STATE OF CALIFORNIA
LEGISLATIVE COUNSEL BUREAU
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

# Assembly Bill No. 2161

## CHAPTER 209

An act to amend Section 14005.69 of the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor September 14, 2026. Filed with Secretary of State September 14, 2026.]

### LEGISLATIVE COUNSEL'S DIGEST

AB 2161, Bonta. Medi-Cal eligibility: work or community engagement.

Existing law establishes the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income individuals receive health care services. The Medi-Cal program is in part governed by, and funded pursuant to, federal Medicaid program provisions.

Existing federal law generally requires, commencing in 2027, Medicaid beneficiaries between 19 and 64 years of age, inclusive, with income up to 138% of the federal poverty level, commonly known as Medicaid expansion adults, to demonstrate community engagement as a condition of Medicaid eligibility.

Existing state law sets forth various provisions to conform to that federal requirement. Existing law requires, no sooner than January 1, 2027, as specified, an applicable individual to demonstrate work or community engagement. Existing law sets forth the mechanisms for an applicable individual to comply with that requirement on a monthly basis, including, among others, a minimum of 80 hours of work, community service, or participation in a work program, or a minimum of half-time enrollment in an educational program.

This bill would make changes to the definitions of "applicable individual," "work program," and "educational program," and to some of the compliance mechanisms regarding monthly income, for purposes of the above-described provisions. When there is a conflict in reliable data sources that adversely impacts the eligibility of an applicant or beneficiary, the bill would require the county to request the applicant or beneficiary to confirm information before taking any adverse action on the application or renewal.

Existing law requires a county, if it is unable to verify that an applicable individual either has met the requirement to demonstrate work or community engagement or was deemed to have demonstrated work or community engagement, to provide the individual with a notice of noncompliance, as specified, and to continue to provide the individual with Medi-Cal services during a 30-calendar-day period if the individual is enrolled in the Medi-Cal program.

This bill would require the county to notify applicable individuals enrolled in the Medi-Cal program of the requirement to demonstrate work or community engagement based on certain delivery formats. For an applicable individual renewing their Medi-Cal enrollment during a 6-month redetermination period and who otherwise meets all other eligibility criteria, the bill would require the county to maintain active eligibility pending verification of work or community engagement until at least the last day of the month of the 30-calendar-day period.

Under the bill, an applicable individual would be deemed to have received the notice of noncompliance 5 days after the date on the notice. Under the bill, self-attestation that the individual did not receive a timely notice would constitute good cause for not providing a satisfactory showing within the 30-calendar-day period. If no satisfactory showing is made after the 30-calendar-day period, the bill would require the department to consider all other bases of eligibility for medical assistance under the Medi-Cal state plan prior to denying coverage at application or determining that an individual is ineligible.

The bill would authorize the department to defer implementation of any of the above-described changes if the change would result in a fiscal impact that would require an additional appropriation and that additional appropriation has not been made, as specified.

By creating new duties for counties relating to Medi-Cal eligibility determinations with regard to work or community engagement, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

*The people of the State of California do enact as follows:*

SECTION 1. Section 14005.69 of the Welfare and Institutions Code is amended to read:

14005.69. (a) It is the intent of the Legislature that the department implement work or community engagement requirements set forth in Section 1396a(xx) of Title 42 of the United States Code (Section 71119 of federal H.R. 1 (Public Law 119-21)) to ensure that all eligible Medi-Cal applicants and beneficiaries obtain and maintain coverage in ways that are least administratively burdensome to applicants and beneficiaries.

(b) For purposes of this section, the following definitions apply:

(1) "Applicable individual" means an individual, other than a specified excluded individual as defined in paragraph (2), who is eligible to enroll, or is enrolled, in the Medi-Cal program and is any of the following:

(A) An individual whose Medi-Cal eligibility is pursuant to Section 1396a(a)(10)(A)(i)(VIII) of Title 42 of the United States Code.

(B) An individual who receives state-funded Medi-Cal coverage and who meets the same criteria described in Section 1396a(a)(10)(A)(i)(VIII) of Title 42 of the United States Code.

(C) An individual who meets both of the following:

(i) Is otherwise eligible to enroll, or is enrolled, under a waiver of the Medi-Cal state plan that provides coverage that is equivalent to minimum essential coverage, as described in Section 5000A(f)(1)(A) of the Internal Revenue Code of 1986 and as determined in accordance with standards prescribed by the United States Secretary of Health and Human Services in regulations.

