



WEBINAR: HR 1 Update



CALHHS CONNECT:

How Federal Policy Changes are Impacting a Healthy California for All

TUESDAY, JANUARY 13, 2026



WEBINAR TOPIC:

HR 1 Implementation

Updates on CalFresh and Medi-Cal
including recent guidance



SPEAKERS



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Federal HHS Funding Freeze and Program Integrity

Federal HHS Funding Freeze:

- On January 6th, the Trump administration froze \$10 billion in federal funding impacting Temporary Assistance for Needy Families (TANF), the Child Care and Development Fund, and the Social Services Block Grant in the states of California, Colorado, Illinois, Minnesota, and New York.
- On Friday, January 9, a court granted a temporary restraining order which immediately prohibits the federal government from maintaining the freeze while the case moves forward.



Program Integrity: California holds itself to the highest standards of accountability and program integrity. We investigate and prosecute fraud to protect taxpayer dollars and ensure these critical programs serve the people they are intended to help. California will not allow these attacks to dismantle programs that are responsibly managed and successfully disrupting poverty across our state.

Gender Affirming Care

- **Proposed federal rules:** Would eliminate federal funding for youth GAC, exclude hospitals who provide this care from Medicare and Medicaid.
- **California's message:** Proposed rules do not carry the force of law, and California laws protecting transgender health care remain in full effect.
- **Declaration by Sec. Kennedy:** California joined lawsuit, HHS has agreed to take no action against providers pursuant to this declaration for 30 days or until motion for summary judgment decided.



Immigrant and Mixed-Status Household Access to the Safety Net

- **Proposed Public Charge Rule:** Would expand the types of public benefits that could bar immigrants from obtaining admission into the United States and/or adjust status to lawful permanent residence ("green card status"). The Proposed Rule seeks to eliminate longstanding clarity in policy and creates a chilling effect for immigrants and members of mixed-status households. Currently in the federal rulemaking process.
- **Federal Reinterpretation of Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA):** July 2025, the Federal Administration issued new interpretations of PRWORA to broadly define what is considered a "federal public benefit" and impose restrictions on immigrant access to benefits. California and other states sued and obtained a preliminary injunction of these policies.

CDC Updates Recommended Childhood Immunization Schedule



Following a [Presidential directive](#) to align U.S. recommendations with “peer nations” (such as Denmark), HHS and CDC [have announced](#) changes to the U.S. childhood immunization schedule.



This decision was not based on any new data on the safety and effectiveness of vaccines. The science behind immunization recommendations has not changed.



[The update](#) reduces the number of recommended vaccines. The remaining vaccines previously on the universal schedule have been moved to risk-based recommendations and/or shared clinical decision-making (SCDM).



The West Coast Health Alliance (WCHA) and CDPH continue to recommend immunization in alignment with the American Academy of Pediatrics (AAP) Recommended Child and Adolescent Immunization Schedule.

CDC Updates Recommended Childhood Immunization Schedule (cont.)

Key Takeaways. Despite this change, it is important to message these key points:

- **Access:** Families should still be able to access the full range of childhood immunizations as recommended by the [American Academy of Pediatrics](#) (AAP) and [American Academy of Family Physicians](#) (AAFP) to protect their children from serious diseases.
- **No Out-of-Pocket Cost:** All vaccines, including those moved to shared clinical decision-making, remain covered with no out-of-pocket cost by ACA-regulated private insurance plans, federal coverage programs such as Medicaid and the Vaccines for Children (VFC) program, as HHS affirmed in its announcement. Clinicians, hospitals, and states can continue to offer these vaccines at no out-of-pocket cost to patients.
- **Evidence:** The underlying scientific evidence remains unchanged and continues to support the full AAP and AAFP vaccination schedules for children.



HUD Continuum of Care (CoC) Funding

- In 2024, the 44 California CoCs collectively were awarded **over \$680 million** in funding from the federal Department of Housing and Urban Development (HUD).
- **90 percent** of this funding is intended to be used for different types of permanent housing projects
- In November, HUD published an updated notice that significantly reduced the amount of funds available for permanent housing from about **90% to a cap of 30%**, along with a number of other changes that would impact California CoCs.
- **Ongoing litigation:** California joined a number of other states in suing to reverse these federal actions and ensure funding flows to our CoCs. These changes are currently on hold pending conclusion of the litigation.

