President Trump's "Big Beautiful" Bill

Millions of Californians to Lose Access to Health Care and Food

H.R. 1

» Passed by Senate on July 1, 2025

- 50 in support (All Republican members) – 50 opposed (All Democratic members and 3 Republican members) – Vice-President voted in support

» Passed by House on July 3, 2025

- 218 in support (All Republican members) – 214 opposed (All Democratic members and 2 Republican members)

» Signed by President Trump on July 4, 2025 (Enacted)

H.R. 1 – Impacts to CA

- Reduced access to **health care, reproductive care, and food**
- Reduced funding for the **health care infrastructure, nutrition education, and overall safety net.**
- **Populations of focus**: Low and Middle-Income Individuals and Families, Immigrants (including lawfully residing populations), Rural Communities, States

Major Impacts to Medi-Cal of Enacted H.R.1 Reconciliation Legislation

July 2025

CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

Overview

- » Major Medi-Cal Impacts of H.R.1
- » Eligibility/Access Requirements
- » State Financing Restrictions
- » Immigrant Coverage Limitations
- » Abortion Providers Ban

Major Medicaid Provisions of HR1

Bottom Line: Up to 3.4 million Medi-Cal members may lose coverage; $30+ billion in federal funding is at risk annually; major disruption Medi-Cal financing structure for safety nets

Eligibility/Access Requirements

- Work requirements
- 6-month eligibility checks
- Retroactive coverage restrictions
- Cost sharing

State Financing Restrictions

- MCO and Provider Tax limitations
- State Directed Payment restrictions
- Federal funding repayment penalties for eligibility-related improper payments

Immigrant Coverage Limitations

- Reduction in FMAP* for emergency UIS**
- Restrictions on lawful immigrant eligibility (increases UIS)

**Federal matching assistance percentage*
***Unsatisfactory immigration status*

Abortion Providers Ban

- 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

- Work requirements
  - *Option to Delay*
- **Copayments** for expansion adults
- 6-month eligibility redetermination
- Shorten Medicaid retroactive coverage

Payment and Financing

Provider Taxes

- Limits on provider taxes and rates
  - *Potential Transition Period*
- Ramp-down of provider tax cap

SDPs

- Cap new State Directed Payments (SDPs) above Medicare rate
- Gradual reduction of SDPs above Medicare rate

Other

- Abortion provider restrictions
  - *14-day TRO*
- CMS authority related to waiving improper payments eliminated

Immigrant Coverage

- Change to federal funding for emergency Medi-Cal services
- Ends federal funding for some noncitizens

Q1: Jan–Mar **Q2:** Apr–Jun **Q3:** Jul–Sept **Q4:** Oct–Dec

Effective Dates for Key Provision 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**, with HHS Secretary approval.*

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.

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

Q1: Jan–Mar **Q2:** Apr–Jun; **Q3:** Jul–Sept **Q4:** Oct–Dec

Effective Dates for Key Provision Payment and Financing (*Provider Taxes)*

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

JULY 4, 2025:

1. Prohibits implementation of any new Medicaid provider taxes and increasing existing tax rates.
2. Prohibits any tax that imposes a lower tax rate on providers explicitly defined based on their lower Medicaid volumes compared to providers with higher Medicaid volumes, or taxes Medicaid units of service at a higher rate than non-Medicaid units of service (as well as taxes that have the same effect) – impacts Managed Care Organization (MCO) tax and Hospital Quality Assurance Fee (HQAF).

OCTOBER 1, 2027:
Ramp-down of **provider tax** cap begins, with the 6% tax threshold reduced by half a percentage point per year until the threshold hits 3.5% in 2032.

CMS may allow for a transition period of up to ***3 years***

Q1: Jan–Mar **Q2:** Apr–Jun **Q3:** Jul–Sept **Q4:** Oct–Dec

Effective Dates for Key Provision Payment and Financing (*SDPs and Other)*

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

JULY 4, 2025:
Caps any future State-Directed Payments **(SDPs)** at 100% of Medicare payment levels.

JANUARY 1, 2028:
Requires states with existing **SDPs** above Medicare rates to reduce payments by 10 percentage points per year until they are no greater than 100% of Medicare.

JULY 4, 2025– July 4, 2026:
Bars Medicaid participation by certain **providers of abortion services.**

14-day Temporary Restraining Order (TRO)

OCTOBER 1, 2029:
Eliminates CMS authority to waive states' disallowance of federal funds associated with "excess" improper payments.

