IMPLEMENTATION PLAN FOR NEW FEDERAL ELIGIBILITY AND ENROLLMENT CHANGES UNDER H.R.1

January 29, 2026

DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

Contents

Background and Overview

H.R.1 establishes significant new eligibility and enrollment changes to the Medicaid program, including requirements that change eligibility criteria for which individuals are eligible and new parameters for how to enroll in and maintain coverage.[1] These changes will significantly affect California's Medi-Cal program and require proactive outreach with members and community partners in order to support eligible members to enroll in and maintain their coverage. These new changes are expected to impact up to two million Medi-Cal members. This implementation plan outlines the California Department of Health Care Services' (DHCS) approach to mitigating the impact on members and minimizing coverage loss to the greatest extent possible. This document will be updated accordingly throughout the implementation process.

Key Medi-Cal Eligibility Changes Under H.R.1

The following summarizes the new federal changes and their effective dates as required under the federal law.

- **Streamlining Eligibility and Enrollment Final Rules Moratorium *(Effective July 4, 2025)*:** Pauses implementation and enforcement of some provisions in eligibility and enrollment federal rules that were focused on further improving noticing and processing timeframes at application and renewal and streamlining eligibility processes for the Aged and Disabled eligibility groups.[2]
- **Restricting Federal Funding for Certain Qualified Non-Citizens *(Effective October 1, 2026)*:** Changes who counts as a "qualified" immigrant for federally funded Medi-Cal. Individuals who are not considered qualified immigrants for Medi-Cal will transition from federal full-scope Medi-Cal to restricted-scope Medi-Cal as part of the proposed Governor's Budget 2026-2027.
- **Work Reporting Requirements *(Effective January 1, 2027)*:** Requires adult expansion enrollees eligible for federally-funded Medicaid under the Affordable

[1] U.S. House of Representatives. (2025). *H.R.1 — One Big Beautiful Bill Act, 119th Congress (2025).* https://www.congress.gov/bill/119th-congress/house-bill/1

[2] "Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment," 88 Fed. Reg. 65230; and "Medicaid Program; Streamlining Medicaid, CHIP, and BHP Application, Eligibility Determination, Enrollment and Renewal Processes," 89 Fed. Reg 22780.

Care Act, also called the "New Adult Group"[3] to work, study or volunteer at least 80 hours per month unless exempt.

- **Six-Month Renewals *(Effective January 1, 2027)*:** Requires the New Adult Group members to renew Medi-Cal every six months instead of once a year. The renewal period continues to be on an annual basis for all other populations, such as children, pregnant people, older adults, persons with disabilities, and American Indian and Alaska Natives.
- **Reducing Duplicate Enrollment *(Effective January 1, 2027 and October 1, 2029)*:** Codifies the requirement that all states update address information based on information received from other data sources such as the National Change of Address database and returned mail starting in 2027. Effective 2029, the federal government must establish a national database that will identify individuals who may be enrolled in Medicaid in more than one state.
- **Deceased Member Verification *(Effective January 1, 2027)*:** Requires states to verify eligibility against the federal Death Master File on a quarterly basis, or a successor system, to identify individuals who are deceased and should no longer be enrolled in coverage.
- **Retroactive Medi-Cal Timeframes *(Effective January 1, 2027)*:** Reduces retroactive coverage from three months to one month for New Adult Group members and two months for all other Medi-Cal members.[4]
- **Cost Sharing for Adults *(Effective October 1, 2028)*:** Requires states to implement copayments for certain New Adult Group members for some services while keeping essential care—like emergency, prenatal, and mental health visits—free.

Anticipated Coverage Loss and Enrollment Impacts

California's Medi-Cal program currently covers roughly 14.7 million individuals (as of June 2025). DHCS anticipates that the new federal provisions will increase administrative workload and heighten the rate of procedural and paperwork discontinuances.

[3] The New Adult Group encompasses adults ages 19 to 64 with incomes below 138% of the federal poverty level (FPL). In 2025, 138% of the FPL for an individual's annual income is $21,597.

[4] The provision that reduces retroactive timeframes is not expected to impact discontinuance levels. However, it may lead individuals to apply for coverage sooner, force people to incur medical bills for treatment before they can apply for Medi-Cal, and there could be an increase in requests for reconsideration or appeals due to the shortened retroactive eligibility period.

Procedural and paperwork discontinuance is the loss of Medi-Cal coverage because the county did not receive complete information to successfully determine a member's eligibility. More frequent renewals and new work reporting requirements under H.R.1 are expected to increase procedural and paperwork discontinuances.

DHCS remains committed to minimizing burdens through innovative strategies that help keep eligible members covered and new members enrolled. DHCS will continue using existing communication strategies, expand automation, and coordinate extensively with stakeholders and community partners to maintain Medi-Cal coverage for impacted members to the maximum extent possible. To prepare for implementation of H.R.1, DHCS developed this Implementation Plan to inform Medi-Cal members, providers, Managed Care Plans (MCPs), counties, community partners, and other valued stakeholders of expected changes. This work is ongoing and DHCS will update this document frequently using information and feedback gathered from our regularly scheduled stakeholder workgroups. DHCS will continue to share updates via the DHCS Coverage Ambassador webinars.

Automated data verification will be critical to maintaining coverage continuity and limiting additional administrative burden. Although California's *ex parte* automatic renewal rate improved considerably over the last few years due to targeted DHCS efforts to improve verification processes and take advantage of federal flexibilities during the unwinding[5] period, *ex parte* rates dropped back to pre-unwinding levels in July 2025 after unwinding-era flexibilities were terminated. Coupled with new H.R.1 mandates, DHCS anticipates a significant increase in manual administrative workload to support members in retaining coverage.

DHCS is working towards maximizing automatic renewals, where possible, and coordinating with other state agencies, the federal government, and third parties to increase the rate of *ex parte*. Members who successfully go through the automated *ex parte* process have no contact with the county to complete their renewals. However, staggered implementation of H.R.1 and new eligibility criteria, such as work and community engagement requirements, may lower *ex parte* rate success.

Counties will need to review cases that fail auto-renewal and contact members for verification. DHCS will continue to identify opportunities to implement best and

[5] The term *"unwinding"* refers to the process by which DHCS returned to normal Medi-Cal operations following the end of the federal COVID-19 Public Health Emergency (PHE). During the PHE, DHCS implemented more than 100 flexibilities under federal and state authorities to sustain access to care. After enactment of the Consolidated Appropriations Act of 2023, DHCS began unwinding these flexibilities as required by the ending of the federal "continuous coverage" requirement on April 1, 2023, while working to maintain coverage and make permanent select improvements to the Medi-Cal program.

emerging practices and improve *ex parte* success through additional data sources, system enhancements, and collaboration with counties and stakeholders.

DHCS recognizes these changes will unavoidably impact members, most notably a termination of health coverage**.** DHCS anticipates that the large volume and increased frequency of renewals and the introduction of work requirements, combined with normal churn of individuals transitioning from Medi-Cal coverage to Covered California, the State marketplace, will result in up to an estimated total of 1.8 million.[6] Because the provisions take effect on a staggered schedule, disenrollments are expected to occur over the total implementation period, with significant spikes expected in months when major provisions go into effect; full implementation is expected by June 2028.