Rural Health Transformation

On 12/29/25, **California was awarded \$233.6 million** for Federal Fiscal Year 2026 through the federal Rural Health Transformation Program to support rural and frontier communities across the state.

The **California Rural Health Transformation Program** is a 5-year federal grant that will allow California to:



improve local access to comprehensive, evidence-based care;



strengthen and retain a homegrown rural workforce;



modernize technology, health information exchange, and cybersecurity;



improve financial stability of rural providers to keep essential services available;



reduce rural patient travel burden; and improve maternal and chronic disease outcomes through earlier detection and improved coordinated management.

Rural Health Transformation (cont.)



Through this funding, HCAI and its partners will begin implementing a shared vision of a connected and resilient rural health system where rural and frontier Californians can access timely, person-centered care closer to home. Ongoing stakeholder engagement will be critical with rural hospitals, clinics, tribal communities, and provider and consumer groups.



This investment advances HCAI's mission to expand equitable access to health care for all Californians by strengthening the health workforce for rural communities, helping rural facilities become more resilient, and leveraging actionable health data to improve rural health quality.

Enacted H.R.1 Reconciliation Legislation: Medi-Cal Impact Update

January 2026

Agenda

- » Overview of HR 1 Medicaid Provisions
- » Work and Community Engagement Requirements
- » Six Month Renewals
- » Immigrant Coverage
- » Governor's Budget Proposal

Major Medicaid Provisions of H.R.1

**Bottom Line: Up to 2 million Medi-Cal members may lose coverage;
Tens of billions in federal funding is at risk annually;
major disruption in Medi-Cal financing structure for safety nets.**

| Eligibility/Access Requirements | State Financing Restrictions | Immigrant Coverage Limitations | Abortion Providers Ban |
|---|--|---|---|
| <ul style="list-style-type: none">» Work requirements» 6-month eligibility checks» Retroactive coverage restrictions» Cost sharing | <ul style="list-style-type: none">» Managed Care Organization (MCO) and Provider Tax limitations» State Directed Payment (SDP) restrictions» Federal funding repayment penalties for eligibility-related improper payments | <ul style="list-style-type: none">» Reduction in FMAP* for emergency UIS**» Restrictions on lawful immigrant eligibility (increases UIS) <p>* <i>Federal Medical Assistance Percentage</i></p> <p>**<i>Unsatisfactory immigration status</i></p> | <ul style="list-style-type: none">» One-year ban on federal Medicaid funding for "prohibited entities" that provide abortion services |

All numbers are estimates and subject to change.

Effective Dates for Key Provisions

| | 2025 | | | | 2026 | | | | 2027 | | | | 2028 | | | | 2029 | | | |
|------------------------|--|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Eligibility and Access | <div><div></div><div><div></div> Work requirements</div><div><div></div> Copayments for expansion adults</div><div><div></div> Option to Delay</div><div><div></div> 6-month eligibility redetermination</div><div><div></div> Shorten Medicaid retroactive coverage</div></div> | | | | | | | | | | | | | | | | | | | |
| Payment and Financing | <div><div>Provider Taxes</div><div><div></div> Limits on provider taxes and rates</div><div><div></div> Ramp-down of provider tax cap</div><div><div></div> Potential Transition Period</div></div> | | | | | | | | | | | | | | | | | | | |
| | <div><div>SDPs</div><div><div></div> Cap new State Directed Payments (SDPs) above Medicare rate</div><div><div></div> Gradual reduction of SDPs above Medicare rate</div></div> | | | | | | | | | | | | | | | | | | | |
| | <div><div>Other</div><div><div></div> Abortion provider restrictions</div><div><div></div> CMS authority related to waiving improper payments eliminated</div></div> | | | | | | | | | | | | | | | | | | | |
| Immigrant Coverage | <div><div></div> Change to federal funding for emergency Medi-Cal services</div> <div><div></div> Ends federal funding for some noncitizens</div> | | | | | | | | | | | | | | | | | | | |

Effective Dates for Key Provisions: Eligibility and Access

| 2025 | | | | 2026 | | | | 2027 | | | | 2028 | | | | 2029 | | | |
|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|
| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |

- **JANUARY 1, 2027:**
Implement **mandatory work requirements** for Medicaid expansion adults ages 19 to 64.