Q1: Jan–Mar **Q2:** Apr–Jun; **Q3:** Jul–Sept **Q4:** Oct–Dec

Effective Dates for Key Provision 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:**
  Provides regular **Federal Medical Assistance Percentage (FMAP) for emergency Medi-Cal.**
- **OCTOBER 1, 2026:**
  Ends the availability of federal Medicaid and CHIP funding for **refugees, asylees, and certain other noncitizens.**

Q1: Jan–Mar **Q2:** Apr–Jun; **Q3:** Jul–Sept **Q4:** Oct–Dec

Eligibility/Access Requirements

Eligibility: Work Requirements

Section 71119: Requires states to condition Medicaid eligibility on compliance with work requirements (called "community engagement requirements") for adults ages 19 through 64. The provision applies to individuals enrolled through Medicaid expansion or a section 1115 demonstration providing minimum essential coverage.

<u>Exemptions must be verified every 6 months</u>
Parents, guardians, caretaker relatives, or family caregivers of a dependent child age 13 and under or a disabled individual; medically frail individuals; pregnant/receiving Medicaid postpartum coverage; foster/former foster youth under age 26; American Indian and Alaska Native individuals; veterans with a disability rated as total; incarcerated or recently released within 90 days, Medicare Part A/Part B; meet Temporary Assistance for Needy Family or Supplemental Nutrition Assistance Program work requirements; drug addition/alcohol treatment program

Effective Date: January 1, 2027

Impact: An estimated up to 3 million Medi-Cal members may lose coverage, which will significantly drive up the uninsured rate and raise costs for hospitals and clinics treating uninsured patients.

All numbers are estimates and subject to change.

Eligibility: 6-Month Eligibility Checks

Section 71107: Requires states to redetermine eligibility for adults enrolled through Medicaid expansion or an expansion-like section 1115 waiver once every six months.

Effective Date: January 1, 2027

Impact:

- An estimated 400,000 Medi-Cal members may lose coverage, which will drive up the uninsured rate and raise costs for hospitals and clinics treating uninsured patients.

All numbers are estimates and subject to change.

Eligibility: Retroactive Coverage

Section 71112: Shortens Medicaid retroactive coverage from three months to one month for expansion adults and two months for all other Medicaid applicants. This provision also allows states to provide two months of CHIP retroactive coverage. (Currently, CHIP does not have retroactive coverage, and services may only be paid in the month of the application.)

Effective Date: January 1, 2027

Impact:
- An estimated 86,000 Medi-Cal members/year would be affected by this policy and receive 1 month of retroactive coverage, rather than 3 months.

All numbers are estimates and subject to change.

Eligibility: Cost Sharing

Section 71120: Requires states to impose cost sharing for services provided to Medicaid expansion adults with incomes above 100% of the FPL ($15,560 per year). States would decide the amount, not exceed $35 per service and subject to an aggregate limit of 5% of family income.* Cost sharing must not apply to exemptions under current law or to primary care services, behavioral health services, federally qualified health center services, rural health clinic services, and certified community behavioral health clinic services.

Effective Date: October 1, 2028

Impact:

- The cost sharing requirement will limit access (e.g., due to members delaying or forgoing care, confusion about new requirements) among the Medicaid expansion population.
- Providers will likely see an increase in uncompensated care.

*Note: For drugs, cost sharing must be $4 (preferred) and $8 (non-preferred); for non-emergent services received in the hospital emergency department, cost sharing must be no more than $8. (This is as of 2015 and adjusted for inflation over time.)

All numbers are estimates and subject to change.

State Financing Restrictions

Provider Tax Limitations

Section 71115 and 71117:

- Prohibits any new Medicaid provider tax or increases to existing tax rates (for both local- and state-imposed taxes).
- Prohibits any tax that either (1) imposes a lower tax rate on providers explicitly defined based on their lower Medicaid volumes compared to those providers with higher Medicaid volumes, or (2) taxes Medicaid units of service (e.g., discharges, bed days, revenue, or member months) at a higher rate than non-Medicaid units of service. Also prohibits taxes that have the "same effect" as in (1) or (2) above.
- Modifies the provider tax cap whereby the 6% tax threshold must be reduced by half a percentage point per year until the threshold hits 3.5%.

Effective Date: Moratorium effective immediately; phase-down beginning October 1, 2027.

Impact:

- CA's current MCO tax structure is non-compliant under these new parameters and will need to be modified to align with the new federal standards (though it may be challenging to do so without decreasing the revenue from the tax).
- The new constraints jeopardize other major provider taxes, including the Hospital Quality Assurance Fee, threatening revenue streams.
- Going forward, these limitations may undermine CA longstanding strategy to finance the non-federal share of Medi-Cal.

State Directed Payment Restrictions

Section 71116: Caps any future SDPs at 100% of Medicare payment levels. Requires payments with existing SDPs above Medicare rates to be reduced by 10 percentage points per year until the SDPs are no greater than 100% of Medicare payment levels.

Effective Date: Immediately for new SDPs; reduction in existing SDPs starting January 1, 2028

Impact:

- Limits CA's ability to use SDPs to increase provider payment rates above Medicare levels, which may reduce provider participation and access in Medicaid.
- Constrains CA's ability to raise the non-federal share of Medicaid funding, potentially pressuring other areas of the budget.
- Limits future SDP increases, including for public hospitals and private hospitals, all of which have inpatient and/or outpatient rates exceeding Medicare.

