



California Access Coalition 2026-27 May Revision

Overview

The May Revision proposes \$216.7 billion total funds for Medi-Cal in 2026-27, including \$44.9 billion General Fund. This is an increase in total Medi-Cal spending from \$194.4 billion total funds in 2025-26, but a decrease in General Fund support from \$48.6 billion General Fund in 2025-26. Medi-Cal enrollment is projected to decline from 14.4 million Californians in 2025-26 to 13.9 million in 2026-27.

The Administration proposes a balanced budget over the next two fiscal years (with positive year end balances in both years) by avoiding new investments and setting aside funds in 2026-27 to support 2027-28. The state is spending more overall on Medi-Cal, but the projected coverage decline means fewer Californians are expected to remain enrolled. This raises concerns about medication continuity, treatment access, and administrative burden for high need populations.

Budget Highlights

The May Revision estimates approximately \$1.5 billion General Fund in H.R.1 related costs in 2026-27. It projects 44,000 total H.R. 1 related disenrollment in 2026-27 and 1.3 million disenrollment by 2029-30.

H.R.1 related amounts include:

- **Work and community engagement requirements** – \$357.6 million total funds reduction including \$90.3 million General Fund, in 2026-27. By 2029-30, this grows to \$9.6 billion total funds, including \$2.4 billion General Fund.
- **Emergency Services federal match reduction** – Approximately \$669 million General Fund cost in 2026-27.
- **Immigrant eligibility restrictions** – \$668.1 million General Fund cost in 2026-27.
- **Six-month redetermination period** – \$747.3 million total funds reduction, including \$186.4 million General Fund, in 2027-28. By 2029-30, this grows to \$2.5 billion total funds, including \$633 million General Fund.
- **Reduced retroactive Medi-Cal coverage** – \$34.6 million total funds reduction, including \$14.7 million General Fund, in 2026-27
- **County Medi-Cal administration** – \$262 million one-time total funds, including \$74 million General Fund, in 2026-27.

These amounts show that H.R.1 is not only a fiscal issue. It is a coverage stability issue. Work requirements, redeterminations, and immigrant eligibility changes will affect patient medication access, treatments plans, and ongoing care.



Managed Care Organization (MCO) Tax

The May Revision reflects \$4.5 billion in MCO tax revenue in 2025-26 and \$2.5 billion in 2026-27 to support Medi-Cal. It also includes \$1.3 billion in 2025-26, \$2.4 billion in 2026-27, and \$150 million in 2027-28 to support managed care and other provider payment increases for hospitals, community clinics, behavioral health, and other services.

The current MCO tax expires December 31, 2026. The May Revision proposes a renewed MCO tax beginning January 1, 2027. The renewed tax is projected to generate \$575 million in 2026-27, \$2.3 billion in 2027-28, \$2.3 billion in 2028-29, and 1.7 billion in 2029-30.

Medi-Cal Affordability and Eligibility Changes

The May Revision proposes to increase monthly premiums for adults with unsatisfactory immigration status, ages 19-59, from \$30 to \$50 beginning July 1, 2027. This is projected to reduce General Fund costs by \$427.3 million in 2027-28, decreasing to \$314.3 million annually in 2029-30.

Medi-Cal Asset Limit

The May Revision proposes to reinstate Medi-Cal asset limits for seniors and disabled adults to \$2,000 for an individual and \$3,000 for a couple, effective no sooner than January 1, 2027. This is projected to reduce General Fund costs by \$278.3 million in 2026-27 and \$495.6 million ongoing.

Medi-Cal Efficiencies and Utilization Management

The May Revision proposes a \$68 million General Fund reduction in 2026-27, increasing to \$552 million in 2029-30, tied to utilization management for applied behavioral analysis and transportation and eliminating the incentive component of the Medi-Cal managed care quality withhold and incentive program.

Covered California Premium Subsidies

The May Revision includes \$300 million ongoing from the Health Care Affordability Reserve Fund for Covered California to expand the state premium subsidy program to enrollees up to 200 percent of the federal poverty level. This is an increase of \$110 million compared to the Governor's Budget.



California State Board of Pharmacy Modernization

The May Revision includes \$1.7 million one-time from the Pharmacy Board Contingent Fund, Professions and Vocations Fund in 2026-27 for the California State Board of Pharmacy's initial business modernization work. The funding supports updating outdated IT systems, expanding online services, allowing applicants and licensees to pay fees by credit card, submitting documents online, and self-manage licensing information.

CDCR Pharmaceutical Reimbursement Tied to CalAIM

The May Revision includes a net zero shift of \$11.8 million in 2026-27 and \$7.2 million in 2027-28 and ongoing from General Fund to reimbursement authority. This allows CDCR to collect additional pharmaceutical reimbursement tied to the CalAIM Justice Involved Initiative.

CDCR Medication Administration

The May Revision includes \$8.9 million General Fund and 60.6 positions in 2026-27 and ongoing to address increased medical appointments and medication administration in CDCR.

Enhanced Care Management

The May Revision proposes \$41.4 million General Fund Savings in 2026-27 and \$99.2 million ongoing from changes to Enhanced Care Management (ECM). The proposal would refine eligibility criteria, service definitions, utilization management criteria, and payment adjustments.

