PROPOSAL: Establish a 2-Year Pilot Project to Protect California's Historic Health Coverage Gains, Protect Access to Healthcare (PATH), Provide a Foundation for Long-Term Solutions, and Minimize Impacts on County Healthcare Systems

Through a 2-year pilot project, establish a "fail-safe" Emergency Services Only Medi-Cal benefit for Californians who lose Medi-Cal eligibility due to new federal H.R. 1 Community Engagement requirements, but who otherwise qualify for Medi-Cal coverage. This fail-safe benefit would be intended to "Protect Access to Healthcare (PATH)" for the affected Medi-Cal members and Medi-Cal applicants and provide them the opportunity for full-scope coverage at a future time. It would be a State investment in maintaining California's historic health coverage gains.

Rather than allowing Medi-Cal members to disenroll and "fall off" of Medi-Cal, become uninsured, and turn to unprepared county indigent health care systems, the proposed limited Emergency Services only benefit would serve as a **2-year stabilization tool** designed to achieve specific policy goals:

- Maintain Medi-Cal coverage for otherwise eligible adults that prevents their immediate loss of coverage and sudden uninsured status;
- Prevent inundation of newly uninsured on unprepared county indigent programs;
- Avoid costly rebuilding of county indigent health care systems before the full scope of federal H.R.1 impacts is understood;
- Maintain individuals' connection to county Medi-Cal eligibility workers and the opportunity for full-scope coverage;
- Collect real-world data on coverage losses, exemptions, churn, and reenrollment;
- Identify which front-end interventions most effectively help coverage retention;
- Provide the next Governor and Legislature time to develop real world experience with H.R.1 and develop long-term solutions informed by data rather than projections.
- Provide a practical 2-year bridge to a future statewide policy solution based on concrete information.

Projected Cost

- Projected benefit costs of up to $40 million for FY 2026-27 and up to $415 million for FY 2027-28.
- Projected eligibility administration cost of up to $10 million in FY 2026-27 and up to $48 million for FY 2027-28.

The proposed funding amount is substantially less than the cost of rebuilding county indigent healthcare programs statewide, estimated to be $761 million in FY 2026-27 and $2.4 billion in FY 2027-28.

“Prevent the Cliff to Major Health Coverage Losses”
PATH would prevent a sudden healthcare coverage cliff for more than one million Californians who would otherwise be forced to seek care from unprepared county indigent care programs. PATH would provide emergency-only coverage while the state and counties work to:

- Reconnect individuals to full-scope Medi-Cal,
- Identify exemptions,
- Reduce procedural terminations,
- Improve front-end intervention tools, and
- Understand long-term enrollment trends.

PATH is fundamentally a ***risk mitigation and transition management tool*** that provides time to evaluate options and implement longer-term policy solutions that align with California’s long-held vision of expanded health coverage.

Key Policy Arguments for a PATH Rollout

- Keeps People Connected to Medi-Cal Coverage
- Uses Existing “on the shelf” Medi-Cal Infrastructure for benefit delivery
- Creates Real-World Data and 2-Year Program Testing Window to determine best long-term approach
- Minimizes impacts on unprepared county indigent healthcare programs and the associated devastating fiscal impact to counties
- Less Expensive Than Rebuilding County Indigent Healthcare Programs