

Mitigating Harm in the Face of H.R. 1 Implementation

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CWDA



**First
Responders
to Poverty**



Objectives

- Review Key H.R. 1 Changes
- How is the State Responding
- Assess System and Workforce Implications
- Share County Implementation Strategies
- Share CWDA's Advocacy Role and Priorities



H.R. 1 Impacts

- **Massive shift of financial responsibility from federal to state and county governments for delivery of health and human services**
- **Estimated to increase state costs by \$5 billion by 2029-30**
 - \$3 billion in increased Medi-Cal costs
 - \$2 billion in increased CalFresh costs
- **State General Fund impacts total \$1.4 billion at Governor's Budget in FY 2026-27**
 - SNAP/CalFresh administrative cost shift (state portion of nonfederal share (\$382.9 million)
 - Costs to Medi-Cal for loss of Federal Medical Assistance Percentage (FMAP) decrease
 - Savings due to Medi-Cal assistance/benefits for expected disenrollment due to work and community engagement requirements
 - No new significant funding for Medi-Cal and CalFresh administration proposed
 - Governor's Budget assumes counties will also increase share of costs to \$149.5 million county funds in FY 2026-27 for CalFresh administration.



H.R. 1 Projected Program Losses

POPULATION	Medi-Cal	CalFresh
Impacted	4.6 million	954,800
At Risk	2.8 million	954,800
Est. to Lose Benefits	1.4 million	665,000





CalFresh Eligibility

- **Standard Utility Allowance (SUA): Implementation 10/2025**
 - Federal rule standardized SUA calculations and excludes basic internet costs.
- **State Utility Assistance Subsidy: Implementation 11/2025**
 - Limits SUAS eligibility to households with an elderly or disabled member.
- **Noncitizen Eligibility: Implementation 4/2026**
 - Limits SNAP eligibility to individuals who are U.S. citizens, LPRs, Cuban or Haitian Entrants, or individuals residing in the U.S. under a COFA agreement.
- **Able-Bodied Adults Without Dependents (ABAWD) Requirements: Implementation 6/2026**
 - Expands ABAWD age range to 18-64 (previously 18-54).
 - Limits caregiver exemption to parents of children under 14.
 - Removes exemptions for homelessness, former foster youth, and veterans.
 - Adds an exemption for individuals eligible for Indian Health Services.
 - Restricts ABAWD waivers to areas with unemployment >10% (eliminates "lack of sufficient jobs" criteria).

KEY H.R.1 CHANGES:

CalFresh Cost-Shifts

- **Administrative Cost Shift: Implementation 10/2026**
 - Reduces the federal share of CalFresh administrative costs from 50% to 25%, raising the state and county share from 50% to 75%.
 - In California, that state share (75%) continues to be split 70% state / 30% counties.
 - Results in county share of costs increasing from 15% to 22.5% effective October.
- **CalFresh Benefit Costs Shifts: Implementation 10/2027**
 - Requires states to pay a share of CalFresh benefit costs if the Payment Error Rate (PER) exceeds 6%.
 - State Cost Share by PER Level:
 - Below 6%: 0%
 - 6.0–7.99%: 5%
 - 8.0–9.99%: 10%
 - 10% or higher: 15%
- **Delays cost-sharing for states with an error rate $\geq \sim 13.3\%$. Cost-shift delayed to FFY 2029 if $\geq \sim 13.3\%$ in FFY 2025. Delayed to FFY 2030 if $\geq \sim 13.3\%$ in FFY 2026.**



KEY H.R.1 CHANGES:

Medi-Cal

- **Changing Qualified Noncitizen Definition (QNC): Implementation 10/2026**
 - Changes the federal definition of QNC, excluding certain groups, such as: Conditional Entrant granted before April 1980; Paroled into the United States for one year or more; Battered non-citizen, or parent or child of a battered non-citizen; Refugees; and Asylees
- **Work and Community Engagement Requirements: Implementation 1/2027**
 - Creates federal work/community engagement rules for ACA expansion adults (ages 19–64).
 - Requires 80 hours/month of work, service, education, or approved programs (or earnings of \$580/month).
- **6-month Renewals: Implementation 1/2027**
 - Increases frequency of renewals from annually to every 6 months for ACA expansion group (19-64).
- **Deceased Member Verification: Implementation 1/2027**
 - States must check SSA Death Master File at least quarterly to confirm Medi-Cal members are still alive and to remove those who have died.
- **Retroactive Medi-Cal/CHIP coverage: Implementation 1/2027**
 - Reduces retroactive coverage from 3 months to 1 month for ACA expansion adults and 2 months for all other Medi-Cal members.
- **Cost sharing for New Adult Group: Implementation 10/2028**
 - Creates new cost-sharing for adult Medicaid expansion enrollees with incomes >100% FPL.
 - Requires states to charge \$1–\$35 copays or deductibles per service.