Medi-Cal's Global H.R.1 Implementation Approach

DHCS will reduce the burden of the H.R.1 changes and maximize continuity of coverage for Medi-Cal members by using innovative solutions to streamline requirements wherever possible. To minimize unavoidable impacts, DHCS will center policy decisions on members and implement new provisions in the least disruptive way possible.

The Department will ensure clear and targeted, in-language communication with affected members, use available data sources to reduce the need for member and county action, equip counties with the tools and training they need to simplify the changes for members, coordinate with providers and MCPs to maintain consistent communication, and leverage providers' and MCPs' relationships with members to amplify outreach, awareness and education, and engagement.

Because H.R.1 affects different types of members and phases over multiple dates,[7] DHCS will issue a series of policy letters, provider bulletins, and guidance to ensure that Medi-Cal members, MCPs (medical, dental, and behavioral health), counties, providers, and stakeholders understand the applicable policies and procedures. The Department will also convene stakeholder workgroups, events, and use existing forums to share updates and gather feedback as implementation progresses.

DHCS Guiding Principles

The implementation of H.R.1 necessitates that DHCS adopt strategies to support eligible individuals in enrolling in and maintaining coverage while maintaining program

[6] This number is subject to updates as additional data becomes available on *ex parte* processing and additional verification sources.

[7] See "H.R.1. Provisions" section for a detailed table outlining particular provisions and their effective dates.

integrity. Building on lessons from the state's implementation of Medi-Cal Continuous Coverage Unwinding, DHCS will apply the following key guiding principles.

1. **Automate to Protect Coverage**
   Maximize the use of state, federal, and third-party data sources to confirm eligibility without burdening members and counties. Reduce paperwork, streamline verifications, and safeguard coverage stability, within federal statutory and regulatory parameters.

2. **Communicate with Clarity and Connection**
   Leverage existing and new communication channels and tools to implement outreach and education campaigns in all threshold languages,[8] designed to be culturally relevant, linguistically accurate, and written in plain language to build trust and help members, their families and caregivers understand the changes and what actions are required of them.

3. **Simplify the Renewal Experience**
   Modernize and streamline the Medi-Cal renewal process with clearer, member-friendly forms (first for the New Adult Group, and later for all other members) and with six-month renewal steps that are easier to navigate, reducing confusion and helping members stay covered.

4. **Educate and Train Those Who Serve Medi-Cal Members**
   Deliver comprehensive training on all H.R.1 provisions for county eligibility. Provide clear policy guidance, practical tools, and ongoing technical assistance so counties, plans, and providers can confidently support members and avoid error on member cases. Provide DHCS Coverage Ambassadors with informative webinars, flyers, and communication toolkits to stay informed and help Medi-Cal members navigate these changes to stay covered.

5. **Provide Timely and Transparent Communication to Members**
   Share information on H.R.1 changes early on and via multiple channels (mail, text, outbound phone calls, etc.) so members can build awareness, anticipate changes to their coverage, and have ample preparation time to meet new requirements.

[8] English, Arabic, Armenian, Cambodian, Chinese, Farsi, Hindi, Hmong, Japanese, Korean, Laotian, Mien, Punjabi, Russian, Spanish, Tagalog, Thai, Ukrainian, and Vietnamese.

H.R.1 Provisions

Each subsection below summarizes key provisions of H.R.1 that impact Medi-Cal operations, including each provision's effective date, a brief description of the corresponding federal requirement, implementation considerations, federal guidance provided to date, and DHCS operational impacts. These provisions collectively reshape state responsibilities related to eligibility, coverage continuity, data reporting, and program integrity.

Streamlining Eligibility Final Rule Moratoriums (Effective July 4, 2025)

Federal Requirement: Effective immediately (July 4, 2025) through September 30, 2034, Sections 71101 and 71102 of H.R.1 pause the implementation and enforcement of certain parts of two final rules issued by the Centers for Medicare & Medicaid Services (CMS):

- Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment, released on September 21, 2023, and
- Medicaid Program; Streamlining the Medicaid, Children's Health Insurance Program (CHIP), and Basic Health Program Application, Eligibility Determination, Enrollment, and Renewal Processes, released on April 2, 2024.

DHCS Action: To implement the pause of these rules, DHCS has suspended the implementation of applicable provisions from the 2023 and 2024 CMS final rules.[9] DHCS will maintain the following provisions, currently in effect:

- California will continue to automatically enroll Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipients who qualify for Medicare into the Qualified Medicare Beneficiary (QMB) program. This process reflects California's status as a Medicare buy-in state and is detailed in the All County Welfare Directors Letter (ACWDL) 24-20 and Medi-Cal Eligibility Division Information Letter (MEDIL) 25-01.

[9] ACWDL 25-07, "STREAMLINING MEDICARE SAVINGS PROGRAMS (MSPs) ELIGIBILITY DETERMINATIONS USING LOW-INCOME SUBSIDY (LIS) LEADS DATA AND ALIGNING THE DEFINITION OF FAMILY SIZE FOR MSPs" is now listed as obsolete. For more information on ACWDL status, please refer to DHCS' website here: https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Pages/ACWDLbyyear.aspx

- DHCS will continue to remove the requirement that an individual apply for other benefits (like unemployment benefits) before qualifying for Medi-Cal, as outlined in ACWDL 24-19.

Amended Eligibility for Federally-Funded Medicaid (Effective October 1, 2026)

Federal Requirement: Effective October 1, 2026, Section 71109 of H.R.1 narrows noncitizen eligibility for federally-funded Medicaid. This change means many lawfully residing immigrants who are currently eligible for federally-funded Medi-Cal as qualified non-citizens will no longer be eligible for federally funded Medi-Cal coverage.

Under the proposed Governor's Budget 2026-2027, the following groups will be ineligible for federally-funded Medi-Cal and be eligible for restricted-scope Medi-Cal per:

- Refugees.
- Asylees.
- 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.
- Victims of human trafficking.
- Individuals granted humanitarian parole, such as certain Afghans who aided U.S. operations in Afghanistan or people fleeing violence in the Ukrainian war.

This change will impact the individuals in the groups above, who have an immigration status removed from the qualified non-citizen definition for federally-funded Medicaid, who are lawfully present, aged 21 or older, and not pregnant. In addition, as of January 1, 2026, Covered California will be required to use this same qualified non-citizen definition, making individuals with income below 100% of the federal poverty level (FPL) who are currently eligible for advanced premium tax credits (APTC) to help pay for qualified health plans ineligible for those credits. The new qualified non-citizen definition will also apply to individuals with income at or above 100% of the FPL beginning January 1, 2027. Similarly, as of July 4, 2025, Medicare eligibility is restricted to U.S. citizens, legal permanent residents, certain Cuban and Haitian entrants, and individuals residing in the U.S. under COFA. Current Medicare enrollees with other immigration statuses are ineligible for Medicare and coverage will be terminated in

January 2027. Some current dually eligible individuals who are noncitizens will see both Medicare and federally funded Medicaid coverage loss.