Mitigation: Rural Health Transformation Fund

Section 71401: Establishes $50 billion funding program to mitigate federal funding cuts on rural health providers.

Funding Disbursement: CMS will allocate $10 billion each FY for FY 2026-2030.

Funding Distribution:

- 50% distributed equally across states with approved applications
- 50% distributed to states per CMS discretion, pursuant to specific rural impact factors (e.g. state's % of rural residents; share of rural health facilities in the state compared to nationwide), with at least 25% of states with an approved application included.

Allowable Uses: CMS and states have flexibility to decide (1) allowable uses, and (2) eligible recipients (<u>recipients and benefitting providers are not limited to rural health care facilities used in the funding distribution criteria</u>). States must implement at least three activities specified (e.g., prevention and disease management; training and technical assistance; recruitment; etc.).

Limitations: Cannot be used as non-federal share of Medicaid payments. Admin cap 10%.

Next Steps:

- State to submit application (including a detailed rural health transformation plan) by TBD deadline, no later than December 31, 2025.
- CMS required to approve by December 31, 2025.

All numbers are estimates and subject to change.

Federal Funding Repayment Penalties

Section 71106: Except in limited cases involving the Medicaid “spend down” group and when there is insufficient documentation to confirm eligibility, the law eliminates CMS’ ability to waive federal penalties associated with improper payments related to eligibility even when states are making a good faith effort to address them. CMS is also required to issue disallowances upon identifying improper payments under federal audits beyond Payment Error Rate Measurement (PERM), as well as, at the option of the Secretary, state audits.

Effective Date: October 1, 2029

Impact:

- CMS may claw back federal funds from CA, even if the state is implementing a corrective action plan to reduce errors, increasing financial risk.

Immigrant Coverage Limitations

Reduction in FMAP for Emergency Medi-Cal

Section 71110: Prohibits states from receiving the 90% enhanced matching rate for emergency services provided to individuals who, but for their immigration status, would have qualified for the ACA optional adult expansion group. Also applies to emergency care provided to refugees, asylees, and other lawfully residing individuals.

Effective Date: October 1, 2026

Impact:

- CA will lose the 90% federal match for emergency Medicaid services, requiring increased General Fund spending and/or a rollback of services covered under the emergency Medicaid benefit.
- May increase financial pressure on safety-net providers, particularly hospitals that deliver high volumes of emergency care to noncitizens.

All numbers are estimates and subject to change.

Restrictions on Lawful Immigrant Eligibility for Medi-Cal

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:

- Approximately 200,000 immigrant Medi-Cal members will shift from satisfactory immigration status (SIS), which is eligible for full Federal Financial Participation (FFP), to unsatisfactory immigration status (UIS), which is only eligible for emergency and pregnancy-related FFP – at the newly reduced rates noted in prior slide.

All numbers are estimates and subject to change.

Abortion Providers Ban

One-year Ban on Federal Funding for “Prohibited Entities” that Provide Abortion Services

Section 71113: Bars Medicaid participation by certain providers of abortion services, including Planned Parenthood, for the one-year period following enactment (through July 2026).

Effective Date: Effective immediately.
***Note:* On July 7, a federal judge in Boston issued a temporary restraining order that blocks the Trump Administration from implementing this provision nationwide for 14 days.

Impact:
- In CA, roughly 80% of Planned Parenthood patients rely on Medi-Cal, meaning this proposal would effectively strip $305 million in federal funding from one of the state’s largest providers of reproductive health care.
- Loss of federal Medicaid funding may force Planned Parenthood to reduce services, limit appointments, or close centers—particularly in underserved areas.

All numbers are estimates and subject to change.

Marketplace Impacts of H.R. 1 and Enhanced Premium Tax Credit Expiration

Jessica Altman, Executive Director, Covered California

MAJOR MARKETPLACE IMPACTS OF H.R. 1

Bottom Line: As many as 660,00 Covered California enrollees could go uninsured, all Covered California enrollees will see significantly higher costs, and there will be burdensome new red tape making it harder for Californians to get and stay covered.

Limiting Enrollment Opportunities and Imposing New Administrative Requirements

- Imposing pre-enrollment verification and ending automatic re-enrollment
- Eliminating income-based Special Enrollment Period

Restricting Eligibility for Immigrant Groups

- Limiting premium tax credit eligibility to certain immigrant groups
- Ending premium tax credit for low-income lawfully present immigrants

Affordability and Coverage Changes

- Removing caps on repayment of excess Advance Premium Tax Credit
- Denying Advance Premium Tax Credit to consumers who lose Medi-Cal due to work requirements
- Does NOT extend the Marketplace Enhanced Premium Tax Credits.