How is the State Responding

- **Both departments identified guiding principles, which, though distinct, fall into four main categories:**
 - Mitigate Harm
 - Be Member-Centered & Reduce Burden
 - Maintain Coverage Continuity
 - Communicate & Be Transparent
- **Additional Actions:**
 - CalHHS, CDSS, and DHCS have facilitated multiple touchpoints with counties and external partners, including consumer advocates.
 - Both departments have issued policy guidance on upcoming changes.
 - Both have engaged with automation systems to support implementation.



System and Workload Impacts

- **H.R. 1 requires significant system designs in CalHEERS and CalSAWS**
- **State and counties are working with projects to identify automation needs**
- **In addition to compliance related automation changes, efforts are underway to:**
 - Reduce administrative burden on eligibility workers
 - Mitigate harm related to work requirements
 - Reduce payment errors that are now tied to CalFresh cost-shift exposure
- **Exploring additional verified data sources (e.g., improved wage data integration)**



Workforce Impacts: Capacity & Experience

- **Many counties are implementing H.R. 1 with a workforce that is still recovering from pandemic-era turnover.**
- **Many counties report a high proportion of newer eligibility staff, requiring:**
 - Longer case processing times
 - Increased supervisory oversight
 - Ongoing training and re-training as rules evolve
- **Complex determinations, such as exemptions, work engagement, and noncitizen eligibility are not transactional and require staff judgment and conversation.**
- **H.R. 1 increases the importance of accuracy over speed, particularly given:**
 - New CalFresh benefit cost-sharing tied to payment error rates
 - Expanded verification and documentation requirements
 - Staff time diverted to new requirements could reduce capacity for progress in other areas such as outreach and engagement



County Implementation Strategies: Operations & Partnerships

- **Engaging** Boards of Supervisors and county leadership early to plan for operational and fiscal impacts.
- **Conducting** local impact assessments to understand how H.R. 1 provisions affect caseloads, staffing, and workloads.
- **Aligning** implementation timelines across programs to reduce disruption for staff and clients.
- **Coordinating** with CDSS, DHCS, and system vendors to prepare for required automation changes.
- **Training** staff on new eligibility and work requirements, with an emphasis on accuracy, consistency, and documentation.
- **Leveraging** and planning with community partners for outreach, navigation, and work/community engagement supports.
- **Working** with health plans and workforce partners to expand capacity for referrals and participation tracking.
- **Planning** for targeted outreach strategies to help households complete renewals on time and avoid unnecessary disenrollments.