🕒 *State option to delay implementation until December 31, 2028; California unlikely to obtain approval from HHS Secretary.*

- **JANUARY 1, 2027:**
Redetermine eligibility for expansion adults once every 6 months.
- **JANUARY 1, 2027:** Shorten Medicaid **retroactive coverage**; provide Children's Health Insurance Program (CHIP) retroactive coverage at state option.

- **OCTOBER 1, 2028:**
Impose **copayments** on most services for expansion adults with incomes above 100% of the federal poverty level (FPL).

Effective Dates for Key Provisions: Immigrant Coverage

| 2025 | | | | 2026 | | | | 2027 | | | | 2028 | | | | 2029 | | | |
|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|
| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |

- **OCTOBER 1, 2026:**
Federal Medical Assistance Percentage (FMAP) for emergency Medi-Cal will be reduced from 90% to 50%.
- **OCTOBER 1, 2026:**
Ends the availability of federal Medicaid and CHIP funding for **refugees, asylees, and certain other noncitizens.**

Implementation Guiding Principles

- » **Automate to Protect Coverage.** Maximize the use of data sources to confirm eligibility without burdening members. Reduce paperwork, streamline verifications, and safeguard coverage stability.
- » **Communicate with Clarity and Connection.** Implement an outreach and education campaign that is culturally relevant, linguistically accurate, and written in plain language to build trust and help members understand the changes.
- » **Simplify the Renewal Experience.** Modernize and streamline the Medi-Cal renewal process with a clearer, member-friendly form and six-month renewal steps that are easier to navigate.
- » **Educate and Train Those Who Serve Medi-Cal Members.** Deliver comprehensive training on all H.R. 1 provisions for county eligibility workers. Provide clear policy guidance, practical tools, and ongoing technical assistance so counties and DHCS Coverage Ambassadors can confidently support members.
- » **Provide Timely and Transparent Communication to Members.** Share information on H.R. 1 changes early on so members can build awareness, anticipate changes to their coverage, and have ample preparation time to meet new requirements.

Work and Community Engagement Requirements



Overview of Work and Community Engagement Requirements

Section 71119: Requires states to condition Medicaid eligibility on compliance with work rules (called "community engagement requirements") for adults ages 19 through 64. The provision applies to adult expansion enrollees under the Affordable Care Act (ACA), also called the "MAGI New Adult Group."

Effective Date: January 1, 2027

Impact:

An estimated **up to 233K Medi-Cal members will lose coverage by June 2027, 1 million by Jan 2028, and 1.4 million by June 2028**. This coverage loss will significantly drive up the uninsured rate and raise costs for hospitals and clinics treating uninsured patients.

Overview of Work and Community Engagement Requirements

- » **Requirement:** Individuals must complete one or more qualifying activities:
 - Have monthly income at least 80 times the federal hourly minimum wage (\$580) or employment of 80 hours/month (Seasonal work will be averaged over the last six months)
 - Community service of 80 hours/month
 - Enrolled at least half-time in an educational program
 - Participation in a work program of 80 hours/month
- » **Exemptions.** The law outlines mandatory and short-term hardship exemptions. Exemptions must be verified every 6 months.
- » **All County Welfare Director's Letter (ACWDL) [26-30](#): Work and Community Engagement Requirements for New Adult Group**
 - *Note: This is preliminary DHCS guidance that is subject to change as federal guidance evolves.*

Work and Community Engagement Requirements: Mandatory Exemptions (1 of 2)

H.R. 1 provides that “specifically excluded individuals” are not subject to work reporting requirements. At any point during a month, DHCS will exempt the following individuals from work reporting requirements.

