



The New Uninsured

State Options for Californians Losing Medi-Cal Coverage

Key Takeaways

- ▶ Up to two million Californians could lose Medi-Cal coverage due to policy changes.
- ▶ Two alternative care options are analyzed, costing between \$3.1 billion and \$4.6 billion yearly.
- ▶ The core tradeoff is cost versus scope of benefits and access to care.
- ▶ Immigrants have no federally subsidized alternatives for full-scope coverage.
- ▶ Without action, uncompensated care costs will increase across the health care system.

What is happening?

Recent federal and state policy changes — including H.R. 1's Medicaid work and community engagement requirements, six-month eligibility redeterminations, and immigrant eligibility restrictions — threaten Medi-Cal funding and restrict eligibility. In California, these changes will result in large-scale coverage losses among Medi-Cal enrollees. Most people who lose Medi-Cal will become uninsured.

The California Health Care Foundation (CHCF) developed and analyzed a set of policy options to help maintain care for people who lose Medi-Cal. This work is intended to support policymakers and stakeholders in developing an interim solution until a transition back to full-scope Medi-Cal becomes possible. The full report, [*The New Uninsured: State Policy Options for Californians Losing Medi-Cal Coverage*](#), explores these options in depth.

Who is at risk of losing coverage?

The following groups are at risk of losing coverage:

- ▶ Adults with low incomes who gained coverage under the ACA, including:
 - ▶ People subject to new work and community engagement requirements who cannot document compliance.
 - ▶ People affected by more frequent redeterminations who may lose coverage due to renewal issues.
- ▶ Immigrants, Deferred Action for Childhood Arrivals (DACA) program recipients, and other immigrant types covered under state-funded Medi-Cal expansions.

What is at stake?

Medi-Cal provides comprehensive, coordinated coverage with no or low-cost coverage for most enrollees. Covered services include the following:

- ▶ Doctors' visits, hospital care, and emergency services
- ▶ Prescription drugs
- ▶ Mental health and substance use treatment
- ▶ Dental and vision care
- ▶ Long-term services and supports

State Constraints

California faces many Medi-Cal budgetary challenges. Federal cuts will both reduce Medi-Cal funding and increase the number of people needing state support. Californians with low incomes are unable to afford the full cost of coverage, and any state or county response will require new spending beyond current levels. There is no low-cost path to maintaining coverage at the scale Medi-Cal currently provides.

Program Options

[*The New Uninsured: State Policy Options for Californians Losing Medi-Cal Coverage*](#) outlines two illustrative alternatives to current Medi-Cal coverage, with differences in benefit levels, provider payment rates, cost sharing, and enrollment durations for people who lose coverage due to work requirements and redeterminations that affect access to care. The estimates below project different costs for covering the two million Californians who are anticipated to lose Medi-Cal eligibility. These options are intended to be illustrative and to ground further discussion; additional analysis would be required to fully assess their feasibility, including legal, regulatory, administrative, and financing considerations.

Table 1. State Options: Benefits and Costs

SCENARIO	BASELINE: FULL MEDI-CAL EQUIVALENT	OPTION 1: HIGHER-COST OPTION WITH BROADER ACCESS	OPTION 2: LOWER-COST OPTION WITH REDUCED ACCESS
Health Benefits	Full Medi-Cal benefits	Covered California's essential health benefits (EHB) package and includes non-emergency medical transportation and pharmacy. No benefit limits.	Low Income Health Program (LIHP) benefits and includes non-emergency medical transportation and pharmacy. Limits are placed on speech, occupational, and physical therapies as well as durable medical equipment.
Provider Payment Rates	Full Medi-Cal rates	Current rates, including targeted rate increases and prospective payment system	Medi-Cal fee-for-service rates
Cost Sharing	None	None	\$35 co-pay

SCENARIO	BASELINE: FULL MEDI-CAL EQUIVALENT	OPTION 1: HIGHER-COST OPTION WITH BROADER ACCESS	OPTION 2: LOWER-COST OPTION WITH REDUCED ACCESS
Enrollment duration for people with low incomes that lose coverage due to work requirements and redeterminations.	N/A	Three months	Two months
Estimated Annual Cost	\$6.7 billion	\$4.6 billion	\$3.1 billion
Bottom line	Most comprehensive and protective and highest cost.	Option 1 is a higher-cost, comprehensive approach that closely mirrors Medi-Cal. It includes EHBs without limits, no cost sharing, current provider payment rates, and a three-month coverage bridge. These features support provider participation, reduce financial barriers, and improve access to primary and specialty care.	Option 2 is a lower-cost approach aligned with the historic LIHP, with benefit limits, lower provider payment rates, a shorter coverage bridge, and a \$35 copayment for most services. These features may reduce provider participation and discourage routine and follow-up care.

Source: Analysis of state coverage options, HMA, April 2026.

Key Considerations for Policymakers

The safety net will absorb the cost one way or another. When uninsured people need care, they go to hospitals and safety-net providers (including county indigent care programs) which absorb the cost of uncompensated care. Cutting coverage does not eliminate cost — it shifts it. Policymakers must weigh the cost of state programs against the cost of increased uncompensated care.

Medi-Cal managed care infrastructure is an asset. California has an extensive Medi-Cal managed care system in place. Any state coverage program could potentially leverage this existing infrastructure — including managed care plans, provider networks, and administrative systems — rather than starting from scratch.

Timing is a real constraint. Federal cuts could take effect before new state programs can be designed, authorized, and implemented. People will begin losing coverage before the state can respond. Planning should begin now.

Immigrants face unique barriers. Californians with Unsatisfactory Immigration status cannot access federally subsidized full-scope coverage options under any scenario. State-only funding is their sole mechanism to maintain access to care. This population is among the most vulnerable and faces the fewest alternatives.

What is next?

California is at a pivotal moment for health coverage. Federal and state cuts to Medi-Cal will create a new uninsured population. The state has options, but each involves tradeoffs in cost, access, and coverage. The key questions for policymakers are how much access to provide, for whom, and at what cost.