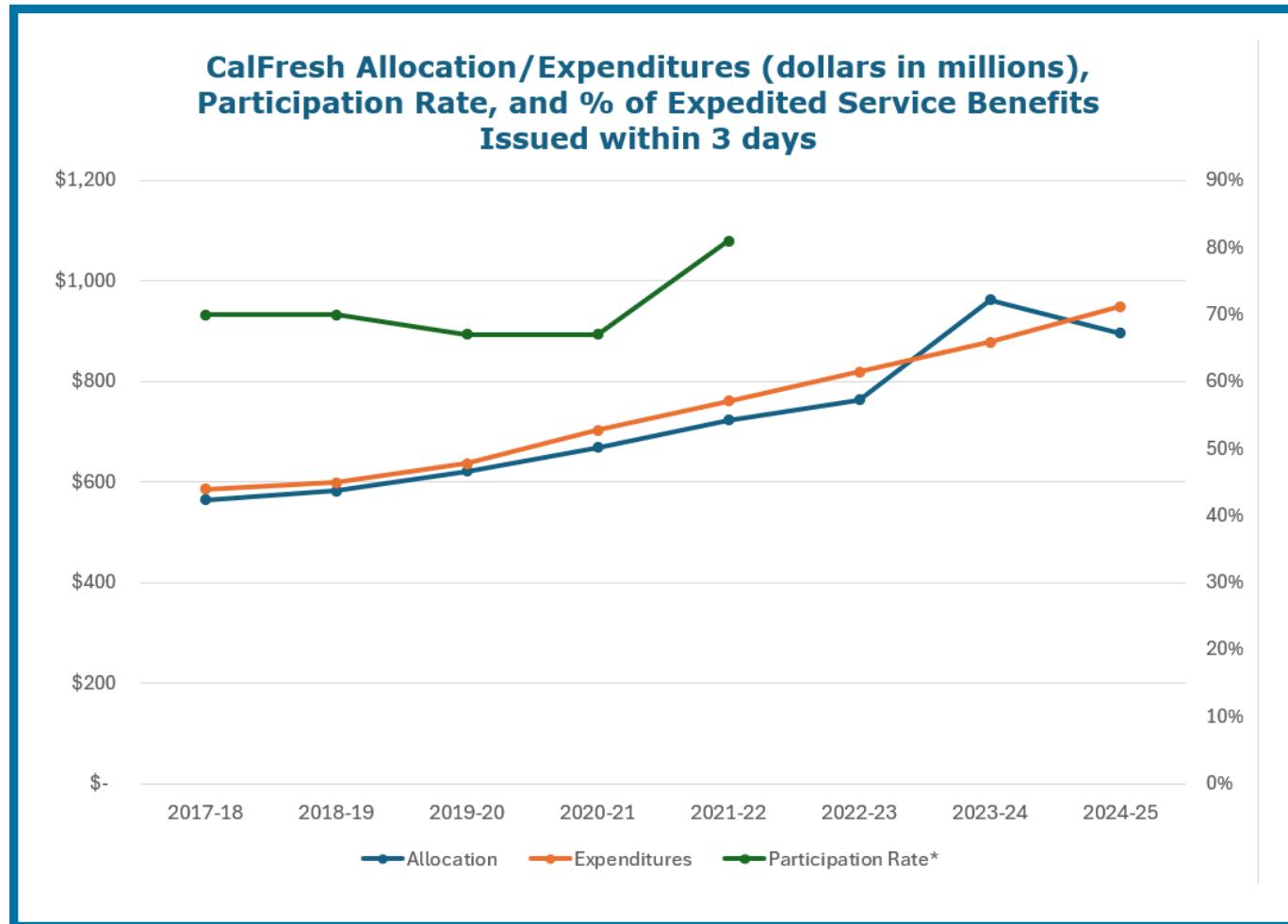


CWDA Advocacy Role and Priorities

- **CWDA's guiding principle for H.R. 1 is to mitigate harm by sustaining benefits for as many Californians as possible.**
 - County eligibility systems are the front door to food assistance and health coverage. With adequate resources, counties can implement H.R. 1 accurately and work to retain eligible Californians, reducing unnecessary loss of food and health care and mitigating the downstream impacts on families and communities.
- **This principle underpins CWDA's budget requests.**
- **To advance this goal,** CWDA has begun actively telling the story of county eligibility with the Governor's Office, the Department of Finance, key state department leadership and staff, and legislative members and key policy and budget staff.



CalFresh Funding & Improved Outcomes



SNAP participation rates are estimated percentages of all people who are eligible for SNAP who participate in the program.

*For participation rate, FFY 2021 year data is unavailable. Per FNS: 1 There was no report for FY 2021 because data were incomplete due to COVID-19 pandemic-related administrative waivers in place through most of the year.