Mandatory Exemptions (Eligibility Group Related)

- » Children under age 19
- » Individuals eligible for another mandatory eligibility group (e.g., non-Modified Adjusted Gross Income)
- » Foster youth
- » Former foster youth under age 26, who were in foster care on their 18th birthday
- » Parents and other caretaker relatives
- » Pregnant women and those entitled to postpartum coverage
- » Individuals receiving Supplemental Security Income
- » Individuals entitled to Medicare Part A or Part B

Work and Community Engagement Requirements: Mandatory Exemptions (2 of 2)

Mandatory Exemptions

- » American Indians and Alaska Natives (AI/AN)
- » Parents/caretaker relatives of a dependent child(ren) 13 years or younger
- » Parents/caretaker relatives of a disabled individual(s)
- » Veterans with a disability rated as total (section 1155 of Title 38, United States Code)
- » Medically frail individuals or those with special medical needs (as defined by the U.S. Health and Human Services Secretary)
- » Individuals meeting Temporary Assistance for Needy Families
- » Individuals not exempt from Supplemental Nutrition Assistance Program (SNAP) work reporting requirements
- » Individuals participating in a drug addiction or alcohol treatment program
- » Inmates of a public institution and recently released from incarceration within the past 90 days

Work and Community Engagement Requirements: Optional Temporary Exemptions

DHCS will also exempt individuals for a given month if, at any point during that month, they experience a “short-term hardship” exemption, including:

- » Living in a county impacted by a federally declared emergency or disaster.
- » Living in a county with a high unemployment rate (at or above the lesser of 8% or 150% of the national unemployment rate, which was 4.2% as of July 2025). Enrollees in approximately 22 counties (including Alpine, Colusa, Fresno, Glenn, Imperial, Kern, Kings, Madera, Merced, Sutter, and Tulare counties) could qualify for this exemption (approximately 15.6% of Medicaid expansion enrollees in California).¹
- » Receiving inpatient hospital care, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric care, or other services of similar acuity (including related outpatient care) determined by the U.S. HHS Secretary.*
- » Traveling for an extended period to access medically necessary care for a serious or complex medical condition that is not available in the individual/their dependent(s)’ community.*

1. KFF, [A Look at the Potential Impact of the High Unemployment Hardship Exemption to Medicaid Work Requirements](#), 2025

*Exemption only available if specifically requested by the individual.

Verification Hierarchy for Medicaid Work Reporting Requirements

- » The following slides outline a proposed stepwise process for verifying whether an individual is subject to work reporting requirements or qualifies for an exemption. The steps prioritize data sources that aim to minimize member burden and only request documentation from individuals when necessary.
- » On the next three slides, the bars narrow across steps to reflect that the population subject to work reporting becomes smaller as exemptions are identified and verified.

Verification Steps

| | |
|---|--|
| 1 | Assess if the individual meets an exemption based on being eligible for a non-expansion eligibility category or based on other eligibility information |
| 2 | Assess if the individual meets a hardship exemption that can be verified electronically |
| 3 | Identify individuals who meet exemptions using data sources or cross-system information data sharing |
| 4 | Conduct data verification to identify compliance with qualifying activities based on income and/or hours |
| 5 | Request information from the consumer to verify compliance with qualifying activities or an exemption |

Verification Steps (1 of 3)

1 Assess if the individual meets an exemption based on being eligible for a non-expansion eligibility category or based on other eligibility information

(*Note: All data below reflects August 2025 Medi-Cal enrollment numbers)

Identify Medicaid Expansion Adults/New Adult Group

Individuals aged 19 to 64

~4,633,636
Individuals

Identify eligibility group exemptions: Exempts individuals identified by aid code based on their eligibility category, including: children under 19; parents and other caretaker relatives; aged/blind/disabled non-Modified Adjusted Gross Income (MAGI) eligibility; pregnant and postpartum individuals; foster youth and former foster youth under age 26; those receiving Supplemental Security Income; and inmates.

**Already
exempted based
on aid code**

Identify individuals who can be coded as exempt based on their eligibility group plus a systems modification: Exempts individuals including parents/guardians/caregivers of dependent child age 13 and younger; individuals recently released from incarceration within the past 90 days.

~619,711
Individuals

Identify individuals who can be coded as exempt based on information provided on the application/renewal form: Exempts individuals including AI/AN; individuals entitled to or enrolled in Medicare Part A or Part B.

~14,385
Individuals

Verification Steps (2 of 3)

2 Assess if the individual meets a hardship exemption that can be verified electronically

Determine individuals who meet a short-term hardship exemption:

Exempts individuals living in a county impacted by a federally declared emergency or disaster; living in a county with high unemployment rate.