Similarly, beginning July 4, 2025, this new qualified non-citizen definition will also make current Medicare enrollees in these categories ineligible for Medicare coverage. The new qualified non-citizen definition may also cause those who are dually eligible for Medicare and Medi-Cal to lose coverage in both programs.

Only the following groups will meet the Satisfactory Immigration Status (SIS) requirement for federally funded Medi-Cal:

- Lawful Permanent Residents (LPRs), who are subject to and have met their five-year bar;
- Cuban and Haitian Entrants; and
- Migrants legally residing in the United States and its territories under the Compact of Free Association (COFA) who are citizens of the Marshall Islands, Micronesia, or Palau.

U.S. citizens, lawfully present children under the age of 21 and lawfully present pregnant individuals covered under the Children's Health Insurance Program Reauthorization Act (CHIPRA), CHIPRA 214 option, will continue to qualify for federally-funded Medi-Cal.

DHCS Action: To implement this provision, DHCS will update its eligibility determination systems to reclassify current and newly applying members (belonging to the newly excluded immigration status groups above) into restricted-scope Medi-Cal.

DHCS will issue additional guidance through an ACWDL and conduct follow-up training through county engagement efforts to support this implementation.

Work Reporting Requirements (Effective January 1, 2027)

Federal Requirement: Effective January 1, 2027, Section 71119 of H.R.1 establishes new federal work and community engagement requirements for the New Adult Group. Impacted applicants will be required to demonstrate compliance with or exemption from[10] the new requirement in the one month prior to the month in which they apply. For continued coverage, impacted members will need to demonstrate compliance or exemption in any one month during their new six-month renewal period (described below).

[10] DHCS is seeking guidance from CMS on the timing for exemptions at application.

Under the new requirement, adults aged 19-64 enrolled in the Affordable Care Act New Adult Group must complete one or more qualifying activities:

- Have a monthly income at least 80 times the federal hourly minimum wage ($580);
- Seasonal employment averaging at least at least 80 times the federal hourly minimum wage ($580) over the preceding six months;
- Employment of 80 hours per month;
- Community service of 80 hours per month;
- Enroll at least half-time in an educational program;
- Participation in a work program of 80 hours per month; or
- Combination of employment, community service, work program, and/or education of 80 hours per month.

Individuals who meet the following criteria do not need to demonstrate compliance with work requirement's qualifying activities and are not subject to six-month renewals:

- Enrolled in one of the following Medi-Cal eligibility groups:
  - Pregnant or up to 12 months postpartum
  - Foster youth
  - Former foster care youth under age 26
  - Aged, Blind, or Disabled people (including individuals who receive SSI)
  - Children under age 19
- American Indian/Alaska Natives

Individuals who meet one of the following reasons for exemption do not have to demonstrate compliance with work requirement's qualifying activities at application and during their six-month renewal period:

- Parents/guardians/caregivers of a dependent child age 13 and younger
- Parents/guardian/caregivers of a disabled individual
- Veterans with a disability rating of total
- Incarcerated or recently released from a correctional facility within the past 90 days
- Entitled to Medicare Part A or enrolled in Part B
- Meeting TANF or SNAP (CalFresh) work requirements
- Participating in drug/alcohol treatment programs
- Medically frail, per the statute, this includes individuals (1) with a substance-use disorder (SUD); (2) with a disabling mental disorder; (3) with a physical, intellectual or developmental disability that significantly impairs their ability to

perform one or more activities of daily living; (4) with a serious or complex medical condition; or (5) who are blind or disabled (as defined in section 1614 of the Social Security Act)).[11]

DHCS will also implement optional short-term hardship exemptions and automatically apply them as applicable to applicants and members to the maximum extent possible. Short-term hardship exemptions include:

- **Emergency declaration:** If a person lives in a county or local jurisdiction where, during the month that they were subject to the work requirement, there was an emergency or disaster declared by the President, DHCS will automatically provide a short-term hardship exemption from the work requirements.
- **Unemployment rate:** If a person lives in a county or local jurisdiction (not yet defined by CMS) that has an unemployment rate of 8% or 1.5 times the national unemployment rate (whichever is lower) during a month that they were subject to the work requirement, DHCS will automatically provide a short-term hardship exemption.
- **Inpatient care:** If, during a month when a person would have been required to meet the work requirement, the person received inpatient care at a hospital, nursing facility, or intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services or such other services of similar acuity (including outpatient care relating to other specified services), the individual may request a short-term hardship exemption from DHCS.
- **Travel for care:** If, during a month when a person would have been required to meet the work requirement, the person or their dependent must travel outside of their community for an extended period of time to receive medical services to treat a serious or complex medical condition, the individual may request a short-term hardship exemption from DHCS.

DHCS Action: DHCS currently does not require any Medi-Cal members to participate in work or community engagement activities to maintain eligibility. Beginning on January 1, 2027, under this new policy, eligible individuals must be found either in compliance with or exempt from the new work reporting requirements. This new provision will apply to all applications submitted on or after January 1, 2027. DHCS seeks to implement this new requirement for current Medi-Cal members as their coverage comes up for renewal in 2027.

[11] DHCS will provide additional information on medically frail criteria at a later date.

To implement this provision, DHCS will revise eligibility policies and procedures—including the *ex parte* review process—to incorporate compliance and exemption verification processes. DHCS will establish a streamlined process that allows affected members to easily report their work activities or exemptions online and through other commonly used modalities. The Department will issue policy guidance and resources for counties and update systems to maximize automation. As part of the Governor's January Proposed Budget 2026-27, DHCS is requesting funding to launch extensive communication and outreach campaigns, inclusive of paid media, to educate Medi-Cal members and applicants about the new eligibility requirements.

To maintain parity across all New Adult Group populations receiving full-scope Medi-Cal benefits, DHCS plans to implement work reporting requirements for all New Adult Group enrollees (currently categorized under the M1 aid code). This includes unsatisfactory immigration status (UIS) members who qualify for the expansion New Adult Group coverage but for their unsatisfactory immigration status and are thus enrolled in the M1 aid code and covered through state funding. While many UIS individuals may be already compliant with qualifying activities, DHCS expects that verifying such compliance with existing income data sources may be challenging. Operationally, while DHCS intends to include expansion New Adult Group UIS members in work reporting requirements verification flows to determine exemption or compliance status, DHCS plans to develop a verification process for UIS individuals that takes into account expected data verification limitations. If DHCS is unable to verify compliance or exemption from available data sources, DHCS will rely on other available information provided by the individual, similar to existing processes used today to verify income-based eligibility for UIS members.

Six-Month Renewals (Effective January 1, 2027)

Federal Requirement: Effective January 1, 2027, Section 71107 of H.R.1 requires states to increase eligibility renewal frequency for the New Adult Group.