Source: <https://www.fns.usda.gov/research/snap/state-participation-rates/2022>



Funding ABAWD Rollout: Preventing Disenrollment and Errors



- **Effective June 2026**, the majority of counties must implement ABAWD work requirements.
- **CDSS estimates that 954,800 CalFresh recipients will be subject to ABAWD rules.** Without an exemption or compliance, individuals are limited to 3 months of benefits within a 36-month period (three-year clock begins January 2026).
- **It is our understanding that approximately 69.7% of impacted CalFresh recipients subject to work requirements may be at risk of losing or having gaps in food assistance.** CDSS assumptions reflect minimal engagement and exemption screening.
- **The literature shows** that anywhere between 15% to 50% of recipients may ultimately be disenrolled as a result of SNAP work requirements.
- **To implement ABAWD requirements accurately and mitigate harm, counties need, among other resources:**
 - Capacity for an additional 2-3 hours per ABAWD per year to support:
 - Multiple rounds of exemption screening
 - Client education and engagement toward compliance
 - Accurate documentation and verification
 - Prevention of CalFresh payment errors and churn

FUNDING REQUEST

\$11.1 million General Fund in FY 2025-26 and \$114.4 million General Fund in FY 2026-27

How Eligibility Workers Make the Difference

A county worker reviews the paper application of a 60 year old individual applying for CalFresh benefits. The application has the minimum requirements for a complete CalFresh application: name, address, and signature. The applicant missed their last two scheduled phone interviews due to inconsistent access to transportation, documentation and reliable cell service. The county worker was eventually able to contact the individual to complete their intake appointment over the phone. During the intake appointment the applicant initially states they were not homeless.

However, as conversation continued the applicant shared more details about their housing situation, explaining they are temporarily staying on a couch after recently leaving a shelter. The applicant further explains they've missed several appointments due to doctor visits and other health related issues. They reported experiencing chronic pain and currently receiving care for these conditions. Through this communication the worker identified housing instability, health barriers and access issues. The worker utilizes the tools the county has provided to identify potential exemptions related to age, obviously unfit, homelessness related good cause and potential disability exemptions, while also coordinating flexible ways for the individual to provide verification if needed and make referrals for any additional resources that may be available. The worker enters the information about the applicant into the case management system including preferred methods for receiving notices of action.



THE WORKER DIFFERENCE: CalFresh Verification Hierarchy

Robust screening required for all ABAWDs at intake, recertification & upon disclosure of exemption

Work registration exemptions screening

Time limit exemptions screening

Screening upon loss of exemption

Prompt response to exemption circumstance change

Drop in hours good cause screening

Support overcoming procedural hurdles for those engaged in qualifying activities

Navigation and referral support for individuals who are not meeting compliance fully or at all



CalFresh County Match Waiver: Protecting CalFresh Access Through match Relief

- **Effective October 2026, counties face increased CalFresh administrative costs.**
- **H.R. 1 reduces the federal share to 25%, increasing:**
 - State share: 52.5%
 - County share: 22.5%
 - The cost shift increases the county share to \$149.3 million in FY 2026-27, which would increase for full annual impact in FY 2027-28.
- **In a CWDA survey, 46% of counties reported they likely cannot meet the new match.**
- **Potential impacts: longer wait times, delayed approvals, interrupted benefits, and reduced customer service.**

REQUEST

Maintain counties' contribution at FY 2024-25 levels through FY 2028-29, and then phase-out.

Ex. County with \$35M State GF; increasing to \$52.5M after Oct 1, 2026:

- 15% match → \$15M contribution
- 22.5% match → \$22.5M contribution
- Waiver keeps county contribution at \$15M, allowing county to draw on increased allocation of \$52.5M, preventing severe service disruptions.

Maximize Accurate Eligibility Retention to Mitigate A Potential Hunger Crisis

H.R. 1 makes sweeping attempts to deny CalFresh federal food assistance from Californians struggling to afford groceries. Yet the threats from H.R. 1 are not a foregone conclusion: the Budget can mitigate the risk of a hunger crisis and of a potential CalFresh benefit cost shift if we scale, train, and resource our county eligibility workforce for robust screening and client support.

- Beginning June 2026, counties must apply H.R. 1's expansion of work requirements and the 3-month time limit on CalFresh recipients who are subject to Able-Bodied Adults Without Dependents (ABAWD) rules to retain eligibility for food assistance.
- CDSS estimates that **954,800 people will be subject to the time limit** – nearly 1 in 5 of all CalFresh recipients. **CDSS estimates that 70% of these adults**, some 665,000 Californians who already face marginalization, are at greatest risk of losing food benefits.
- The Governor's Budget proposes essentially no new investment in CalFresh eligibility staffing or training. Without the resources to increase eligibility staffing capacity to support a harm reduction approach, we are gravely concerned about the potential widespread loss of food assistance.