LIMITING ENROLLMENT OPPORTUNITIES AND IMPOSING NEW ADMINISTRATIVE REQUIREMENTS

- **Imposes Pre-Enrollment Verification and Ends Automatic Re-enrollment**: Bars automatic re-enrollment and imposes new pre-enrollment verification requirements on most enrollees. Marketplaces must verify an individual's eligibility before granting subsidies, and individuals cannot receive APTC during the inconsistency period. This replaces previous law allowing passive renewals and subsidies during inconsistency periods. Effective 2028.

- **Eliminates Income-based SEP**: Prohibits PTCs for consumers who enroll using SEPs based solely on income thresholds. Effective 2026.

RESTRICTING ELIGIBILITY FOR IMMIGRANT GROUPS

- **Restricts PTC Eligibility to Limited Immigrant Groups**: Limits PTC eligibility to “eligible aliens” (only lawful permanent residents, Cuban and Haitian entrants, and Compact of Free Association (COFA) migrants). Approximately 40 additional categories of immigrants are currently eligible for PTC and will lose financial assistance. Effective 2027.
- **Ends PTC Eligibility for Low-Income Lawfully Present Immigrants**: Prohibits PTCs for lawfully present individuals who are ineligible for Medicaid due to immigration status with household incomes below 100 percent FPL. Previous law allowed PTCs for this population. Effective 2026.

AFFORDABILITY AND COVERAGE CHANGES

- **Removes Caps on Repayment of Excess APTC**: Eliminates income-based caps on repayment of excess APTC. Consumers who receive excess subsidies will now be required to repay the full amount, regardless of their income. Previous law capped repayments based on income level. Effective 2026.

- **Denies APTC to Individuals Who Lose Medi-Cal Due to Work Requirements**: Deems consumers ineligible for APTC if the consumer would have been eligible for Medi-Cal but did not meet the work requirement. Effective 2027.

- **Fails to extend the Enhanced Premium Tax Credits:** Absent Congressional action, these enhanced tax credits will expire at the end of the year and significantly reduce the affordability of Marketplace coverage.

Note: H.R. 1 also includes some changes to which Marketplace plans are eligible for HSA funding (bronze and catastrophic plans), which services can be covered pre-deductible in these plans (telehealth), and purposes for which HSA funds can be used (direct primary care).

NOT INCLUDED IN H.R. 1: ENHANCED PREMIUM TAX CREDIT EXTENTION

FEDERAL ENHANCED PREMIUM TAX CREDITS SCHEDULED TO EXPIRE AT THE END OF 2025

The American Rescue Plan and the Inflation Reduction Act provide enhanced federal premium tax credits that dramatically increased affordability for Marketplace consumers by:

- ❑ **Increasing the amount of premium assistance** for all consumers eligible to receive APTC
- ❑ Providing **two free Silver plan options** for consumers with incomes below 150% FPL
- ❑ **Eliminating the "subsidy cliff"** for middle-income consumers above 400% FPL who were previously ineligible for APTCs

Congress could have, but did not, include this extension in H.R.1. Unless Congress takes action in the coming weeks, they will expire on December 31, 2025. Covered California enrollees will face an average 66% increase in their monthly premium costs, and an estimated 400,000 will their coverage altogether beginning in 2026 from this policy alone.

Covered California has released detailed data documenting the impact of the expiration of Inflation Reduction Act subsidies to consumers, and a series of briefs describing impacts on a statewide basis and for specific populations.