DHCS Action: DHCS currently conducts Medi-Cal eligibility renewals annually for all members. This provision increases the renewal frequency for the New Adult Group from every twelve months to every six months. American Indian and Alaska Native members are exempt from this requirement and will continue to renew annually. Individuals in Medi-Cal coverage groups outside of the New Adult Group such as children, pregnant and postpartum individuals, foster care youth and former foster care youth under age 26, Disabled or Aged members will also continue on an annual renewal schedule.

To implement this provision, DHCS will apply existing policies and procedures surrounding annual renewals—including the *ex parte* review of existing information on file—to the six-month cycle. It is anticipated that six-month renewals along with the new work requirements will increase procedural and paperwork terminations. To mitigate increased procedural and paperwork terminations, the *ex parte* process will include automated verification processes to the maximum extent possible to support verification of compliance with or exemption from work requirements. DHCS will also introduce a streamlined renewal form and online platform for the affected population that cannot be automatically renewed using available data sources, issue policy guidance and resources for counties, coordinate system updates and enhancements, and explore additional opportunities for streamlining the renewal process for affected members.

Reducing Duplicate Enrollment Under the Medicaid and CHIP Programs (Effective January 1, 2027)

Federal Requirement: Effective no later than January 1, 2027, Section 71103 of H.R.1 requires counties to establish a process that regularly checks and updates Medi-Cal members' addresses using trusted sources identified in H.R.1. These sources include:

- The USPS National Change of Address (NCOA) database;
- Mail returned to the county by USPS with a forwarding address; and
- Updated address information reported from Medi-Cal MCPs.

This provision was previously included in the 2024 CMS Streamlining Eligibility Final Rule.[12] Although H.R.1 placed an implementation and enforcement moratorium on certain provisions in that rule, it maintains the requirement to have a process in place to regularly check and update Medi-Cal members' addresses using trusted sources.

By October 1, 2029, the federal HHS will develop and operate a national system to detect and prevent duplicate Medi-Cal enrollment across state lines. Counties will be required to transmit, on a monthly basis and at every renewal, certain data, such as a Social Security number (SSN), to the new federal database that will be developed in order to identify multi-state enrollment. Counties will then be responsible for acting on the information received.

DHCS Action: To implement the contact information provision, DHCS will continue to partner with counties and the California Statewide Automated Welfare System

[12] The effective date for this policy under the final rule was October 2025. H.R.1 provides states with an additional 14 months to become compliant.

(CalSAWS) to identify and execute system improvements that automate address updates and enhance efficiency. This includes efforts to integrate the National Change of Address (NCOA) database to automatically update member contact information.

DHCS is also exploring opportunities to automate updated member contact information received from other trusted sources such as Managed Care Plans to support accurate and timely updates to the member's record.

To implement the multi-state enrollment provision, DHCS will collaborate closely with CMS. Once HHS releases further guidance, DHCS will issue instructions through ACWDLs and deliver additional training to counties to ensure consistent implementation.

Deceased Member Verification (Effective January 1, 2027)

Federal Requirement: Effective January 1, 2027, Section 71104 of H.R.1 requires counties to review the Social Security Administration's (SSA) Death Master File (DMF) at least quarterly to identify Medi-Cal members who have died. When a member appears in the DMF, counties must treat that information as confirmation of the member's death and promptly take appropriate action to update their Medi-Cal record.

DHCS Action: DHCS currently reviews death data every quarter using an external data source. To implement this provision, DHCS may be required to use SSA's DMF instead of, or in addition to, other sources. DHCS will provide more information once CMS issues additional guidance and, if required, issue instructions in a future ACWDL.

Reduced Retroactive Medi-Cal Coverage Periods (Effective January 1, 2027)

Federal Requirement: Effective January 1, 2027, Section 71112 of H.R.1 reduces the retroactive eligibility period for Medi-Cal. Under current policy, applicants can receive up to three months of retroactive eligibility if they meet all other program requirements during that period. Retroactive coverage ensures that individuals applying for Medi-Cal who have medical needs prior to their application can have those costs covered.

This change shortens the timeframe in which applicants can receive Medi-Cal coverage for past medical expenses, shifting from a uniform three-month period to shorter, group-specific limits.

Under the new policy:

- For individuals enrolled in the New Adult Group, retroactive coverage will be limited to one month prior to the application month.

- For all other individuals (including children, families, seniors, and persons with disabilities), retroactive coverage will be limited to two months prior to the application month.

Cost Sharing for New Adult Group (Effective October 1, 2028)

Federal Requirement: Effective October 1, 2028, Section 71120 of H.R.1 creates new cost-sharing requirements for certain adults enrolled in the New Adult Group with incomes above 100 percent of the federal poverty level. Under this provision, states must charge co-payments greater than zero dollars but not more than thirty-five dollars per service, as determined by the state. Cost-sharing cannot be required on certain important services including, but not limited to:

- Certain emergency services;
- Primary care;
- Prenatal care;
- Family planning;
- Pediatric care;
- Federally Qualified Health Center (FQHC) and Rural Health Clinic; and
- Behavioral health.

Cost sharing is subject to an aggregate limit of 5% of family income.

DHCS Action: Prior to July 1, 2022 when cost-sharing for members was eliminated, Medi-Cal imposed nominal copayments (generally $1) for most covered services. To ensure this policy did not create access barriers to services for members, providers were prohibited from denying services for lack of payment and provider payments were not reduced by the amount of expected copays. To implement this provision, DHCS will similarly establish nominal copayment amounts and develop and deploy targeted communication and outreach campaigns to educate Medi-Cal members, providers, and hospitals about the new cost-sharing requirements. DHCS will clarify what services are subject to copayments, that services cannot be denied for lack of payment, and ensure members understand that essential services remain exempt.

Stakeholder and Member Communication

Stakeholder Engagement: DHCS collaborates with a wide range of stakeholders—including counties, MCPs, advocates, providers, and community-based organizations—to prepare for and implement changes in Medi-Cal requirements. Stakeholder experience, expertise and feedback will be critical in:

- Developing policy guidance on business activities to implement the provisions of H.R.1.
- Designing and delivering trainings, flowcharts, and other tools to support county operational planning and staff development.
- Enhancing existing policies and business processes to increase efficiencies in case processing and to reduce barriers to continued coverage. This includes updating policy guidance, exploring other federal eligibility flexibilities, and incorporating Medi-Cal retention strategies developed by DHCS, stakeholders, and CMS.
- Identifying innovative solutions to obtain updated member contact information, including utilizing MCPs to reach out to members and providing counties with reported address changes.
- Providing messaging and materials to support member outreach and education efforts.

Through a collaborative and multi-phased approach, DHCS and stakeholders will ensure that Medi-Cal members are properly equipped with the information and support they need to adapt to the upcoming changes while helping members maintain access to care.

Listed below are the stakeholder engagement channels DHCS anticipates using to elicit stakeholder feedback and share important information related to H.R.1.