~373,389
Individuals

3 Identify individuals who meet exemptions using data sources or cross-system information data sharing

Determine if individuals meet other exemption criteria using new data sources or reports

Verifies that individuals:

- » Meet TANF work requirements;
- » Have a member of a household receiving SNAP or meets a SNAP exemption that is aligned with a Medicaid exemption;
- » Are parents or guardians of a disabled individual;
- » Are veterans with a disability rated as total by Veterans Affairs (VA);
- » Are medically frail; or
- » Are at least half-time enrolled in educational program

TBD
Individuals

Verification Steps (3 of 3)

4 Conduct data verification to identify compliance with qualifying activities based on income and/or hours.

Verify individuals complying with income/work hours qualifying activities:

Verifies individuals who have an income of at least \$580/month;
who have an average monthly income of \$580/month;
who work 80 hours/month.

~672,831
Individuals

~1,842,155 individuals determined exempt or income compliant via an automated source (Steps 1-4)

5 Request information from the consumer to verify compliance with qualifying activities or an exemption

Individuals unable to verify compliance with qualifying activities or receive an exemption using sources above

May vary by individual.

~2,791,481

Individuals who could not be determined
exempt or income compliant via an automated
data source

~1,395,741

assume 50% of 2,791,481 will disenroll due
to failure to return verifications/comply

Examples of State and Federal Data Sources For Verifying Compliance (Income or Hours)

| Compliance/Exemption Category | Potential Data Source | Status |
|--|---|--|
| Income of at least \$580/month and/or 80 hours of work | State Quarterly Wage Data and IRS Data | Currently in use |
| | Equifax Work Number (provides timely income data and hours of work) | DHCS will implement beginning with January 2027 applications and renewals. |
| | Gig Economy Data | California is assessing several options |
| Veteran with disability rated as total | Veteran Service History and Eligibility Application Programming Interface (API) | DHCS currently receives this data and will use for exemption purposes |

Examples of DHCS Data Sources for Identifying Eligibility Group and Medical Frailty Exemptions (1 of 2)

| Exemption Category | Potential Data Source | Current Status |
|--|--------------------------------|--|
| <ul style="list-style-type: none">• Child under 19• Pregnant or postpartum• Foster youth and former foster youth• Aged/disabled• Parents/caretaker relatives• Inmates or recently released from incarceration | Medi-Cal Eligibility Aid Codes | System to be configured to exempt individuals from work reporting requirements |

Examples of DHCS Data Sources for Identifying Eligibility Group and Medical Frailty Exemptions (2 of 2)

| Exemption Category | Potential Data Source | Current Status |
|--------------------|---|--|
| Medically Frail | All Claims and Encounters (e.g., submitted through PACES, CA-MMIS, Medi-Cal Rx) | <ul style="list-style-type: none">DHCS will exempt individuals who are eligible for certain programs (e.g., HCBS, PACE) and is currently evaluating ECM and Community Supports eligibility criteria to assess alignment with medical frailty designations.In addition, DHCS will be developing International Classification of Diseases (ICD)-10 and Current Procedural Terminology (CPT) Code list to identify diagnosis and utilization data that meet medical frailty definitions.DHCS is also exploring other potential data sources (e.g., MCP care management systems) for timely sources of exemption data. |
| | Short Doyle Medi-Cal System | DHCS will exempt any individual who has a claim in Short-Doyle |

Examples of Cross-State Data Sources for Identifying Compliance/Exemptions

| Compliance/Exemption Category | Data System | Status |
|---|--|--|
| Compliance with Temporary Assistance for Needy Families (TANF)/CalFresh Work Requirements | Department of Social Services (CDSS) | System to be configured to pull in CDSS data for identifying exemption |
| Part Time Education | California Student Aid Commission (CSAC) and University of California (UC) data/ California State University (CSU) data CA Department of Education (DOE) Lexus Nexus (National Student Clearinghouse) | Exploring potential for data matching |
| 80 hours of work program participation | Department of Rehabilitation | Exploring potential for data matching |

Six Month Renewals



Overview of Six-Month Eligibility Checks

Section 71107: Requires that as of January 1, 2027, states must conduct eligibility redeterminations for adult expansion enrollees under the Affordable Care Act (ACA), also called the "MAGI New Adult Group," once every six months instead of once every 12 months per current policy. Tribal members, pregnant members, and children are not subject to this requirement. This population is also subject to work and community engagement. The six-month redetermination process will largely mirror existing annual renewal processes for automated and manual ex parte efforts, verification requests, and other existing processes.