Maximize Accurate Eligibility Retention to Mitigate A Potential Hunger Crisis

An investment of \$11.1 million GF in FY 2025-26 and \$114.4 million GF in FY 2026-27 and ongoing (estimates being refined with updated CDSS data) will enable counties to implement H.R. 1's rules while maximizing benefit retention and payment accuracy, ensuring that:

- **Counties will be able to hire hundreds of new full-time eligibility workers**, and
- **Workers can have adequate training and the time to spend 2-3 additional hours per person a year** (above the 70 minutes in the Governor's budget) to robustly screen for exemptions, repeatedly engage clients, and monitor the time clock, to support accurate benefit retention.
 - Many exemptions provide discretion to eligibility workers but can require time to determine accurately, e.g. certifying an impairment that makes someone “unfit for work,” or building trust so someone is comfortable disclosing treatment in a substance abuse program.
 - If someone is not eligible for an exemption, workers would have time to help people find and document compliance with the work requirement on a monthly basis.



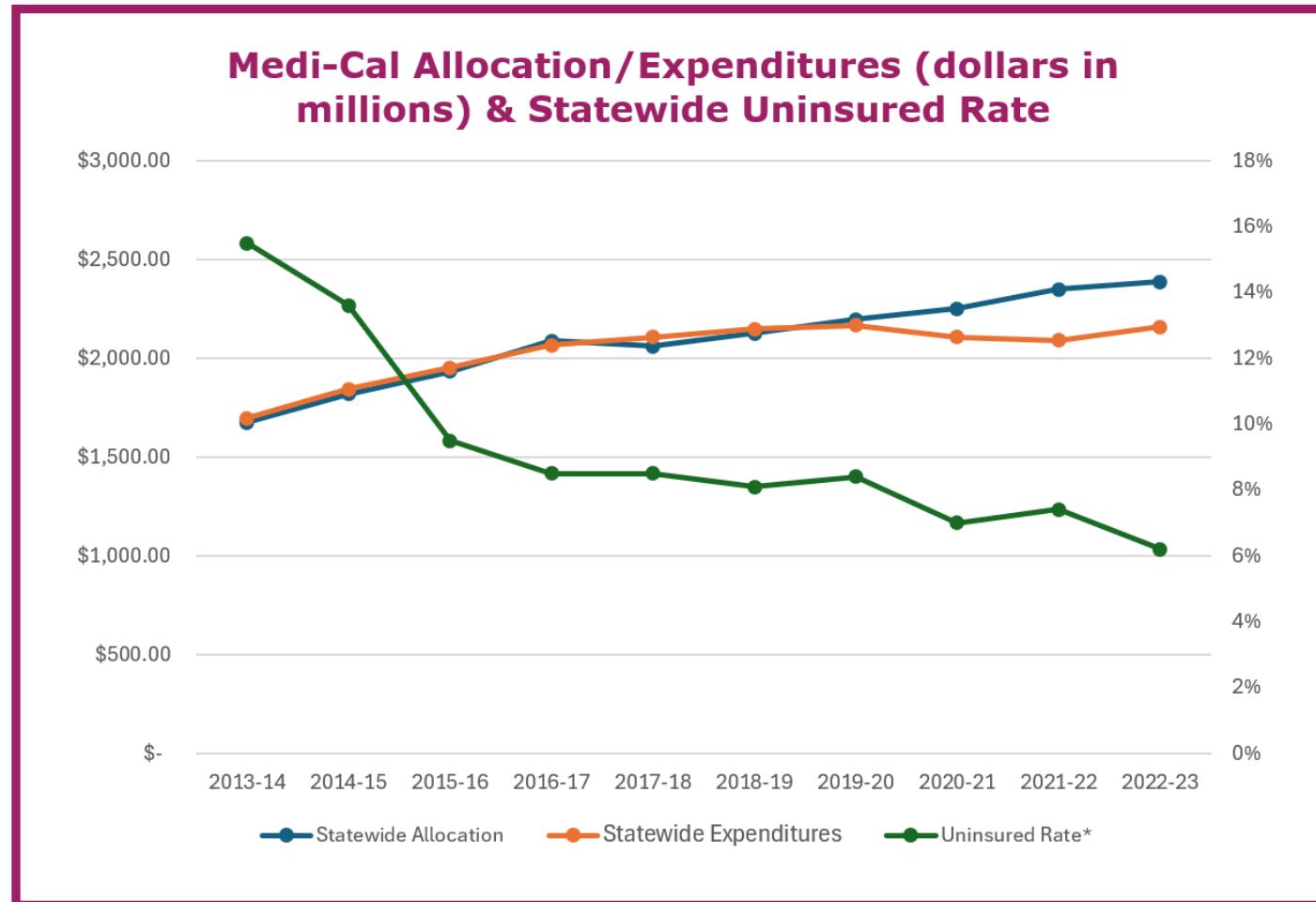
CalFresh Payment Error Rate Relief: Protecting Counties from Pre HR 1 Fiscal Penalties