Stakeholder Engagement Channels

Communication Channel	Example Engagements
Public Forums	» All Comers Webinar » DHCS Stakeholder Update
Workgroups	» DHCS/County H.R.1 Workgroup » Managed Care Plan H.R.1 Workgroup » County Welfare Directors Association (CWDA) Self Sufficiency Committee » DHCS/Community H.R.1 Stakeholder Workgroup[13] » DHCS Medi-Cal Consumer-Focused Stakeholder Workgroup » DHCS Medi-Cal Member Advisory Committee » H.R.1 Medi-Cal Member Focus Groups *(planning in progress)* » DHCS Stakeholder Advisory Committee (SAC) & DHCS Behavioral Health Stakeholder Advisory Committee (BH-SAC) » DHCS Coverage Ambassadors » Medi-Cal Member Advisory Committee » Medi-Cal Voices and Vision Council
Guidance	» ACWDLs » MEDILs » APLs » Behavioral Health Information Notices (BHINs)
Formal Notices	» Member Outreach Notices » Medi-Cal Renewal Notices

[13] Workgroup members include: California Advocates for Nursing Home Reform, California Department of Social Services, California Health Care Foundation, California Immigrant Policy Center, California Pan-Ethnic Health Network, California PACE Association, Children Now, Coalition of California Welfare Rights Organizations, Community Clinic Association of Los Angeles County, County Behavioral Health Directors Association, Community Legal Aid SoCal, Corporation for Supportive Housing, County Welfare Directors Association, Disability Rights California, Disability Rights Education and Defense Fund, Family Voices of California, Golden Policy Consulting, Health Access California, Homebase, Justice in Aging, Keck School of Medicine of USC, Legal Aid Society of San Mateo County, National Health Law Program (NHeLP), National Immigration Law Center, Neighborhood Legal Services of Los Angeles County, Parallon, PRC San Francisco, Public Law Center, SEIU California, The Children's Partnership, UDW, and Western Center on Law & Poverty.

Anticipated DHCS Stakeholder Engagement Activities Related to H.R.1

See above for Communication Channels DHCS will utilize to execute these stakeholder engagement activities.

H.R.1 Provision	Impacted Partners	Topics to Discuss	Timeline for Engagement
Restricting Federal Funding for Certain Qualified Non-Citizens (QNC) *Effective Date:* October 1, 2026	» Counties » MCPs » Eligibility systems[14] » Members » Community Partners/Advocates » Health Care Providers » CoveredCA	**Phase 1: Awareness and Preparation** » Meet with impacted partners for input on approaches for amended rules on who qualifies for federally-funded Medi-Cal coverage **Phase 2: Support and Action** » Training and technical assistance (TA) to counties, MCPs, and CoveredCA to support implementation » Education to immigrant populations to improve understanding and awareness of upcoming changes	Jan 2026 – July 2027
Work Reporting Requirements *Effective Date:* January 1, 2027	» Counties » MCPs » Eligibility systems » Members » Community Partners/Advocates	**Phase 1: Awareness and Preparation** » Meet with impacted partners to solicit input on ways to implement, and provide effective outreach for, new work reporting requirements and implications	October 2025 – January 2027

[14] These include the California Statewide Automated Welfare System (CalSAWS) and the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) that collect and manage eligibility information and support eligibility determinations for individuals applying for and renewing coverage for programs such as CalFresh (CalSAWS) and Medi-Cal (CalHEERS).

H.R.1 Provision	Impacted Partners	Topics to Discuss	Timeline for Engagement
	» Health Care Providers » CoveredCA	for: eligibility determinations at application and renewal, notices, training materials, education, and outreach » Provide opportunity for input on process design for verifying compliance with work reporting requirements and exemptions. **Phase 2: Support and Action** » Distribute ongoing outreach communication and notices to all impacted partners and members in advance of renewal to promote awareness » Collaborate with impacted partners on guidance, training, updating systems, and TA to counties, CalSAWS, MCPs, and CoveredCA to support implementation	
Six-Month Renewals	» Counties » MCPs » Eligibility systems	**Phase 1: Awareness and Preparation** » Provide education to all impacted partners to promote awareness and	October 2025 – January 2027

H.R.1 Provision	Impacted Partners	Topics to Discuss	Timeline for Engagement
Effective Date: January 1, 2027	» Members » Community Partners/Advocates » Health Care Providers » Covered CA	understanding of process/timing for more frequent renewals » Solicit input from implementation partners on design for streamlining renewals and conducting *ex parte* to the maximum extent possible **Phase 2: Support and Action** » Collaborate with impacted partners on the development and provision of guidance, training, updating systems, and TA to counties, MCPs, and CoveredCA on implementing more frequent renewals	
Reducing Duplicate Enrollment Under Medicaid/CHIP *Effective Date:* January 1, 2027 and October 1, 2029	» Counties » MCPs » Eligibility systems » Members » Community Partners/Advocates » Health Care Providers	**Phase 1: Awareness and Preparation** » Provide overview on process for regularly checking and updating members' addresses to all impacted partners; solicit input from impacted partners to inform development of formal process **Phase 2: Support and Action**	January 2026 – October 2029

H.R.1 Provision	Impacted Partners	Topics to Discuss	Timeline for Engagement
		» Training and TA to counties to support implementation of requirement to share information with new HHS national system starting 10/1/29	
Deceased Member Verification *Effective Date:* January 1, 2027	» Counties » MCPs » Eligibility systems » Community Partners/Advocates	**Phase 1: Awareness and Preparation** » Engage with counties on process for identifying deceased members using the SSA DMF » Collaborate with impacted partners on ideas to address SSA DMF errors. **Phase 2: Support and Action** » Provide targeted TA, as needed	June 2026 – January 2027
Retroactive Medi-Cal Reduced Retroactive Eligibility *Effective Date:* January 1, 2027	» Counties » MCPs » Eligibility systems » Members » Community Partners/Advocates » Health Care Providers	**Phase 1: Awareness and Preparation** » Provide education to all impacted partners on new reduced retroactive eligibility period and implications for coverage » Collaborate with impacted partners on how to communicate out and implement changes **Phase 2: Support and Action**	June 2026 – January 2027

H.R.1 Provision	Impacted Partners	Topics to Discuss	Timeline for Engagement
		» Provide guidance, training and TA to counties and MCPs to support implementation	
Cost Sharing for New Adult Group *Effective Date:* October 1, 2028	» MCPs » Members » Community Partners/Advocates » Providers	**Phase 1: Awareness and Preparation** » Provide education to Impacted Partners on new cost-sharing requirements » Collaborate with impacted partners on how to communicate out and implement new requirements **Phase 2: Support and Action** » Provide training and TA to MCPs and Providers to support implementation	January 2028 – October 2028

Member Communication and Outreach

DHCS will lead a coordinated communication and outreach strategy to ensure stakeholders, including counties, MCPs, community partners, and Medi-Cal members, have the information they need as the H.R.1 provisions take effect. The Department's goal is to deliver clear, consistent, and culturally responsive messaging that helps members understand changes, identify actions they may need to take, know which communications are from DHCS to avoid scams, and find the support available to them consistent with the Guiding Principles described above.