(ii) Has attained 19 years of age and is under 65 years of age, is not pregnant, and is not entitled to, or enrolled for, benefits under federal Medicare Part A (42 U.S.C. Sec. 1395c et seq.), or eligible for, or enrolled for, benefits under federal Medicare Part B (42 U.S.C. Sec. 1395j et seq.).

(2) "Specified excluded individual" means any of the following individuals, as determined in accordance with criteria established by federal regulation or directive from the federal Centers for Medicare and Medicaid Services:

(A) An individual who is described in Section 1396a(a)(10)(A)(i)(IX) of Title 42 of the United States Code.

(B) An Indian or an Urban Indian, as defined in paragraphs (13) and (28) of Section 1603 of Title 25 of the United States Code, respectively.

(C) A California Indian, as described in Section 1679(a) of Title 25 of the United States Code.

(D) An individual who has otherwise been determined eligible as an Indian for the federal Indian Health Service under regulations promulgated by the United States Secretary of Health and Human Services.

(E) The parent, guardian, caretaker relative, or family caregiver of a dependent child 13 years of age or younger or a disabled individual.

(F) The parent, guardian, caretaker relative, or family caregiver of an individual with a chronic or other health condition, disability, or functional limitation.

(G) A veteran with a disability rated as total under Section 1155 of Title 38 of the United States Code.

(H) An individual who is medically frail or otherwise has special medical needs, as defined by the United States Secretary of Health and Human Services, including any of the following individuals:

(i) An individual who is blind or disabled, as defined in Section 1382c of Title 42 of the United States Code.

(ii) An individual with a substance use disorder.

(iii) An individual with a disabling mental disorder.

(iv) An individual with a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more activities of daily living.

(v) An individual with a serious or complex medical condition.

(I) An individual in compliance with the work requirements under the federal Temporary Assistance for Needy Families (TANF).

(J) A member of a household that receives Supplemental Nutrition Assistance Program (SNAP) benefits under the federal Food and Nutrition Act of 2008 (Public Law 110-246) and is not exempt from a work requirement under that act.

(K) An individual participating in a drug addiction or alcoholic treatment and rehabilitation program, as defined in Section 2012(h) of Title 7 of the United States Code.

(L) An inmate or former inmate of a public institution released at any point during the three-month period ending on the first day of that month.

(M) An individual who is pregnant or entitled to postpartum medical assistance under paragraph (5) or (16) of Section 1396(e) of Title 42 of the United States Code.

(N) Foster youth or former foster youth under 26 years of age.

(3) "Educational program" includes all of the following:

(A) An institution of higher education, as defined in Section 1001 of Title 20 of the United States Code.

(B) A program of career and technical education, as defined in Section 2302 of Title 20 of the United States Code.

(C) A high school, as defined in Section 7801 of Title 20 of the United States Code.

(D) A state-approved program of study leading to a certificate of high school equivalence for an applicable individual who has not received a high school diploma.

(4) "Work program" has the meaning as set forth in Section 2015(o)(1) of Title 7 of the United States Code, which includes, among other programs, certain employment and training programs described in paragraph (4) of subdivision (d) of that section, subject to the exclusions described in paragraph (1) of subdivision (o) of that section. "Work program" may include additional programs that comply with federal regulation or directives.

(c) The department shall confirm that systems are programmed to maintain coverage with minimal information requests to an applicant or beneficiary by doing both of the following:

(1) Verifying compliance through interfaces with data sources that include, but are not limited to, wage data, Medi-Cal eligibility aid codes, Medi-Cal claims and encounter data, and data from the State Department of Social Services.

(2) Allowing individuals the option to add, through consent-based verification platforms and any other means, information to their application or renewal for purposes of verifying compliance.

(d) No sooner than January 1, 2027, pursuant to the requirements set forth in Section 1396a(xx) of Title 42 of the United States Code, as a condition of Medi-Cal eligibility, and following the department's confirmation that systems are programmed to maintain coverage with minimal data requests to an applicable individual, an applicable individual shall demonstrate work or community engagement.

(1) An applicable individual who applies for the Medi-Cal program shall demonstrate work or community engagement for one month immediately preceding the month during which the individual applies for the Medi-Cal program.

(2) An applicable individual enrolled and receiving Medi-Cal services shall demonstrate work or community engagement for any one month during the period between the individual's most recent determination or redetermination, as applicable, of eligibility and their next regularly scheduled redetermination of eligibility as described in Section 14005.37.

(e) Subject to this subdivision and subdivision (f), an applicable individual demonstrates work or community engagement for a month if they meet one or more of the following conditions with respect to that month, as determined in accordance with criteria established by federal regulation or directives from the federal Centers for Medicare and Medicaid Services:

(1) The individual works no less than 80 hours.