- USDA requires states to measure benefit payment accuracy annually through the Payment Error Rate (PER).
- Currently, there are 19 Performance Measurement Counties (PMCs); Contra Costa County is one of them.
- PMCs can receive financial penalties if the state exceeds 105% of the national PER average for two consecutive years.
- While counties have largely not faced these penalties in decades, H.R. 1 and federal timelines increase the risk of PER penalties outside county control due to:
 - 2025 Federal Shutdown
 - Timing of ABAWD and noncitizen provisions implementation
 - Transition of federal QC reviews from counties to the State
- **Using FFY 2024 as a hypothetical second penalty year:** the state would have incurred a \$52.3M PER sanction, with \$45.7M passed on to PMCs.
- **If the state is penalized,** counties should not be forced to appeal penalties for factors beyond their control.

REQUEST

**Hold PMC counties harmless
for penalties triggered by
State or external actions.**

Medi-Cal Funding & Improved Outcomes



* Overlays Calendar Year data over State Fiscal Year (FY) Data. For simplicity, use first year in the FY to reflect Calendar Year data.

Source: <https://www.fns.usda.gov/research/snap/state-participation-rates/2022>



Medi-Cal Work and 6-month Renewal Requirements: Preventing Coverage Loss

- Effective January 2027, counties must implement new Medi-Cal ACA expansion requirements.
- ~4.6 million enrollees impacted, many already working, caregiving, or managing chronic conditions.
- Administrative barriers, not eligibility, are **likely to be** the primary cause of potential coverage loss.
- DHCS estimates 2.8M enrollees likely subject to compliance checks with ~1.4 million disenrollments
- Coverage loss → delayed care, ER reliance, medical debt, and pressure on public hospitals.
- Counties need additional funding to support:
 - Exemption reviews
 - Client education and engagement
 - Increased number of renewals
 - Prevention of coverage loss and downstream costs

FUNDING REQUESTS

- **\$289 million GF (FY 2026–27) to augment Medi-Cal administrative funding**
- **\$39.2 million GF to reinstate the Consumer Price Index (CPI) adjustment (currently frozen through FY 2027–28)**

Maximize Eligibility Retention to Mitigate Coverage Losses and Uncompensated Care

Counties are responsible for verifying and redetermining eligibility for Medi-Cal enrollees. County eligibility workers must implement H.R.1's harsh and burdensome policies, including the community engagement and work requirements and moving from annual to 6-month renewals for the adult Affordable Care Act (ACA) population. Adequately resourcing the county eligibility workforce is vital to mitigating coverage losses and reducing uncompensated care.

- Of the 4.6 million ACA expansion enrollees in California, DHCS estimates up to 2.8 million will require county eligibility workforce support to navigate these new requirements.
 - *(This is DHCS' current estimate based and subject to change)*
- Among this population, DHCS projects a 50% disenrollment rate due to challenges in complying with and/or providing verifications. That means at least **1.4 million enrollees – 3.5% of the state's total population – would lose Medi-Cal coverage.**
- **Reducing the disenrollment rate among this vulnerable population hinges on adequate funding of the county eligibility workforce** to have the time and capacity for nuanced conversations necessary to review for exemptions, and support enrollees through compliance.