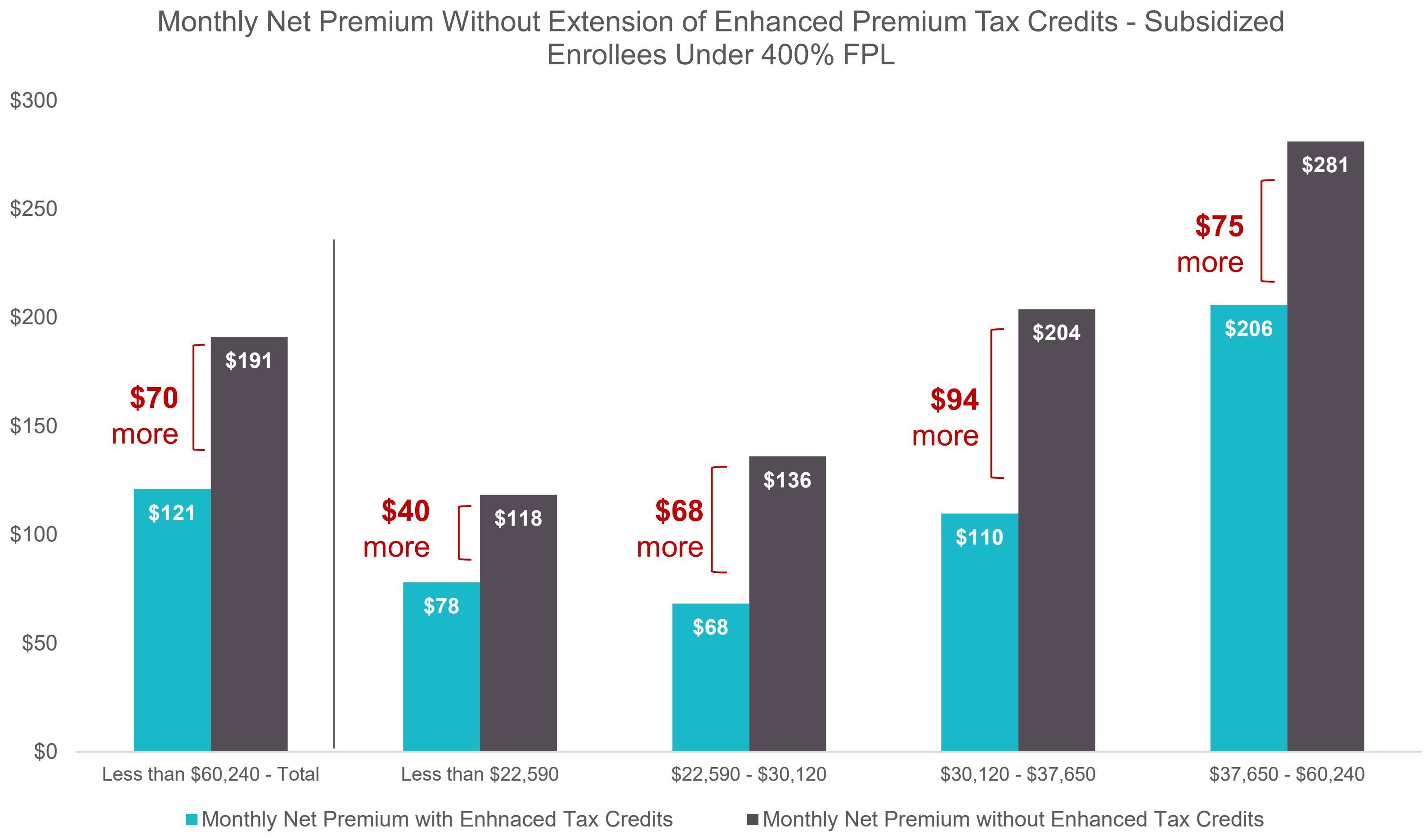
THE ENHANCED PREMIUM TAX CREDIT PROVIDES AN ADDITIONAL $2 BILLION IN ANNUAL PREMIUM SAVINGS

- In 2025, Californians are estimated to receive as much as $11 billion in premium tax credit savings.
- The enhanced premium tax credit will account for more than $2 billion of the total savings.
- This translates to an average $101 per month in additional premium savings for Marketplace enrollees.

Enrollee Income (by Federal Poverty Level)	Number of Enrollees	Annual Value of Enhanced Premium Tax Credit
0-150% FPL	264,880	$125 million
150-200% FPL	531,460	$424 million
200-250% FPL	278,590	$308 million
250-400% FPL	500,780	$440 million
>400% FPL	173,460	$795 million
Total	**1,749,550**	**$2.1 billion**

PREMIUMS WILL INCREASE IF THE ENHANCED PREMIUM TAX CREDIT EXPIRES

- Consumers with incomes less than 400% FPL ($60,240 for an individual), could see, on average, a $70 monthly increase in net premiums without the enhanced premium tax credit.
- Some consumers, who earn between $22,590 and $30,120 annually, could see their premium costs double from $68 to $136 per month.