(2) The individual completes no less than 80 hours of community service.

(3) The individual participates in a work program for no less than 80 hours.

(4) The individual is enrolled in an educational program at least half-time.

(5) The individual engages in any combination of the activities described in paragraphs (1) to (4), inclusive, for a total of no less than 80 hours.

(6) The individual has a total monthly income, using modified adjusted gross income (MAGI)-based financial methods, as specified in Section 1396a(e)(14) of Title 42 of the United States Code, for their individual MAGI-based household budget, that is no less than the applicable minimum wage requirement under Section 206 of Title 29 of the United States Code, multiplied by 80 hours.

(7) The individual had an average monthly income over the preceding six months, based on the individual's MAGI-based household budget, as described in paragraph (6), that is no less than the applicable minimum wage requirement under Section 206 of Title 29 of the United States Code, multiplied by 80 hours, and is a seasonal worker, as described in Section 45R(d)(5)(B) of the federal Internal Revenue Code of 1986.

(f) An applicable individual is deemed to have demonstrated work or community engagement under subdivision (d) for a month if, for part or all of the month, the individual either is a specified excluded individual, as defined in paragraph (2) of subdivision (b), or is any of the following:

(1) An individual under 19 years of age.

(2) An individual entitled to, or enrolled for, benefits under federal Medicare Part A (42 U.S.C. Sec. 1395c et seq.), or enrolled for benefits under federal Medicare Part B (42 U.S.C. Sec. 1395j et seq.).

(3) An individual described in any of subclauses (I) through (VII) of Section 1396a(a)(10)(A)(i) of Title 42 of the United States Code.

(4) An inmate of a public institution at any point during the three-month period ending on the first day of that month.

(5) An individual excluded based on any other federally required or approved exemptions outlined in the state plan or waivers.

(g) An applicable individual may be found compliant with work or community engagement under subdivision (d) for that month if they experience a short-term hardship, a short-term hardship is applicable to the individual, and they are otherwise eligible for the short-term hardship.

(h) For purposes of this section, and in accordance with applicable federal law, an applicable individual experiences a short-term hardship event during a month if, for part or all of that month, any of the following is met, as determined in accordance with criteria established by federal regulation or directives from the federal Centers for Medicare and Medicaid Services:

(1) The individual receives inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or other services of similar acuity, including outpatient care relating to other services specified in this paragraph, as determined by the United States Secretary of Health and Human Services, and the individual requests a short-term hardship exemption.

(2) The individual resides in a county in which an emergency or disaster was declared by the President of the United States pursuant to the federal National Emergencies Act (50 U.S.C. Sec. 1601 et seq.) or the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. Sec. 5121 et seq.).

(3) The individual resides in a county with an unemployment rate that is at or above the lesser of 8 percent or 1.5 times the national unemployment rate, subject to a request from the department to the United States Secretary of Health and Human Services.

(4) The individual or their dependent must travel outside of their community for an extended period of time to receive medical services necessary to treat a serious or complex medical condition, as described in Section 1396a(xx)(9)(A)(ii)(V)(ee) of Title 42 of the United States Code, that are not available within their community of residence, and the individual requests a short-term hardship exemption.

(i) When there is a conflict in reliable data sources that adversely impacts the eligibility of an applicant or beneficiary, the county shall request the applicant or beneficiary to confirm information before taking any adverse action on the application or renewal.

(j) For purposes of verifying that an applicable individual has met the requirement to demonstrate work or community engagement under subdivision (e), or determining that the individual is deemed to have demonstrated work or community engagement under subdivision (f) or (g), or determining that the individual is a specified excluded individual under paragraph (2) of subdivision (b), the department shall establish processes and use available and reliable information without requiring, where possible and only when sufficient verification has been submitted, the applicable individual to submit additional information.

(k) (1) If a county is unable to verify that an applicable individual either has met the requirement to demonstrate work or community engagement under subdivision (e) or was deemed to have demonstrated work or

community engagement under subdivision (f) or (g), the county shall do all of the following:

(A) Provide the applicable individual with the notice of noncompliance described in subdivision (m).

(B) Provide the applicable individual with a period of 30 calendar days, beginning on the date on which the notice of noncompliance is received by the individual, to do any of the following:

(i) Make a satisfactory showing of compliance with the requirement for work or community engagement under subdivision (d).

(ii) Make a satisfactory showing that the applicable individual was deemed to have demonstrated work or community engagement under subdivision (f) or (g).

