year (rather than on an annual basis)	January 1, 2027
Reduced retroactive coverage period	Shortens retroactive coverage period from 3 months to 1 month for new Adult Expansion enrollees and to 2 months for all other new Medi-Cal enrollees	January 1, 2027
New Cost-Sharing Requirement for Adult Expansion Population	Adds new cost-sharing requirement for Medi-Cal adult expansion enrollees	October 1, 2028
Changes to "qualified immigrant" definition	Limits "qualified immigrant" categories eligible for full-scope Medi-Cal coverage	October 1, 2026

A Few Key Medi-Cal Terms

- **Adult Expansion enrollees:** Optional eligibility group added to Medicaid by the Affordable Care Act. Eligibility group includes all eligible adults (age 19-64) with incomes below 138% of FPL (Federal Poverty Level), including adults and parents without dependent children. As of 2026, 41 states (including Washington, DC) have adopted the Medicaid expansion.
- **Full-scope Medi-Cal:** Benefit package includes all benefits covered by Medi-Cal.
- **Restricted scope Medi-Cal:** Benefit package is limited to emergency and pregnancy-related Medi-Cal services.

Work & Community Engagement Requirement

- H.R. 1 adds a new eligibility requirement for Adult Expansion population (adults age 19-64).
- Individuals must provide proof they are working or participating in "qualifying activities" for at least 80 hours per month, attending school at least half-time or have income greater than $580/month in 2026 (set at 80 times the federal minimum wage).
- Certain adults (e.g., parents with children ages 13 and under, those who are medically frail, and those who are participating in an SUD treatment program) are exempted.
- Requires individuals to provide proof of compliance at time of application and at least every six months (tied to eligibility redetermination timeline).
- Effective no later than January 1, 2027.

Work/Community Engagement Requirements: California's Plans

- Medi-Cal will implement provision on January 1, 2027.*
- New Medi-Cal applicants will need to demonstrate compliance for *the month prior to the month of application*
- Existing enrollees will need to demonstrate compliance *in any one month* since eligibility was last determined.
- DHCS estimates 1.4 million Medi-Cal enrollees will lose coverage by June 2028.

*Note: 25 states and Washington, DC have filed a lawsuit challenging federal CMS's recent regulations on implementation of this provision.

Eligibility for Community Engagement/Work Requirements

- Impacts Medi-Cal members ages 19-64 with M1 Aid Code (approximately 5 million Californians)
- Members are EXEMPT from requirement if:
  - Pregnant/postpartum
  - Parent/Caregiver for child under 13
  - Parent/Caregiver/Guardian for disabled individual
  - Disabled or blind
  - Qualify for medical frailty*
  - Foster youth up to age 26
  - American Indian/Alaska Native
  - Inmate/Recently incarcerated
  - Veteran with total disability rating
  - Already meet SNAP or TANF requirements

Medical Frailty

- To qualify for the medical frailty exemption, the individual must have a qualifying condition AND that condition must significantly impair their ability to meet the work requirement.
    - Qualifying conditions include: blind/disabled; substance use disorder; disabling mental disorder; physical, intellectual or developmental disability limiting daily activities; serious or medically-complex condition

    PLUS

    - Functional limitation in which the condition above prevents the individual from consistently working or participating in community engagement activities.

Six-Month Redetermination Requirement

- H.R. 1 shortens Medi-Cal renewal (redetermination) timeframe from every 12 months to every 6 months for Adult Expansion population.
- Limited exemptions include: pregnant and postpartum members, Tribal members, foster care youth, former foster care youth (under age 26), and aged or disabled members.
- Effective January 1, 2027.
- DHCS estimates 400,000 individuals will lose coverage by SFY 2029-30.

New Retroactive Coverage Periods

- H.R. 1 shortens the retroactive coverage period for *new* Medi-Cal enrollees:
  - Adult Expansion enrollees: shortened from 3 months to 1 month
  - All other Medi-Cal enrollees: shortened from 3 months to 2 months
- Effective January 1, 2027.
- DHCS estimates that approximately 86,000 new Adult Expansion enrollees would be impacted by this change and only receive 1 month of retroactive coverage.

Cost-Sharing Requirement

- H.R. 1 adds requirement for states to impose cost sharing of up to $35 per service on Adult Expansion population with incomes between 100-138% FPL.
- Some services are exempted from cost-sharing (i.e., primary care, mental health care and SUD services as well as services provided by FQHCs, RHCs, and behavioral health clinics) and Rx cost-sharing is limited to “nominal” amounts.
- Amount is capped at 5% of family income.
- Effective October 1, 2028.

Federal Immigration Status Changes

- H.R. 1 limits immigrants who may qualify for full-scope Medicaid to:
  - Legal permanent residents (i.e., “green card holders”)
  - Cuban and Haitian entrants
  - COFA (Compact of Free Association) migrants
  - Lawfully residing children and pregnant women (state option)
- All other LPR (Lawful Permanent Residents) categories limited to restricted scope Medi-Cal.
- Effective October 1, 2026 (no FFP [Federal Financial Participation] available for other LPR categories).
- State budget maintains full-scope Medi-Cal for immigrants not eligible for federal funding until July 1, 2027.
- DHCS estimates 200,000 individuals will lose full-scope Medi-Cal coverage.

Other Medi-Cal Eligibility Changes

- Federal guidance (State Medicaid Directors Letter #25-003) prohibits states from including state-only funded services or emergency services in Medicaid managed care plan contracts for the population with unsatisfactory immigration status (UIS).
  - CA expanded Medi-Cal to all eligible individuals, regardless of immigration status, between 2020-2024 and enrolled UIS population into Medi-Cal managed care.
  - CA 2026-27 state budget moves this population (approx. 2 million people) into fee-for-service Medi-Cal, effective January 1, 2027.
- 2026-27 state budget delays implementation of premiums for adult UIS population (age 19-59) to July 1, 2027.
  - New governor required to establish a premium amount between $30-$50 per month.

Timeline of Medi-Cal Eligibility and Enrollment Changes

October 1, 2026

New “Qualified Immigrant” definition takes effect

January 1, 2027

Work/community engagement requirements and 6-month redeterminations take effect for Adult Expansion enrollees

UIS population moved into FFS Medi-Cal

Reduced retroactive coverage periods

July 1, 2027

Premiums for adult UIS population take effect

October 1, 2028

Cost-sharing requirements take effect for Adult Expansion population

H.R. 1 & State Medi-Cal Changes: Impacts on CalAIM

- H.R.1 does not directly impact CalAIM (e.g., ECM and Community Supports), but fewer people will have Medi-Cal coverage and be enrolled in Medi-Cal managed care.
- ECM and Community Supports are only available to Medi-Cal managed care enrollees.
  - 2026-27 state budget includes $39 million to support care coordination and navigators to assist with transition for individuals who will transition to FFS Medi-Cal.
- Current federal Administration generally less supportive of “in lieu of services” (aka Community Supports).
  - CMS will review state proposals to offer these services on a “case-by-case” basis.
- State currently negotiating new waiver with federal CMS which could change the Community Supports available to Medi-Cal managed care enrollees.
  - Current waivers expire December 31, 2026.

Questions?