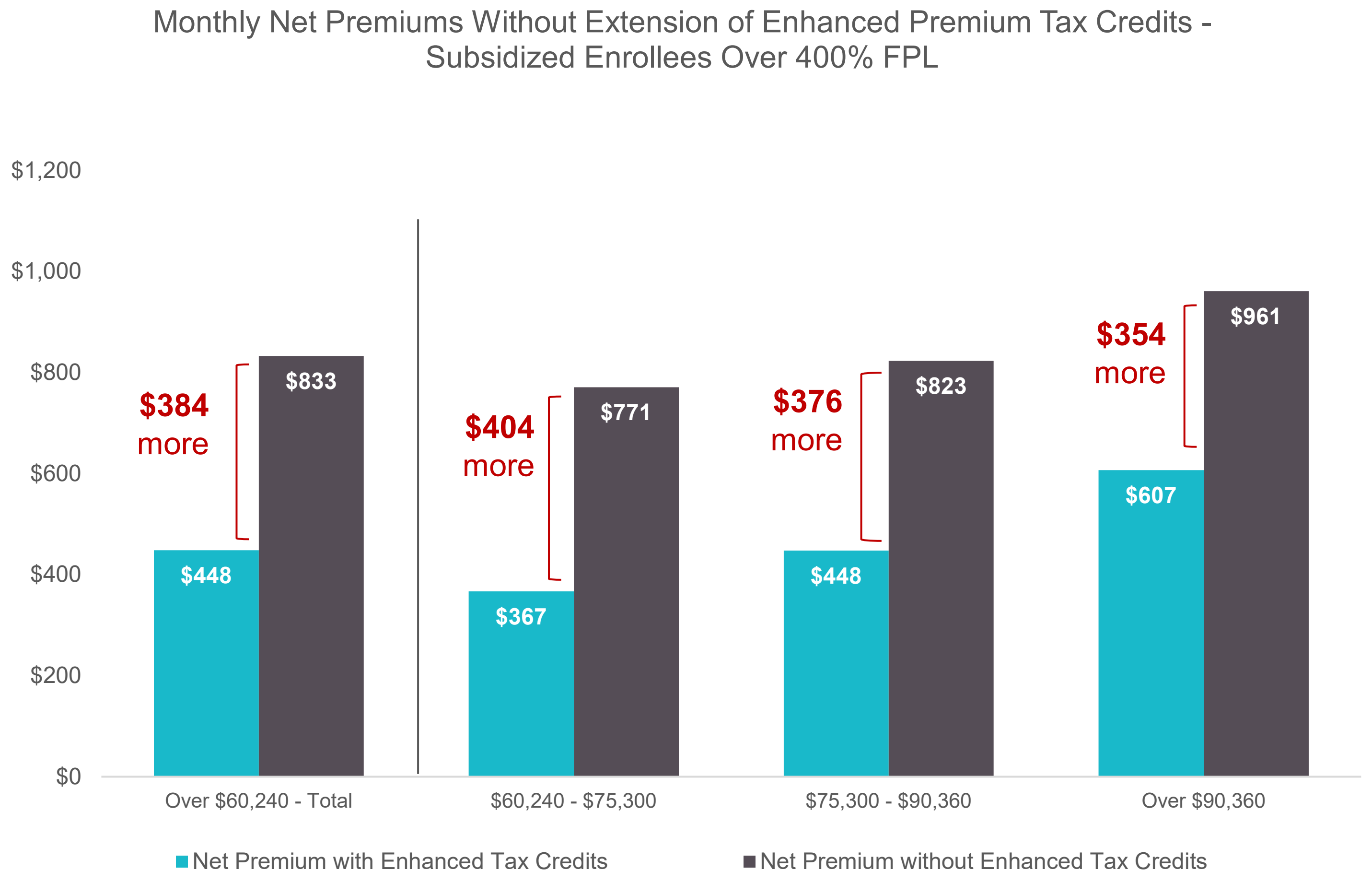


COVERED CALIFORNIA

Source: Snapshot of January 2025 Covered California among individuals receiving monthly APTC. Income levels reflect plan year 2025 FPL for an individual.

PREMIUMS WILL INCREASE IF ENHANCED PREMIUM TAX CREDIT EXPIRES

- Without the extension of enhanced premium tax credit, middle income consumers will have to pay the full premium cost to retain coverage.
- More than 170,000 middle income Californians save an average of $384 per month in premium costs due to the enhanced premium tax credit.



COVERED CALIFORNIA

Source: Snapshot of January 2025 Covered California among individuals receiving monthly APTC. Income levels reflect plan year 2025 FPL for an individual.

California Department of Social Services

House Resolution (H.R. 1)

Overview of CalFresh Impacts

as of July 16, 2025

CDSS

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.

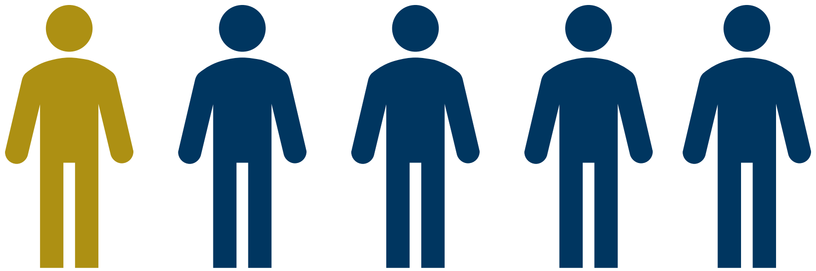
The bill is expected to **cut federal funding** for SNAP in California **by at least $1.7 to $3.7 billion annually**

Up to **395,000* people could lose benefits** ($827 million reduction)

CDSS

*** Impact estimates based on what we know today, this number is subject to change.***

CalFresh (SNAP) in California



Approximately **1 in 5 Californians** face food insecurity

CalFresh (SNAP) in California continued

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

CalFresh serves **over 5.5 million low-income individuals** each month and **nearly 3.3 million households** across California (as of May 2025).