(iii) Make a satisfactory showing that the work or community engagement requirement does not apply to the individual on the basis that the individual does not meet the definition of an applicable individual under paragraph (1) of subdivision (b).

(C) (i) Continue to provide the applicable individual with Medi-Cal services during the 30-calendar-day period if the applicable individual is enrolled in the Medi-Cal program.

(ii) For an applicable individual renewing their Medi-Cal enrollment during a six-month redetermination period and who otherwise meets all other eligibility criteria, the county shall maintain active eligibility pending verification of work or community engagement until at least the last day of the month of the 30-calendar-day period.

(D) Deny the applicable individual's application for the Medi-Cal program, or disenroll the individual from the Medi-Cal program, if no satisfactory showing is made pursuant to subparagraph (B) and the applicable individual is not a specified excluded individual as defined in paragraph (2) of subdivision (b), no later than the end of the month following the month in which the 30-calendar-day period ends.

(E) Before denying the applicable individual's application or disenrolling the individual, the county shall first do both of the following:

(i) Determine whether there is any other basis for eligibility for the Medi-Cal program or for another insurance affordability program for the individual.

(ii) Provide written notice and grant the individual an opportunity for a fair hearing.

(2) For purposes of this subdivision, an applicable individual is deemed to have received the notice of noncompliance five days after the date on the notice. Self-attestation by an applicable individual that the individual did not receive a timely notice constitutes good cause for not providing a satisfactory showing pursuant to subparagraph (B) of paragraph (1) within the 30-calendar-day period.

(*l*) (1) As specified by the department, and pursuant to federal requirements, the county shall notify applicable individuals enrolled in the Medi-Cal program of the requirement to demonstrate work or community engagement pursuant to this section.

(2) The notice required under paragraph (1) shall be delivered by regular mail or, if elected by the individual, in an electronic format, and shall be delivered in one or more additional forms, which may include telephone, text message, an internet website, other commonly available electronic means, and such other forms as the United States Secretary of Health and Human Services determines appropriate.

(m) The notice of noncompliance provided to an applicable individual shall be on a form prescribed by the department and shall include the name and telephone number of the county department worker, county department call center, or other appropriate county department contact that is available to assist applicants and beneficiaries with questions about their notice, and the date the form was completed. A copy of the notice shall be placed in the case file. The notice shall include all of the following information:

(1) How to make a satisfactory showing of compliance with the work or community engagement requirement, including which months will be assessed for work or community engagement, how to show that the beneficiary demonstrated work or community engagement, and how to show that the individual should be deemed to have demonstrated work or community engagement.

(2) How to make a satisfactory showing that the work or community engagement requirement does not apply to the individual on the basis that the individual does not meet the definition of an applicable individual, including because the individual meets the criteria for one or more of the categories of a specified excluded individual.

(3) The deadline for providing the information.

(4) A description of how the information should be submitted to the county.

(5) A description of the consequences of noncompliance with work or community engagement requirements and failure to respond to the notice of noncompliance.

(6) How the individual may reapply for the Medi-Cal program if their application is denied or the individual is disenrolled.

(7) Information about short-term hardship events.

(8) The applicable individual's right to request a state hearing, including the procedures for requesting a state hearing and the time limits within which a state hearing must be requested.

(9) The circumstances under which aid will be continued if a state hearing is requested.

(n) If no satisfactory showing is made after the 30-calendar-day period consistent with subdivision (k), the department shall consider all other bases of eligibility for medical assistance under the Medi-Cal state plan prior to denying coverage at application or determining that an individual is ineligible.

(o) (1) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section, in whole or in part,

by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions, until regulations are adopted.

(2) The department shall adopt regulations by July 1, 2029, for purposes of this section, in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(p) This section shall remain operative only as long as Section 1396a(xx) of Title 42 of the United States Code (Section 71119 of federal H.R. 1 (Public Law 119-21)) is operative.

(q) (1) This section shall be implemented only after the director determines, and communicates in writing to the Department of Finance, that systems have been programmed for implementation of this section.

(2) This section shall be implemented only to the extent that any necessary federal approvals are obtained and that federal financial participation is available and not otherwise jeopardized.

(r) If any change made to this section by the act that added this subdivision results in a fiscal impact to the department or to a county to the extent that the change would require an additional appropriation beyond what is appropriated in the annual Budget Act or other legislation, and that additional appropriation has not been made, the department may defer implementation of the change until that additional appropriation is made in the annual Budget Act or other legislation. If the department defers implementation of a change, the department shall notify the appropriate fiscal and policy committees of the Legislature and shall publish this notification on the department's internet website.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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