Effective Date: January 1, 2027

Impact:

An estimated **up to 289K Medi-Cal members may lose coverage by June 2026, and increasing to approximately 400K by 2029-30**, which will significantly drive up the uninsured rate and raise costs for hospitals and clinics treating uninsured patients.

Six-Month Eligibility Checks

- » Six-month renewal will follow the same process as the 12-month renewal, including ex parte, renewal timeline, and reminder notices.
- » Only the individuals on the case who are subject to a six-month renewal will be required to complete and return the renewal.
- » DHCS is updating and streamlining the MAGI renewal form to reduce member burden in completing the form.
- » Tribal members and individuals that are pregnant or 12 months postpartum are not subject to six-month eligibility checks, even when enrolled through the MAGI New Adult Group.
- » **All County Welfare Director's Letter (ACWDL) [26-31](#): Six-Month Renewals for New Adult Group Requirements**
 - *Note: This is preliminary DHCS guidance that is subject to change as federal guidance evolves.*

Immigrant Coverage



Immigrant Coverage

Section 71109: Ends the availability of full-scope federal Medicaid and CHIP funding for most refugees, asylees, victims of human trafficking, certain individuals whose deportation is being withheld or who were granted conditional entry, or individuals who received humanitarian parole, such as certain Afghans who aided U.S. operations in Afghanistan or people fleeing violence in the Ukrainian war.

Effective Date: October 1, 2026

Impact:

An estimated **up to 200,000 Medi-Cal members will no longer qualify for federal full-scope Medicaid**, which will significantly change the medical services these individuals can access. Per Governor's Budget 2026-27, this group will transition to restricted scope Medi-Cal.

Qualified Non-Citizens Definition Change

- » H.R. 1 changes the definition of a Qualified Non-Citizen for federal funding purposes to include **only** the following immigration statuses:
 - Lawful Permanent Resident (LPR).
 - Cuban or Haitian Entrants.
 - Migrants legally residing in the United States and its territories under the Compact of Free Association (COFA), such as citizens of Micronesia, the Marshall Islands, or Palau.
- » Per Governor's Budget 2026-27, individuals whose immigration status previously qualified them for federal full-scope Medi-Cal will be transitioned to restricted scope (emergency and pregnancy-related services only) effective October 1, 2026.

Qualified Non-Citizens Definition Change

- » Lawfully present immigration statuses affected by this change include:
 - Refugee status (T-Visa holders are treated as refugees)
 - Granted asylee status
 - Amerasian immigrants
 - Individuals granted withholding of deportation or removal
 - Conditional entrants granted before April 1980
 - Individuals paroled into the United States for one year or more
 - Battered non-citizens, or the parent or child of a battered non-citizen
 - Other immigration statuses no longer included in the revised definition
- » Lawfully present children under the age of 21 and lawfully present pregnant or postpartum individuals, if otherwise eligible, will continue to receive federally-funded full scope Medi-Cal.

Reduction in Federal Match for Emergency Services

Section 71112: Removes the enhanced federal match for emergency Medicaid services provided to undocumented individuals in the New Adult Group. States will receive the regular federal Medicaid match for emergency services.

General Fund Impact:

- » This change will result in additional General Fund impact of \$658 million in SFY 2026-27.