DHCS will rely on our stakeholders to be trusted messengers and help share information with Medi-Cal members. DHCS will also leverage existing channels to reach diverse communities, including mailed notices, social media, targeted texting and earned media.[15]

DHCS will produce plain-language materials and toolkits, translated into all 19 Medi-Cal languages, that include frequently asked questions (FAQs), informational flyers, and templates to help ensure members receive accurate and consistent information. The Department will regularly update resources on the changes that directly impact Medi-Cal members and make them available through the DHCS websites and the Coverage Ambassador network.

Phased Approach: To ensure members receive timely and useful information, DHCS will implement a two-phased communications and outreach approach:

- **Phase 1: Awareness and Preparation:** DHCS will raise awareness of upcoming changes and prepare members for specific actions they must take to maintain their Medi-Cal coverage ahead of programmatic changes. Stakeholders will leverage DHCS materials for outreach and education efforts (e.g., earned media, social media, toolkits).
- **Phase 2: Support and Action:** As the implementation dates get closer, DHCS will shift its communication to focus on the specific actions members must take, such as responding to notices or completing renewal packets. Messaging will reinforce this through direct outreach, reminders, and targeted assistance to help members retain coverage (e.g., public notices, toolkits).

[15] Over 6,000 Coverage Ambassadors currently operate across the state to help individuals find, better understand, and maintain their health coverage.

Communications Channels

DHCS will deploy its multi-channel communications strategy using:

- **Toolkits:** Messaging guides, flyers, and FAQs that align with public notices. They will be posted on the DHCS website in all 19 Medi-Cal threshold languages and disseminated to counties, community partners, Coverage Ambassadors, and Managed Care Plans.
- **Public Notices:** Formal notices and FAQs will be aligned with toolkit messaging and mailed directly to affected members in their preferred language. These will be posted online and shared with counties, MCPs, and Behavioral Health Plans (BHPs) through APLs, MEDILs, and BHINs.
- **Earned Media:** DHCS will pitch stories to reporters and respond to media inquiries, recognizing that H.R.1 changes are of high interest to the press. Ethnic media partners will play a critical role in reaching culturally and linguistically diverse communities.
- **Social Media**: DHCS will use its social platforms to share updates, reminders, and educational content. There are separate platforms for DHCS stakeholders and Medi-Cal members.
- **Texting:** A limited, targeted texting strategy to raise awareness about the new work reporting requirements will begin in early 2026.
- **DHCS Coverage Ambassadors:** With a network of more than 6,000 partners statewide, Coverage Ambassadors include counties, MCPs, advocates, providers, schools, and community organizations. DHCS will rely on ambassadors to distribute resources and messaging at the local level. Ambassadors receive updates via email, webinars, and a web portal, with webinars also serving as a feedback loop to improve communications.

Timeline of Activities

Key Change	Awareness Materials	Awareness Dates	Support and Action Materials	Support and Action Dates
Restricting Federal Funding for Certain Qualified	» Toolkit » Coverage Ambassadors Webinar	January-March 2026	» Public Notice » Social Media	July-October 2026

Key Change	Awareness Materials	Awareness Dates	Support and Action Materials	Support and Action Dates
Non-Citizens *(October 1, 2026):*	» Earned Media			
Six-Month Renewals *(January 1, 2027)*	» Toolkit » Coverage Ambassadors Webinar » Earned Media	January-September 2026	» Public Notice » Social Media	October-January 2027
Cost Sharing for Adults *(October 1, 2028)*	» Toolkit » Coverage Ambassadors Webinar » Earned Media	May-June 2028	» Public Notice » Social Media	July-October 2028

DHCS is exploring opportunities with philanthropic organizations to expand its communications and outreach efforts in support of H.R.1 implementation. This includes increasing multilingual text messaging to remind members about key changes such as six-month renewals and potentially other changes. DHCS is also considering broader distribution of printed materials to clinics and community partners, expanded use of paid media, and placing trained navigators in clinics to assist members directly. DHCS will work with stakeholders to identify additional ways to strategically use this texting strategy.

Readiness

County Readiness

Local county offices play a critical role in administering Medi-Cal eligibility and managing Medi-Cal cases on behalf of DHCS. The provisions in H.R.1 will significantly increase county workloads through:

- Work requirements;
- More frequent renewals that require manual verification and direct contact with members by the county;
- Increased phone and foot traffic at county call centers and local offices; and
- Increased churn in members gaining and losing coverage.

Recognizing the expanded workload—in addition to counties' ongoing responsibilities for application adjudication and ongoing case management—DHCS will continue to work closely with the County Welfare Directors' Association and counties to assess the additional impact through the state budget process.

Under DHCS oversight, California's 58 local county offices determine Medi-Cal eligibility, distribute notices, manage active Medi-Cal cases, and renew each member's eligibility. DHCS issues guidance to counties to perform these activities.

Preparing counties for H.R.1 provisions is vital to the success of implementation. DHCS will provide counties with guidance, resources, and technical support—detailed in the following sections—to ensure counties can efficiently and effectively administer the Medi-Cal program.

Regular Policy Guidance: DHCS will issue ongoing policy guidance on H.R.1 provisions to counties (see "Resources" section, which DHCS will update as new information becomes available). DHCS will continuously issue written policy guidance that clarifies existing policies, updates processes and system changes, and provides operational direction for counties throughout implementation.

This written policy guidance will also serve as the foundation for DHCS' targeted training courses for counties available statewide. Provisions expected to require published policy guidance include:

- Amended Federal Funding for Certain Immigrants
- Work Reporting Requirements
- Six-Month Renewals
- Retroactive Medi-Cal Reduced Timeframes
- Reducing Duplicate Enrollment Under the Medicaid and CHIP Programs
- Deceased Member Verification

County Support Webinars: In addition to the targeted county workgroups described in the *"Stakeholder and Member Communication"* section, DHCS facilitates monthly policy support webinars with counties. These webinars provide counties with updates on policy, guidance, targeted training topics, system training and support, and other topics

as identified by DHCS or county staff. The webinars are recorded so counties may reinforce and distribute them among their staff.

Tools and Resources: DHCS will provide counties with additional tools and resources to support H.R.1 implementation. DHCS and counties will identify needed materials through targeted county workgroups and policy support webinars.

Tools and resources include, but are not limited to, checklists, quick-reference tools, workflows, visuals, training materials, and other materials as identified. DHCS will provide more specific information on the tools and resources for each provision as they become available.

Statewide H.R.1 Provision Training: DHCS will conduct statewide county trainings on H.R.1 provisions through webinars and, as resources allow, in-person sessions. These trainings will cover both new requirements and refresher topics to existing policies affected by the provisions. DHCS will announce final training topics and dates once finalized. A high-level overview of a tentative schedule can be found below. The webinars are recorded so counties may reinforce and distribute them among their staff.