Average monthly benefit	**$333 per household; $194 per individual**
Total 2025-26 Benefits Funding	**$13.3 billion Federal (no State or local funding)**
Total 2025-26 Administrative Funding	**$2.7 billion total ($1.4B Federal, $1B State, $300M Local)**

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

H.R. 1 Impacts to CalFresh

Total reduction of at least $1.7 to $3.7 billion in federal funds annually

Including estimated $827 million **reductions in benefits** due to**:**

- 303,000 **Able Bodied Adults Without Dependents** at risk of losing benefits if unable to comply with work requirements
- 74,000 **non-citizens** who will lose eligibility
- 18,000 individuals losing eligibility for the **Standard Utility Allowance** and 444,000 seeing a reduction in benefits
- 43,000 individuals in households of 9 or more with reduced benefits due to new benefit caps based on value of the **Thrifty Food Plan**

CDSS

****Impact estimates based on what we know today, this number is subject to change.***

H.R. 1 Impacts to CalFresh continued

Cost Sharing Shifts to State & Counties

- Benefit cost sharing for the State estimated at up to $2 billion per year
- State administrative cost increase estimated at $685 million ($474 million General Fund and $211 million county)

Nutrition Education Funding

- Loss of $178 million in annual federal funds (effective October 1, 2025)

Federal Matching Funds for Outreach

- Loss of approximately $15 million in federal reimbursement (effective October 1, 2026)

CDSS

Timeline of Changes to CalFresh

Note: This is subject to change

Upon Enactment

Implementation dates are pending federal guidance

- Modification of ABAWD Work Requirements
- Noncitizen Eligibility for CalFresh Changes
- Limitation of Standard Utility Allowances
- Restrictions on Internet Expenses

October 1, 2025

- Benefit Amounts Capped for Households with 9+ Members.
- SNAP-Ed Program Repealed

October 1, 2026

- Administrative Cost Sharing

October 1, 2027

- Benefit Cost Sharing
- Thrifty Food Plan Re-evaluation

CDSS

Provisions Effective in 2025

CDSS

Modifications to Able-Bodied Adults Without Dependents Work Requirements

Effective Upon Enactment
(implementation date is pending federal guidance)

Prior to H.R. 1:

An Able-Bodied Adult Without Dependents (ABAWD) was a person between the ages of 18-54, who could work, and did not have children under the age of 18 in their CalFresh household.

What has changed:

- ABAWD age expanded to also include ages 55-64.
- Age of dependent child lowered to under 14 for exception.
- Immediately eliminates exemptions for people experiencing homelessness, adults under age 24 who were in foster care on their 18th birthday, and veterans.
- Adds an exemption for Native Americans and those who are eligible for Indian Health Services.
- Removes the allowance for waivers based on lack of sufficient jobs (still permissible for areas with unemployment rate > 10%)

Impacts:

An estimated **303,000*** individuals are at risk of losing eligibility

The equates to a loss of up to **$499.1 million** federal funding annually

**Impact estimate based on what we know today, this number is subject to change*

Noncitizen Eligibility for CalFresh

Effective Upon Enactment (implementation date is pending federal guidance)

Prior to H.R. 1:

SNAP benefits available to certain lawfully present noncitizens, such as asylees, refugees, parolees, battered noncitizens, trafficking victims, and others.

What has changed:

Noncitizen eligibility limited to:

- Lawfully Permanent Residents (LPR)
- Cuban or Haitian Entrants
- Individuals who reside in the U.S. in accordance with a Compact of Free Association (COFA) agreement.

Impacts:

An estimated **73,900*** noncitizens will lose eligibility

This equates to a loss of **$133 million** federal funding annually

**Impact estimate based on what we know today, this number is subject to change*

Limitation of Standard Utility Allowances Based on Receipt of Energy Assistance

Effective Upon Enactment
(implementation date is pending federal guidance)

Prior to H.R. 1:

California provided an annual $20.01 Low Income Home Energy Assistance Program (LIHEAP) payment, known as the Standard Utility Allowance Subsidy (SUAS), to ensure that all CalFresh households can claim the Standard Utility Allowance (SUA).

What has changed:

Limits the automatic application of the SUA based on receipt of a LIHEAP payment to households with elderly or disabled members.

Impacts:

An estimated **185,000** CalFresh households (444,000 individuals) will see their benefit reduced

An estimated **15,000 households*** (18,000 individuals) will lose eligibility

This equates to a loss of **$183 million** federal funding annually

Impact estimate based on what we know today, this number is subject to change

Restrictions on Internet Expenses

Effective Upon Enactment
(implementation date is pending federal guidance)

Prior to H.R. 1:

- FNS published a Final Rule expanding allowable shelter expenses to include basic internet costs when calculating the Standard Utility Allowance (SUA).
- States were required to ensure compliance by FFY 2026.

What has changed:

- The cost of basic internet expenses is excluded when determining the SUA.

Impacts:

No change to current calculations since the Final Rule was not yet implemented. However, as a result, previously anticipated benefit increases will not occur.

