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EXECUTIVE BRIEF

H.R. 1 Readiness for California Health Plans

H.R. 1 (the One Big Beautiful Bill Act) creates potential enterprise-wide implications for California health plans, including enrollment, operations, beneficiary experience, compliance, financial performance, and continuity of coverage.

What's Changing

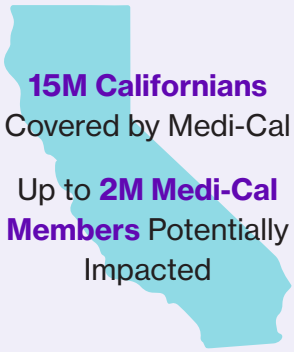
H.R. 1 changes the Medicaid eligibility and renewal processes, including new work requirements and more frequent verification. It also ends enhanced Marketplace subsidies and changes federal Medicaid financing for expansion states. In California, state implementation decisions and county-administered Medi-Cal processes will determine the timing and operational details.

Why It Matters

- **Enrollment Losses:** Medicaid and Marketplace plans may experience membership losses as new work requirements, re-verification burdens, and changes to immigration-related eligibility cause some members to lose coverage. In California, an estimated 1.3 to 2 million people could be at risk of coverage disruption.
- **Revenue Compression:** Enhanced Marketplace subsidy expiration is likely to reduce both enrollment and revenue for these plans. Federal funding changes may also reduce capitation payments from state partners.
- **Operational Overhaul**: New eligibility verification requirements likely require system upgrades and staffing investments across Member Services and Enrollment. Benefit-determination staff will need retraining, and plans will need to meet tight implementation and compliance timelines.

IMPACT TO MEDI-CAL

- ↑ Eligibility Renewals
- ↑ Verification Requirements
- ↑ Member Calls
- ↑ Appeals & Grievances
- ↑ Operational Pressures
- ↑ Administrative Burdens



15M Californians Covered by Medi-Cal

Up to **2M Medi-Cal Members** Potentially Impacted

What Health Plan Leaders Should Do Now

- **Quantify Exposure:** Assess potential membership, revenue, operational, and compliance exposure; refresh forecasts and financial scenarios.
- **Identify At-Risk Members:** Segment members at greatest risk of coverage loss due to work requirements, re-verification burdens, or immigration-related eligibility changes.
- **Validate Operational Readiness:** Assess capacity across Member Services, Enrollment, appeals and grievances, outreach, systems, staffing, training, and vendor support; evaluate automation and AI-enabled tools for verification, member communications, case routing, and volume management.
- **Strengthen Analytics and Reporting:** Ensure data, reporting, and financial modeling can support timely decisions, scenario planning, and ongoing monitoring.
- **Mobilize Enterprise Governance:** Establish clear workstreams, decision rights, escalation paths, and executive oversight to coordinate the response.

COMMERCIAL HEALTH PLAN CONSIDERATIONS

The impact of H.R. 1 starts with Medi-Cal, but its effects can extend across membership growth, provider partnerships, quality performance, member experience, and enterprise operations. The following questions can help leaders assess potential ripple effects.

- How could changes in Medi-Cal enrollment affect Covered California and commercial membership strategies?
- What impacts could coverage losses have on provider network stability and contracting?
- Are quality, experience and population health goals at risk due to increased member churn?
- How might enterprise service operations be affected by increased member support and outreach demands?
- Are current financial forecasts, growth assumptions, and operating plans still valid?

How Freed Can Help

Freed is here to help health plans assess organizational exposure and prepare for the impacts of H.R. 1. We partner with your team to assess risk, evaluate readiness, and implement practical solutions that support continuity of coverage, improve member retention, protect member experience, and sustain organizational performance.

Contact: **info@freedassociates.com**

Sources:

1. California Healthcare Foundation, *How Massive Federal Cuts Will Create Unprecedented Challenges for Medi-Cal Patients and Providers*, October 2025.
2. California Department of Health Care Services, *Implementation Plan for New Federal Eligibility and Enrollment Changes Under H.R.1*, January 2026.