Training Schedule

Training	Training Topic	Date
Immigration-Related Provisions	Immigration-related changes in H.R.1 and state budget changes to immigrant population policies.	Summer 2026
Work Reporting Requirements	Work Reporting Requirements and applicable exemptions provision policy implementation	TBD 2026 (to be updated by DHCS in next iteration of Implementation Plan)
Six-Month Renewals	Six-Month Renewals provision policy implementation	TBD 2026 (to be updated by DHCS in next iteration of Implementation Plan)

Training	Training Topic	Date
Preventing Duplicate Enrollment Provision: Updated Member Contact Using Trusted Sources	Automation of updating member contact information using trusted data sources and ensuring members are not enrolled in multiple state Medicaid programs	TBD 2026 (to be updated by DHCS in next iteration of Implementation Plan)
Retroactive Medi-Cal Reduced Timeframes	New retroactive Medi-Cal timeframes	TBD 2026 (to be updated by DHCS in next iteration of Implementation Plan)
Preventing Duplicate Enrollment Provision: New HHS System	What is required of counties to maintain compliance with federal requirements for the new HHS national system	TBD 2028

Eligibility and System Readiness

The CalSAWS and California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) are updating their systems to align with the new federal provisions under H.R.1. The updates focus on policy alignment, system development, testing and validation, and operational preparedness.

CalSAWS, CalHEERS, and DHCS are following a phased implementation schedule that aligns with federal deadlines. DHCS continues to collaborate closely with CalSAWS and CalHEERS to review and test functionality, implement required updates, and ensure seamless integration with other state and federal systems. This includes integrations to support *ex parte* verification of member compliance with or exemption from work reporting requirements by leveraging data sources from other systems/entities that are either currently in use or being explored for potential use. The tables below share examples of these data sources and how they may be used to support eligibility verification for work reporting requirements.

CalSAWS and CalHEERS will collaborate with stakeholders to review, test, and inform member-facing enhancements to BenefitsCal and the CalHEERS portal. This engagement

will help ensure that the digital experience is intuitive, streamlined, and supports successful navigation and completion of key actions. Stakeholders will also contribute input on non-member-facing system modifications through established workgroups and focused discussions.

Examples of Data Sources For Verifying Compliance with Work Reporting Requirements (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 (EDD) and IRS Data	Currently in use
	Equifax Work Number (provides timely income data and hours of work)	DHCS executed a one-year contract to access database
	Gig Economy Data	California is assessing several options, including TRUV
	CalFresh, CalWORKs, GA/GR, and other income information in CalSAWS	Currently in use
Veteran with disability rated as total	Veteran Service History and Eligibility Application Programming Interface (API)	DHCS is exploring potential data sources

Examples of DHCS Data Sources for Identifying Eligibility Group and Medical Frailty Exemptions for Work Reporting Requirements

Exemption Category	Potential Data Source	Status
» Child under 19 » Pregnant or postpartum » Foster youth and former foster care youth » Aged/disabled » Parents/caretaker relatives » Inmate of a public institution or recently released from incarceration	Medi-Cal Eligibility Aid Codes	System to be configured to exempt individuals from work reporting requirements
Medically Frail Exemption Category	All Claims and Encounters (e.g., submitted through PACES, CA-Medicaid Management Information System (MMIS) and Medi-Cal Rx)	» DHCS will exempt individuals who are eligible for certain programs (e.g., HCBS, HCBA waiver, MCWP formerly AIDS Waiver, ALW, CBAS, CCS, PACE, Enhanced Care Management, Community Supports) to extent program eligibility aligns with Medically Frail criteria » In addition, DHCS is evaluating which International Classification of Diseases (ICD)-10 and Current Procedural Terminology (CPT) Codes could be used to identify diagnosis and utilization data to establish medical

Exemption Category	Potential Data Source	Status
		frailty, alcohol/drug treatment, pregnancy, and more » DHCS is also exploring other potential data sources (e.g., MCP care management systems) for timely sources of exemption data
	Short Doyle System	System to be configured to pull in data for identifying exemption

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

Compliance/Exemption Category	Data System	Status
Compliance with CalWORKs (TANF)/CalFresh (SNAP) Work Requirements	California Statewide Automated Welfare Systems (CalSAWS)	System to be configured to pull in DSS 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)	DHCS is exploring potential for data matching
80 hours of work program participation	Department of Rehabilitation or other state agencies	DHCS is exploring potential for data matching

Implementation Partner Role

Role of Providers

Provider engagement for H.R.1 aims to keep health care providers informed and prepared during the transition. DHCS will issue bulletins, policy guidance, technical assistance and trainings, and web updates to outline program changes and explain updated workflows and system processes. These efforts will help providers comply with federal requirements and continue delivering consistent, quality care to Medi-Cal members. As trusted advisors to their patients, these efforts will also ensure providers have up-to-date information on program changes, so they are prepared to assist patients who may need support gathering documentation for exemptions from work requirements.

Planned engagement with providers will include working with specific provider types that may be able to support identification of members exempted from H.R.1 work reporting requirements. These include, but are not limited to, providers who specialize in behavioral health treatment, inpatient care, and who work with individuals with intellectual and developmental disabilities and recently incarcerated members. Examples of documentation that these providers could produce to support a medically-based exemption, if documentation is required by CMS, include, but are not limited to, treatment records for a serious or chronic medical or mental health condition, substance use disorder, or a recent inpatient stay. Additionally, DHCS is exploring the potential role of Enhanced Care Management (ECM) providers in conducting outreach to and supporting members with navigating new work reporting requirements and increased eligibility renewals.

Role of Medi-Cal MCPs

MCPs play a critical role in helping members understand and navigate eligibility and enrollment requirements. In previous efforts, such as the COVID-19 unwinding, MCPs served as trusted messengers, providing timely information and supporting members through the renewal process to help maintain continuous coverage.

For H.R.1 implementation, DHCS will again engage MCPs as key communication partners. The Department will provide clear messaging and direction through All Plan Letters, including how MCPs can leverage DHCS-approved outreach materials. Many MCP representatives are also enrolled as DHCS Coverage Ambassadors, further

extending their reach and alignment with statewide messaging. To do this, MCPs may use several strategies:

- Obtain and update member contact information (through communication with the local county offices)
- Conduct outreach and provide support to individuals enrolled in Medi-Cal during their renewal period to raise awareness and provide support for members with six-month renewals and work reporting requirements
- Contact individuals who have recently lost coverage for procedural and paperwork reasons Assist individuals who are ineligible for Medi-Cal transition to and enroll in Covered California
- Use multiple channels – such as phone calls, texts, emails, and mail-- to ensure members receive timely information and stay informed about updates to their health coverage.
- MCPs are encouraged to collaborate with local county offices to establish data sharing agreements to facilitate outreach and implementation of these policies. MEDIL 23-17 provides a template memorandum of understanding for this purpose.

In addition to outreach, DHCS is also exploring the role MCPs may play in supporting verifications for member work reporting requirement exemptions under H.R.1. Specifically, the Department is evaluating options for MCPs to provide updated utilization data that could help identify members who qualify for exemptions and to assess the potential role of MCP case managers in verifying or coordinating related information. These discussions remain exploratory as DHCS considers operational feasibility and alignment with federal guidance.