Effective Date: October 1, 2026

Governor's Budget Proposal



Budget Requests for HR 1 Implementation

- » Senate Bill 105 (Chapter 104, Statutes of 2025) provides preliminary resources and contracting dollars for DHCS' work on H.R. 1's eligibility provisions:
 - \$2.5 million (\$1.25 million General Fund) for technical assistance contracts to support policy development and system alignment for HR 1's eligibility provisions
 - 7.0 limited-term positions within the Medi-Cal Eligibility Division funded through June 30, 2026, to direct the initial policy development of HR 1's eligibility provisions
- » To continue the ongoing policy development work and initiate the required federal outreach efforts for HR 1's eligibility provisions, DHCS is requesting the following resources and contract dollars in Governor's Budget 2026-2027 through the Budget Change Proposal process:
 - \$17.5 million (\$8.75 million General Fund) for outreach and media to facilitate compliance on the required outreach requirements for community engagement
 - Extend 7.0 limited-term positions approved through SB 105 for four-years to continue the ongoing work related to HR 1's eligibility provisions.
- » The Department is working with counties to evaluate resource needs to support county implementation of the eligibility-related HR 1 provisions.
- » Overall, the January 10 budget includes \$1.1 billion General Fund in 2026-27 to support Medi-Cal costs associated with HR 1 policy changes.

Implementation Plan and Engagement

- » A H.R. 1 Implementation Plan will be released in late January to guide implementation of federal Medicaid eligibility changes in California.
- » Ongoing workgroups with counties, managed care plans, advocates, and community partners are shaping policy and streamlining operations to support implementation readiness.
- » Regular updates are being shared through stakeholder forums, workgroups, and established communication channels to keep partners informed and engaged.
- » Questions? E-mail DHCSGetInvolved@dhcs.ca.gov.

Thank you



The California Department of Social Services
**CalHHS Connect Webinar on
Federal Policy Changes**
January 12, 2026

CalFresh (SNAP) in California

CalFresh is largely regarded as one of the most effective tools to combat poverty and food insecurity.

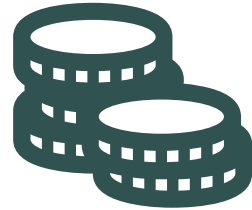
CalFresh serves **over 5.4 million low-income individuals** each month and **nearly 3.2 million households** across California (as of Oct 2025).

| | |
|--------------------------------------|---|
| Average monthly benefit | \$333 per household; \$194 per individual |
| Total 2025-26 Benefits Funding | \$13.2 billion Federal (no State or local funding) |
| Total 2025-26 Administrative Funding | \$3.1 billion total (\$1.6B Federal, \$1.1B State, \$412M Local) |

Additional economic impacts of CalFresh funding include benefits to agricultural sector, grocers, and retailers.

What You Need to Know

On July 4, 2025, President Trump signed H.R. 1 into law, which includes **significant changes to the Supplementation Nutrition Assistance Program (SNAP)**, known as CalFresh in California.



The bill is expected to **cut federal funding** for SNAP in California **by at least \$2.3 to \$5.1 billion annually**



Up to **578,000*** **households could lose benefits** (\$1.7 billion reduction)

Some Guiding Principles for Implementation



Mitigate Harm Whenever Possible



Continuously Improve



Use Evidence-Based Decision Making



Engage Transparently

REMINDER

Opportunities to Engage

All Partner H.R. 1 CalFresh Implementation Advisory Group to collaborate and advise CDSS on H.R. 1 implementation and strategies to improve accuracy

Objectives:



Establish a shared understanding of policy and of Payment Error Rate (PER) root causes



Share implementation updates



Advise on policy operationalization and accuracy efforts



Email HR1AdvisoryGroup@dss.ca.gov to join the advisory group

NEW GUIDANCE

Time Limit for Able Bodied Adults without Dependents (ABAWDs)



CalFresh Work Requirements

| Category | H.R. 1 – CalFresh Work Requirements |
|-------------------|---|
| Target Population | Adults ages 18-64 who are able-bodied and without dependent children under age 14 |
| Work Requirement | <p>Benefits limited to 3 months in a 36 months period, unless complying with the "work requirement" at 20 hours per week or 80 hours averaged monthly, or otherwise exempt.</p> <p>Qualifying activities:</p> <ul style="list-style-type: none">• Paid employment• Community service• Job training or work programs• Education• Workfare• Combination of any of the above |

CalFresh Work Requirements Exemptions

- **CHANGED in HR 1:** Age (over 18 and up to 64)
- Exempt from CalFresh work registration
- **CHANGED in HR 1:** Caring for a dependent child under age 14 (reduced from under 18)
- Pregnant
- Medically certified as physically or mentally unfit for work
- Participating in the Office of Refugee Resettlement (ORR) training program
- **NEW in HR 1:** Exemption for individuals who are Indians, urban Indians, California Indians, and other Indians who are eligible for the Indian Health Services
- **REMOVED by HR 1:** Exemptions for homeless individuals, veterans, and young adults who aged out of foster care at 24 or younger