Community Supports

The May Revision proposes \$26.9 million General Fund savings in 2026-27, \$58.8 million in 2027-28, and \$51 million ongoing from changes to Community Supports. The proposal would refine referral pathways, eligibility criteria, service definitions, and utilization management criteria for select services.

In-Custody Treatment and Transition of Care

The May Revision includes approximately \$44.2 billion General Fund in 2026-27 for CDCR health care programs. These programs provide medical, nursing, mental health, and dental care for incarcerated individuals.



The May Revision includes CDCR health care adjustments:

- \$14.6 million General Fund in 2026-27 for subsistence and personal care medical funding.
- \$8.9 million General Fund and 60.6 positions in 2026-27 and ongoing for medical classification model adjustments.
- \$11.8 million net-zero shift in 2026-27 from General Fund to reimbursement authority for CalAIM Justice-Involved Initiative pharmaceutical reimbursements.
- \$2.2 million General Fund in 2026-27 for electronic health record system enhancements.
- \$1.1 million General Fund in 2026-27 for a menopause program for incarcerated individuals.

CalFresh and Nutrition Supports

The May Revision includes \$3.7 billion total funds for CalFresh and nutrition expenditures, including \$1.6 billion General Fund. In addition, the federal government provides \$11.6 billion in food benefits directly to recipients. The projected CalFresh caseload is 3 million households in 2026-27.

The May Revision also includes:

- \$30 million one-time General Fund in 2026-27 for county administration workload related to Able Bodied Adults Without Dependents requirements.
- \$37 million General Fund in 2025-26 and \$30.6 million General Fund in 2026-27 for costs exceeding the federal administrative target.
- \$30 million one-time General Fund for food banks in 2026-27, augmenting \$89 million ongoing General Fund for this purpose.

Housing and Homelessness

The May Revision identifies \$1 billion in Round 6 Homeless, Housing, Assistance and Prevention (HHAP) funding, available over multiple years with a final deadline of June 30, 2029. It also identifies a planned \$500 million Round 7, contingent on enhanced accountability and performance requirements.

Menopause Services

The May Revision includes \$3 million one-time General Fund at the Department of Public Health (CDPH) for a statewide public awareness campaign on perimenopause and menopause.



The May Revision also includes \$1.1 million General Fund in 2026-27 for an incarcerated menopause program to improve access to menopause education and clinical care for aging incarcerated women.

Covered California State Subsidy Program

The May Revision includes \$300 million ongoing from the Health Care Affordability Reserve Fund for Covered California to expand the state premium subsidy program to enrollees up to 200 percent of the federal poverty level.

AIDS Drug Assistance Program

The May Revision includes \$60 million one-time AIDS Drug Assistance Program Rebate Fund in 2026-27. This includes \$50 million for the Department of Public Health (CDPH) to support services for people living with and at risk of HIV, especially services affected by federal funding losses, and \$10 million for LGBTQ+ community centers experiencing federal funding losses.

Hospitals in Immediate Financial Distress

The May Revision allows up to \$50 million General Fund in 2026-27 for the Department of Health Care Access and Information (HCAI) to provide short term support for hospitals in immediate and significant financial distress.

Sickle Cell Centers for Excellence

The May revision includes \$30 million General Fund over five years for the Department of Public Health (CDPH) to support Sickle Cell Centers of Excellence.

Reference Table

| Section | May Revision Amount |
|--|----------------------------------|
| Medi-Cal | \$216.7B total funds, \$44.9B GF |
| H.R.1 costs | \$1.5B GF in 2026-27 |
| H.R.1 county administration | \$262M total funds, \$74M GF |
| MCO tax revenue | \$2.5B in 2026-27 |
| MCO provider payment support | \$2.4B in 2026-27 |
| Renewed MCO Tax | \$575M in 2026-27 |
| Premium increase saving | \$427.3M GF savings in 2027-28 |
| Asset test savings | \$278.3M GF Savings in 2026-27 |
| Medi-Cal efficiencies | \$68M GF savings in 2026-27 |
| ECM savings | \$41.4M GF in 2026-27 |
| Community Supports savings | \$26.9M GF in 2026-27 |
| CDCR health care | \$4.2B GF |
| CalFresh and nutrition | \$3.7B total funds, \$1.6B GF |
| Federal food benefits | \$11.6B |
| CalFood | \$30M one time GF |
| HHAP Round 6 | \$1B |
| HHAP planned Round 7 | \$500M |
| Statewide menopause campaign | \$3M one time GF |
| Menopause program for incarcerated individuals | \$1.1M GF |
| Covered California subsidies | \$300M ongoing |
| ADAP investment | \$60M one time |
| Hospital in financial distress | Up to \$50 M GF |
| Sickle Cell Centers of Excellence | \$30M over five years |

For more information on the Governor’s May Revise:

- [Governor’s Budget Summary](#)
- [California Budget and Policy Center](#)
- [Department of Health Care Services Highlights](#)
- [May 2026 Medi-Cal Local Assistance Estimate](#)
- [May 2026 Family Health Local Assistance Estimate](#)