LEGISLATIVE UPDATE

Alliance of Catholic Health Care

Week of January 26, 2026

State Issues	
Assembly Health Hearing on Impact of HR 1	This week, the Assembly Health Committee held an informational hearing on "The Devastating Impact of Federal Disinvestment on California's Health Care System." The hearing, chaired by Assembly Member Mia Bonta, was well attended with nearly a dozen legislators who were very engaged and expressed ongoing concern about the future of California's health care system, patient access to timely care, and the impact on the state budget as it works to implement both federal and state cuts to Medi-cal. The hearing had three panels. The first was an overview and level setting discussion. Dr. Sandra Hernandez, CEO California Health Care Foundation and member of the Office of Health Care Affordability Board, along with the Legislative Analyst's Office reviewed HR 1 and its impact on patients, access, and the State budget. Sandra Hernandez used her presentation to outline what she believes are the state policy imperatives facing the Legislature today: 1) Minimize the harm of the work requirements; 2) Ensure access to care for uninsured Californians; 3) Strengthen Medi-Cal for the future; and 4) Use regulatory authority to contain costs. She also rolled out their "25% Problem," where they theorize that 25% of every health care dollar provides "zero value to patients." The panel also included a personal perspective from a resident who was attempting to cope with the dramatic increase in his insurance as a result of the federal cut to subsidies for insurance. You can access the slides from the LAO here and Sandra Hernandez's slides here. The second panel reviewed the state's policy responses and overall impact to the state. Several members of the California Department of Health Care Services, including Director Michelle Baass, walked through, in some detail, the major changes to the program that they were grappling with. While they did not walk through these slides, you can find them here as a great resource. Also testifying on this panel were representatives from Covered California, County Health Executives Association of California, LA Care Medi-Cal Managed Care Plan and a representative from the California Budget and Policy Center, a progressive advocacy organization who touts new revenues as a key way to help California work its way out of this deficit and crisis. Of interest, County representatives provided an overview of the County Indigent Care program and included this fact sheet. By statute, Counties are required to cover the cost of health care for Californian's indigent population. Prior to the ACA counties had a variety of programs aimed at serving this population. But after the ACA was passed and California diligently worked to get most Californian's health insurance coverage, those programs slowly started to fade and lose their funding. Now, with millions of low-income Californians expected to lose access to coverage, the *(more)*

Assembly Health Hearing on Impact of HR 1 *(continued)*	state is trying to figure out how to get counties ready for this challenge. Assembly Member Mia Bonta noted that these newly uncovered patients deserve better than the old indigent care programs, which only did enough to "keep patients alive," and now we have an obligation to ensure they get comprehensive care. The last panel focused on community impact. It included representatives from Santa Clara County Valley Health, LA LGBTQ Center, Planned Parenthood, SEIU and two hospital leaders, Doug Archer from Dignity Health Mark Twain Medical Center and Dr. Raul Ayala from Adventist Health, Hanford who oversees their residency programs. The providers reiterated what the cuts in funding would mean for their patients, providers, communities and system of care. Panelists made clear the catastrophic impact these cuts will have on access to care. Several reiterated that these cuts will not just have an impact on our Medi-Cal patients. They will have a ripple effect on those seeking care across the state with private insurance. Hospitals and clinics will close, and emergency rooms will be overcrowded causing delays in access for all – including those with commercial coverage. Dr. Raul Ayala, Adventist Health, focused his testimony on the impact a loss of funding will have to the residency programs for California's physicians and allied health providers and, in turn, the detrimental impact on the growth and capacity of the health care workforce for years to come.
Investment in Exploring BIG Changes for Medi-Cal	As part of the California Health Care Foundation's effort on the Future of Medi-Cal Commission late last year, they solicited proposals on ways we should be fundamentally transforming our Medi-Cal system. They asked applicants to prepare a two-page concept brief outlining a transformative idea, such as a new framework for state-federal financing, a radical redesign of Medi-Cal managed care, or an innovative approach to serving enrollees with complex needs. The goal was to select innovative ideas and for CHCF to support each with a $50,000 grant for development into a full paper for publication. This week, CHCF announced that they have awarded grants to six author teams, who will now develop their concepts into full papers to help inform the commission's recommendations. Here are the winning concept paper ideas: **Any Card, Any Provider: Unifying Medi-Cal's Networks and Administration** *Naman Shah, MD, PhD, Los Angeles County Department of Public Health* Shah proposes decoupling administrative functions from health plans so that any Medi-Cal member can see any credentialed provider. This would allow plans to compete on care quality rather than network restrictions. **Consideration of a Medicaid Per Capita Cap** *Beth Waldman and Mary Beth Dyer, Bailit Health* Waldman and Dyer explore a fundamental shift in financing — moving from open-ended matching funds to a per capita cap model — to potentially offer California greater policy flexibility and budget certainty in the face of federal changes. *(more)*

Investment in Exploring BIG Changes for Medi-Cal *(continued)*	**In-Home Supportive Services Integration into Medi-Cal Managed Care** *Athena Chapman and Gretchen Nye, Chapman Consulting* Chapman and Nye propose full integration of In-Home Supportive Services (IHSS) into managed care to streamline access and oversight while strictly preserving consumer direction for aging members and people with disabilities. **Multi-Payer Primary Care Payment Reform Model** *Rachel Tobey, MPA* Tobey outlines a unified primary care payment model across Medi-Cal, CalPERS, and Covered California to standardize incentives, reduce administrative burdens, and sustain high-value, team-based care for all patients. **Partially Unified Financing: Covered California for Most** *Rick Kronick, University of California, San Diego* Kronick envisions moving most Californians, including those currently on Medi-Cal, into Covered California plans to create a more seamless, equitable, and continuous coverage system to reduce fragmentation. **Toward an AI-First Medi-Cal: A Health Data Utility** *Nate Favini, MD, and Neil Batlivala, Pair Team* Favini and Batlivala reimagine Medi-Cal as an "AI-first" system that leverages a health data utility to proactively identify social and medical risks, allowing the system to intervene before members reach the point of health crisis. The Foundation expects to publish the full papers in the spring. They hope they will serve as critical input as the Future of Medi-Cal Commission drafts its roadmap for the incoming gubernatorial administration.

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