Starting June 1, 2026

State Implementation Guidance

ACL 25-93 (December 31, 2025)

CalFresh Implementation Of House Of Representatives 1: Changes To Time Limit For Able-Bodied Adults Without Dependents Policy

- Counties that are not eligible for a waiver must implement the CalFresh time limit and work requirements for ABAWDs.
- Counties must screen for an exemption before applying the time limit or work requirements, including applying a "countable month."
- Counties must only require exemption screening for relevant household members at initial certification and recertification.
- Individuals who do not meet the criteria for an exemption will be subject to the work requirements and must engage in a qualifying activity to maintain benefits beyond three months.
- Individuals may voluntarily report changes that result in a new exemption anytime during the certification period.

NEW GUIDANCE

Noncitizen Eligibility



Categories of lawfully present noncitizens who are no longer eligible for CalFresh

- Asylees
- Refugees
- Parolees (unless they are CHEs)
- Individuals with deportation or removal withheld
- Conditional entrants
- Victims of trafficking
- Battered noncitizens
- Certain Afghan Nationals granted parole between July 31, 2021, and September 30, 2023
- Certain Ukrainian Nationals granted parole between February 24, 2022, and September 30, 2024

Starting April 1, 2026

State Implementation Guidance

ACL 25-92 (December 31, 2025)

CalFresh Implementation of House of Representatives 1: Changes to Noncitizen Eligibility Policy



At **application**, CWDs must deny CalFresh eligibility for household members who do not meet the updated noncitizen eligibility criteria



At **recertification**, CWDs must ask whether any noncitizen household members have experienced a change in immigration status (e.g., adjustment to Lawful Permanent Resident or other status) to determine whether they meet updated eligibility criteria.



A Notice of Action must be sent to a household informing them if any or all members were denied due to ineligible noncitizen status.

Additional guidance

- Any application received before April 1, 2026, must be processed under the pre-H.R. 1 criteria
- As they do today, counties must treat an ineligible noncitizen household member as an excluded household member
- Households are not required to report a change in immigration status during the certification period
 - For voluntary reports of a change in immigration status that would result in a decrease in a household's benefits, the county must issue a no-change notice
 - For voluntary reports of a change in immigration status that would result in an increase in a household's benefits, the county must act on the change



California Food Assistance Program (CFAP)

H.R. 1 does not impact CFAP noncitizen eligibility criteria, and state law governing CFAP eligibility has not changed.

What does this mean?

Lawfully present noncitizens who lose CalFresh eligibility due to H.R. 1 are not eligible for CFAP.

However, lawfully present noncitizens who lose CalFresh eligibility due to H.R. 1 may qualify for CFAP if they later adjust their status to a CFAP-qualifying status.

HR 1 implementation dates

CWDs must begin checking
for noncitizen status at
application and re-
certification

April 1, 2026

June 1, 2026

ABAWD time limit begins

NEW GUIDANCE

ACL 25-91 (December 30, 2025)

Trial Transition of CalFresh Federal Quality Control Active Case Reviews To CDSS

Beginning with the December 2025 sample month, **CDSS will conduct all federal SNAP QC active case reviews**—except those completed by Los Angeles County. This trial transition will continue through Federal Fiscal Year 2026.

CDSS will ensure that counties continue to have the information needed to strengthen operations and enhance accuracy.



REMINDER

ACLs are
posted on the
CDSS website



The screenshot shows a web browser interface with a dark blue header. The header contains a home icon and four navigation links: 'Letters/Regulations', 'Forms/Brochures', 'Fiscal/Financial', and 'Data Portal'. Below the header, there is a breadcrumb trail: 'Letters/Regulations | Letters and Notices | All County Letters'. The main content area has a title 'All County Letters - By Year' in orange. Below the title, a paragraph states: 'To subscribe to County Letters and Notices go to [Letters and Notices](#) webpage.' Below this paragraph is a bulleted list of four links: '2026 All County Letters', '2025 All County Letters', '2024 All County Letters', and '2023 All County Letters'.

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All County Letters - By Year

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