Role of Community Health Workers and Navigators

Community health workers (CHW) services were added as a Medi-Cal benefit in 2022. CHWs are a key component of CalAIM's broad transformation of Medi-Cal to create a more coordinated, person-centered, and equitable health system. CHWs are frontline public health workers who provide preventive health services to prevent disease, disability, and other health conditions or their progression; to prolong life; and promote physical and mental health and well-being. CHWs are trusted members of their communities and may include individuals known by a variety of job titles, including promotors, community health representatives, navigators, and other non-licensed public health workers, including violence prevention professionals.

CHWs will be critical in outreach and retention efforts for Medi-Cal members. This includes assisting members with navigating increased frequency of renewals and new work reporting requirements. DHCS considers these activities within scope for CHWs and will provide additional guidance and technical assistance at a later date to support CHWs with carrying out these responsibilities. DHCS plans to partner with CHWs and providers that deliver CHW services to ensure they have tools to educate members on H.R.1 requirements and to support members on completing paperwork related to meeting work requirements and six-month renewals.

The proposed Governor's Budget 2026-27 also includes $4 million ($2 million federal funds and $2 million reimbursements from foundations) for navigators to assist with Medi-Cal eligibility, enrollment, and retention.

Oversight and Monitoring

DHCS plans to integrate new data elements into the Medi-Cal Enrollment and Renewal dashboards to track the impact of H.R.1 implementation, including work reporting requirements. Key metrics will likely include the number of individuals subject to work reporting requirements, the number in compliance with reporting requirements (whether exempt or meeting hours requirements) and the number of coverage discontinuations due to procedural and paperwork disenrollments. Information from this reporting will help guide implementation and ongoing evaluation of the impacts of these new federal requirements.

Appendix

Definition Glossary

- **All County Welfare Directors Letter (ACWDL):** Formal written instructions issued by DHCS to counties that clarify policy, outline system changes, or provide implementation timelines.
- **California Healthcare Eligibility, Enrollment and Retention System (CalHEERS):** The system that supports eligibility determinations and enrollment for Covered California and coordinates data sharing with CalSAWS and DHCS.
- **California Statewide Automated Welfare System (CalSAWS):** The eligibility and case-management system that supports Medi-Cal and other public-assistance programs.
- **CalFresh (Supplemental Nutrition Assistance Program):** California's implementation of the federal SNAP program, providing food assistance to low-income households. CalFresh work requirements may overlap with work and community engagement rules.
- **Children's Health Insurance Program (CHIP):** Federal program providing low-cost health coverage to children in families above Medicaid income thresholds.
- **Churn.** The movement of individuals into and out of Medi-Cal coverage, often due to income changes, failure to complete renewals, or transitions to Covered California.
- **Continuous Coverage Requirement:** A federal policy under the Families First Coronavirus Response Act (FFCRA) that temporarily prohibited states from disenrolling Medicaid beneficiaries during the COVID-19 Public Health Emergency.
- **Cost Sharing for Adults:** Copayments or deductibles ($1–$35 per service) required under H.R.1 for some adult populations starting October 1, 2028. Essential services such as emergency, prenatal, pediatric, and mental-health care remain exempt.
- **County Administrative Funding:** State and federal funds provided to counties to support Medi-Cal eligibility and case-management operations.
- **County Eligibility Offices / County Workers:** Local offices responsible for processing Medi-Cal applications, conducting eligibility determinations, and managing renewals under DHCS supervision.
- **Covered California:** The state's health-insurance marketplace where individuals who lose Medi-Cal eligibility may enroll in subsidized commercial coverage.

- **Death Master File (DMF):** A Social Security Administration database containing verified death records used to terminate coverage for deceased individuals.
- **Deceased Member Verification:** A H.R.1 requirement for counties to review the SSA Death Master File (DMF) at least quarterly to terminate coverage for deceased members.
- **Department of Health Care Services (DHCS):** The California state agency is responsible for administering Medi-Cal and implementing federal and state health-care policies.
- **DHCS Coverage Ambassadors:** A DHCS-led partnership in which counties, MCPs, community organizations, and other trusted messengers collaborate to inform and assist Medi-Cal members during major policy changes.
- ***Ex Parte* Renewal:** An automatic redetermination process that uses federal, state, and county data sources to verify eligibility without requiring action from the member.
- **H.R.1 ("One Big Beautiful Bill Act"):** Federal legislation enacted in 2025 that introduces significant changes to the Medicaid program, including new eligibility, reporting, cost-sharing, and work-engagement requirements.
- **Managed Care Plans (MCPs):** Health-care organizations contracted with DHCS to deliver Medi-Cal benefits. MCPs also support outreach, renewals assistance, and member education.
- **Medi-Cal:** California's Medicaid program that provides free or low-cost health coverage for low-income individuals and families, administered by DHCS in partnership with the state's 58 counties.
- **Medi-Cal Eligibility Division Information Letter (MEDIL):** DHCS policy communication providing clarifications or interim guidance.
- **Procedural and Paperwork Termination / Discontinuance:** A loss of Medi-Cal coverage because the county did not receive timely information needed to continue eligibility, for members who may still meet eligibility requirements.
- **Qualified Non-Citizen (QNC):** An immigration status category was redefined under federal law. H.R.1 amends this definition, effective October 1, 2026, narrowing who qualifies for federal full-scope Medi-Cal coverage.
- **Reducing Duplicate Enrollment Under Medicaid and CHIP:** A H.R.1 requirement that counties regularly verify member addresses and prevent individuals from being enrolled in Medicaid in more than one state.
- **Retroactive Medi-Cal Timeframes:** The look-back period for covering medical costs incurred before application. H.R.1 reduces this from three months to one month for certain adults and two months for all other groups.

- **Six-Month Renewals:** Eligibility reviews required every six months for specific adult populations beginning January 1, 2027; other groups remain on annual renewal schedules.
- **Streamlining Eligibility Final Rule Moratoriums:** Provisions of H.R.1 that pause certain CMS final rules on eligibility and enrollment while maintaining select streamlining measures.
- **Unsatisfactory Immigration Status (UIS):** A federal classification that will newly be applied to certain lawfully present immigrants who no longer qualify as QNCs. Individuals with UIS may receive restricted-scope Medi-Cal.
- **Unwinding (Continuous Coverage Unwinding):** The process DHCS and counties used to return to normal Medi-Cal operations after the federal continuous-coverage requirement ended on March 31, 2023.
- **Work and Community Engagement Requirements:** Federal eligibility rules established by H.R.1 effective January 1, 2027, requiring certain adults to work, study, volunteer, or participate in qualifying activities at least 80 hours per month unless exempt.

Resources

State Guidance

DHCS will release regular guidance in order to assist counties with frequently asked questions, policy changes, policy clarifications and other useful information surrounding H.R.1. The guidance can be found at the following links and will be updated as more guidance is available.

Guidance Documents

Document	Date Issued	Title
MEDIL 25-18	August 7, 2025	Medi-Cal Impacts from House Resolution (H.R.1)
ACWDL 25-31	December 30, 2025	Six-Month Renewals for New Adult Group Requirements
ACWDL 25-30	December 30, 2025	Work and Community Engagement Requirements for New Adult Group