Maximize Eligibility Retention to Mitigate Coverage Losses and Uncompensated Care

An investment of \$289M GF in FY 2026-27, \$472M GF in FY 2027-28, and commensurate ongoing funding will provide counties with the necessary funding to work with Medi-Cal beneficiaries to mitigate the harm of these H.R. 1 policies (estimates being refined with updated DHCS data).

Eligibility workers need to be resourced for at least an additional 3.5 hours per client per year to review for work requirement exemptions and compliance, as well as 1.2 hours per client per year for the additional renewals. This will enable county eligibility workers to support clients in navigating these complex new requirements and conducting robust reviews for exemptions. If no exemptions are found, eligibility workers will have the time to review for sufficient work and community engagement hours, and follow-up if exemptions or engagement hours are not initially found or follow-up on any paperwork issues.

- **Moving from annual to 6-month renewals doubles the time for eligibility workers**
- When the State provides adequate funding, California's county eligibility workforce has proven to be the difference maker in preventing catastrophic losses.
- During previous major changes in federal healthcare policy, the state augmented annual county Medi-Cal administrative funding by 50% or \$655 million total funds during the implementation of the ACA (FYs 2016-17 and 2017-18), supporting historic increases in the insured rate. During the Public Health Emergency (PHE) unwinding period, counties received an additional augmentation, helping California secure among the highest Medicaid retention rates nationally, processing 11 million renewals and successfully retaining nearly 9 million Medi-Cal recipients.



How Eligibility Workers Make the Difference

EXAMPLE 1

Missy submits her renewal paperwork by mail. Upon receiving the documents her county eligibility worker, Laura, reviews the documents and determines there is no information that indicates Missy is meeting the work requirements or is exempt. Laura further reviews system data and no documentation shows that Missy meets an exemption, nor does it confirm participation in a qualifying work activity. Based on this, Laura issues a notice requesting additional information, and she attempts outreach by phone.

When Laura reaches Missy, the beginning of the conversation is hesitant. As the discussion continues, Missy shares that she is providing ongoing care for an ill family member, which came unexpectedly and involves regular medical appointments, managing medications, and supervision, making it difficult to meet standard work hour expectations.

Laura explains that caregiving responsibilities may qualify for exemption. She offers to assist with accessing documentation, walks Missy through what types of documentation can support this exemption, and explains how Missy can submit documents through an online portal, mail, or drop off.

Laura documents the conversation in the case management system, notes the potential exemption and preferred communication method, and sets a follow-up task to review information once submitted.



How Eligibility Workers Make the Difference

EXAMPLE 2

Jordan is enrolled in Medi-Cal and is subject to a six-month renewal and work requirements. Two months prior to the renewal, the county worker begins the electronic review, but Jordan cannot be approved through electronic means. The eligibility worker reviews the case by checking electronic data sources to determine whether Jordan meets an exemption or is complying with qualifying work activities. System data shows intermittent earned income that shows insufficient work hours to meet the requirement.

When Jordan receives the renewal packet, he calls the county and reports being "between jobs." Jordan explains he recently started a short-term training program while also picking up occasional gig work. The worker explains how qualifying activities, including how training programs and variable work hours, are counted. The worker walks Jordan through what documentation could help verify participation, such as enrollment confirmation from the training provider or recent payment records from gig work platforms.

Throughout the interaction, the worker clarifies deadlines, answers questions about why the renewal is now every six months instead of annually, and reassures Jordan that based on his reporting, coverage should continue. The worker also makes sure that Jordan understands what he needs to do over the next six months to continue to qualify for benefits.



Summary & Next Steps

- Counties face new program requirements and administrative pressures (Medi-Cal, CalFresh, ABAWD, & IHSS cost shifts).
- **These changes increase the risk of coverage loss and fiscal penalties.** Without additional resources or relief, CalFresh and Medi-Cal recipients could experience delays and service disruptions.
- **Requests:**
 - Adequate funding for CalFresh and Medi-Cal work requirements and renewals
 - CalFresh Match Waiver to maintain county contribution at FY 2024–25 levels
 - Hold PMC counties harmless from pre-H.R. 1 PER penalties
- **Call to Action:** Support county capacity to protect benefits, reduce coverage loss, and ensure fair H.R. 1 implementation.



Q & A