

HR1 IMPACT ON CALIFORNIA COMMUNITY HEALTH CENTERS AND CLINICS



Total Medicaid Patients

15 million Medi-Cal Patients
4.2 million unique Medi-Cal Patients served by CACHCs

Medicaid

California has the largest Medicaid program in the Country and California's Community Health Centers and Clinics (CHCs) are the largest CHC Medicaid providers in the nation.

HR1 is causing a major disruption in Medicaid financing of California's Community Health Centers and Clinics.

HR1 Impact **Up to 2 million Medi-Cal members may lose coverage; Tens of billions in federal funding are at risk annually.**

Major HR1 Provisions

Eligibility/Access Requirements	State Financing Restrictions	Immigrant Coverage Limitations	Abortion Providers Ban
<ul style="list-style-type: none"> • Work requirements • 6-month eligibility checks • Retroactive coverage restrictions • Cost sharing 	<ul style="list-style-type: none"> • Managed Care Organization (MCO) and Provider Tax limitations • State Directed Payment (SDP) restrictions • Federal funding repayment penalties for eligibility-related improper payments 	<ul style="list-style-type: none"> • Reduction in FMAP* for emergency UIS** • Restrictions on lawful immigrant eligibility (increases UIS) <p><i>* Federal Medical Assistance Percentage</i></p> <p><i>**Unsatisfactory immigration status</i></p>	<ul style="list-style-type: none"> • One-year ban on federal Medicaid funding for "prohibited entities" that provide abortion services

Work Requirements

An estimated up to 233K Medi-Cal members will lose coverage by June 2027, 1 million by Jan 2028, and 1.4 million by June 2028. This coverage loss will significantly drive up the uninsured rate and raise costs for clinics treating uninsured patients.

TOTAL IMPACT **1.4 million patients lose health care. CA CHCs lose up to \$1.2 billion / yr**

6-Month Eligibility Checks

An estimated up to 289K Medi-Cal members may lose coverage by June 2026, and increase to approximately 400K by 2029-30, which will significantly drive up the uninsured rate and raise costs for clinics treating uninsured

TOTAL IMPACT **400,000 patients lose health care. CA CHCs lose up to \$290 million / yr**

Federal Immigrant Coverage Restriction

An estimated 200,000 Medi-Cal members will no longer qualify for federal full-scope Medicaid, which will significantly change the medical services these individuals can access. Per Governor's Budget 2026-27, this group will transition to restricted scope Medi-Cal. Clinics will no longer receive their standard reimbursement rate (PPS) for this population. This could cost clinics up to \$131 million per year.

TOTAL IMPACT 200,000 patients lose health care. CA CHCs lose up to \$131 million / yr

MCO Tax Restructure

California's Prop 35, passed by nearly every county – permanently directed a portion of our MCO tax revenue towards Primary Care. Californians CHCs were set to receive \$200 million / yr for 2025 and 2026, converting a larger program in 2027 funded at \$300 million a year. California will get to keep its MCO tax for the rest of 2026, allowing clinics one final year of their Clinic directed payment. Starting in 2027, once California has been forced to restructure its MCO tax - the state will lose billions / yr and clinics will lose hundreds of millions / yr.

TOTAL IMPACT Billions lost for California; Hundreds of Millions lost for CA CHCs

ASKS FOR CONGRESS

Failing the roll back of all Medicaid cuts passed in HR1 – we ask Congress to:

Delay implementation of Work Requirements and Increased Eligibility Checks

Allow states and safety net providers more time to develop systems to help eligible patients stay enrolled and prepare for the extensive coverage losses.

Urge Flexible Final Rules for State Implementation

Ensure CMS rules outlining final requirements for implementation of work requirements and eligibility checks are as flexible as possible, allow for high levels of automation and help states keep as many eligible members enrolled as possible.

Delay implementation of Restriction of Immigrant Eligibility

Allow states more time to develop state only coverage pathways for individuals who have long been able to receive Medicaid coverage under federal law, including asylees and victims of human trafficking.