Re-Evaluation of the Thrifty Food Plan

Effective October 1, 2025

Prior to H.R. 1:

The Thrifty Food Plan (TFP) is used to determine the maximum SNAP benefit allotments by household size.

What has changed:

- The benefit allotments for households with 9+ members are capped. The cap is equivalent to 200% of the TFP for a household of four.
- The next re-evaluation of the TFP is delayed 1 year to October 1, 2027.
- Adjustments to the TFP must be cost neutral.

Impacts:

Limits increases in benefits due to change in dietary guideline or rising food costs

An estimated **43,000** individuals (in 9+ person households) affected

The household changes equate to an estimated annual loss of **$11.6 million** in federal funding

CDSS

Repeal of the National Education and Obesity Prevention Grant Program

Effective October 1, 2025

Prior to H.R. 1:

CDSS provides administrative oversight of the SNAP Nutrition Education and Obesity Prevention Grant Program, known as SNAP-Ed federally and as CalFresh Healthy Living in California.

What has changed:

- Federal funding for the CalFresh Healthy Living (CFHL) program will sunset at the end of FFY 2025.

Impacts:

This equates to an estimated federal loss of **$178 million** annually

Millions of Californians no longer reached annually through nutrition education.

Provisions Effective in 2026 or 2027

Administrative Cost Sharing

Effective October 1, 2026

Prior to H.R. 1:

- Administrative costs evenly split between the federal (50%) and state (50%) government.
- Under State statute, the state share is split between the State (70%) and counties (30%).

What Is Changing:

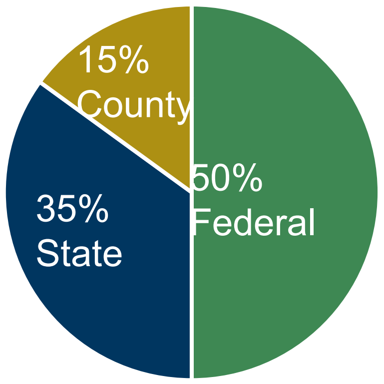
- Starting in FFY 2027, the federal share will lower to 25% and state share will increase to 75%.
- The state share split between the State (70%) and counties (30%) does not change.

Estimated Impacts:

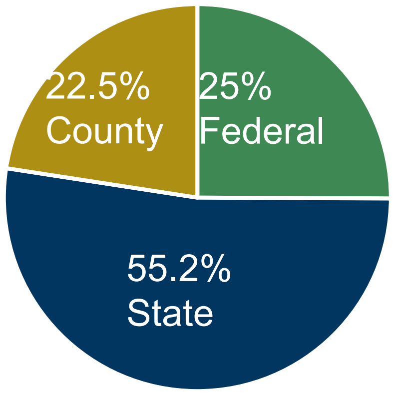
$685.2 million additional costs to CA

- **$474.2** million General Fund
- **$211** million County Funds

Current total cost sharing



FFY 27+ total cost sharing



CDSS

Administrative Cost Sharing: CalFresh Outreach Impacts

Effective October 1, 2026

Prior to H.R. 1:

- Federal Fiscal Year (FFY) 2026 had approximately $60 million total budget for CalFresh Outreach.
- $30 million was expected in 50% federal reimbursement; most of which was passed on to local partners.

What Is Changing:

- Federal reimbursement reduced to 25%

Estimated Impact:

This equates to an estimated annual loss of **$15 million federal funds**

Less overall statewide outreach

CDSS

Funding Match Requirements Based on Payment Error Rates

Effective October 1, 2027

Prior to H.R. 1:

- SNAP benefits are 100% federally funded.

What Is Changing:

- State agencies must pay a percentage of CalFresh benefit allotments on a sliding scale if they have a Payment Error Rate (PER) above 6.00%.

For FFY 2028

States can choose between using their PER in FFY 2025 or FFY 2026 to calculate their match percentage

From FFY 2029 on

States PER from three years prior determines their match rate

CDSS

Funding Match Requirements Based on Payment Error Rates

Effective October 1, 2027

Estimated Impact:

Payment Error Rates	Impact to State's Share	Estimated Cost to CA
<6%	100% federally covered	$0
6-8%	State pays 5%	$700 Million
8-10%	State pays 10%	$1.3 Billion
>10%	State pays 15%	$2 Billion

Starting in FFY 2029, the error rate from 3 years prior determines match rate.

These estimated costs are based on current year benefit amounts.

Funding Match Requirements Based on Payment Error Rates

Delayed Implementation Trigger

For FY 2025

If the state's PER x 1.5 is = or > 20%, implementation is FFY 2029 (instead of FFY 2028)

For FY 2026

If the state's PER x 1.5 is = or > 20%, implementation is FFY 2030 (instead of FFY 2028)

Next Steps

CalHHS
California Health & Human Services Agency

THANK YOU

chhs.ca.gov