CLEAR ADVOCACY • STATE LEGISLATIVE UPDATE

California's Changing Political and Healthcare Landscape

What to expect in 2027 and what it means for CalOptima Health



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THE NEW LINEUP

A new Governor, familiar legislative leaders

Nov 3

Xavier Becerra elected Governor; all 80 Assembly and 20 Senate seats on the ballot

Dec 7

New Legislature sworn in and begins organizing

Jan 4

Becerra inaugurated; his first budget is due January 10



Senate
President pro Tem Monique Limón expected to retain leadership



Assembly
Speaker Robert Rivas expected to retain leadership; close to Governor-elect Becerra

Leadership, committee assignments and appointments will shape Medi-Cal decisions.

GOVERNOR-ELECT BECERRA

California's "Health Care Governor": a 12-point agenda

Stated goal: *protect coverage today and build toward universal access, "not a promise deferred but a guarantee delivered."*

1 **Protect coverage and safety-net providers**	2 Cut prescription drug costs	3 Expand CalRx and Western-state purchasing	4 **Streamline administrative oversight**
5 Launch California Connected Care (telehealth)	6 Launch California Prevention First	7 Create a Healthcare Workforce Investment Fund	8 Center affordability
9 **Reduce Medi-Cal enrollment churn**	10 Crack down on fraud and abuse	11 Require large employers to pay a fair share	12 **Modernize Medi-Cal financing**

Highlighted items matter most to CalOptima. These are campaign proposals, not enacted policy.

HEALTH DECISION-MAKERS

Some Senate turnover; Assembly expected to stay intact

Senate

Health Committee Chair
Akilah Weber Pierson expected to continue

Health Committee Members (11)
3 open seats (Caballero, Durazo, Grove leaving)

Budget Sub. 3 on HHS (3)
Chair Caroline Menjivar expected to continue
1 open seat (Grove leaving)

Assembly

Health Committee Chair
Mia Bonta expected to continue

Health Committee Members (16)
No open seats

Budget Sub. 1 on Health (6)
Chair Dawn Addis expected to continue
No open seats

The new CalHHS Secretary and DHCS leadership will matter as much as any committee.

ORANGE COUNTY DELEGATION

New Orange County legislators

Seat	Assembly
AD 59	Phillip Chen (R), Yorba Linda
AD 64	Blanca Pacheco (D), La Habra*
AD 67	**Mark Pulido (D), Buena Park***
AD 68	**David Penaloza (D) vs. Jessie Lopez (D), Santa Ana**
AD 70	Tri Ta (R) vs. Paula Swift (D), Westminster
AD 71	Kate Sanchez (R) JJ Galvez (D), Rancho Santa Margarita
AD 72	**Chris Kluwe (D) vs. Gracey Van Der Mark (R), Huntington Beach**
AD 73	Cottie Petrie-Norris (D), Irvine
AD 74	Laurie Davies (R) vs. Sergio Farias (D), Laguna Niguel

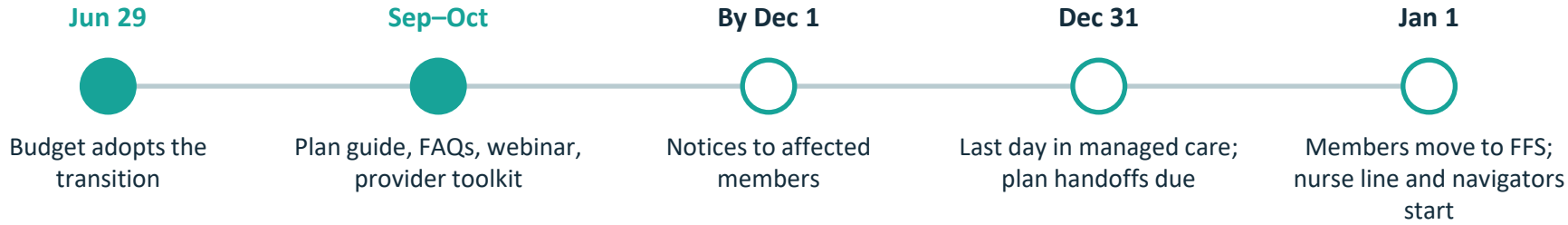
Seat	Senate
SD 30	Bob Archuleta (D), Brea*
SD 32	Kelly Seyarto (R) vs. Tiffanie Tate (D), Yorba Linda*
SD 34	**Avelino Valencia (D), Anaheim**
SD 36	Tony Strickland (R) vs. Chris Duncan (D), Huntington Beach
SD 37	Steven Choi (R), Irvine
SD 38	Catherine Blakespear (D), San Clemente*

**Member lives outside OC; main OC city in the district shown.*

New and returning members should get a briefing on CalOptima's county-organized model.

UIS TRANSITION • STATUS AS OF NOVEMBER 1

On track for January 1; no delay has been announced



What stays the same

- Full-scope eligibility continues, but not necessarily members' current providers
- County specialty mental health and substance use care
- Medi-Cal Rx, PACE and CBAS; dental managed care in LA and Sacramento

CalOptima: done and due

- Oct. 22: updated member lists to health networks
- Oct. 23: calls to high-urgency members began
- Oct. 28: DHCS-approved notice mailed to members
- By Dec. 31: keep ECM and Community Supports; complete warm handoffs

DHCS plans a transition command center to triage problems after January 1.

UIS TRANSITION • JANUARY 1, 2027

1.9 million members transition to FFS January 1

1.93M

UIS members moving to FFS, including ~251,000 under age 21

DHCS

58.7%

of UIS enrollees in active treatment see providers not enrolled in FFS

CHCF

43%

of providers serving UIS members are not actively billing FFS

DHCS, preliminary

16%

expected rise in emergency and inpatient use

CHCF

117,616 CalOptima members are part of the 1.93 million, about 6% of the statewide total.

Coverage continues, but providers may not. UIS members lose ECM and Community Supports.

Will Becerra reverse the planned UIS transition to FFS?

Stopping it before Jan. 1: unlikely

- Newsom must agree, he proposed the transition
- The Legislature must pass a bill that takes effect at once: special session, urgency bill (2/3) or budget bill
- New Legislature convenes Dec. 7, leaving about 3 weeks
- DHCS would have to halt notices and system changes already well underway

Reversing it after Jan. 1

- It would advance his universal access goal
- Becerra takes office Jan. 4; his budget is due by Jan. 10
- Legislature could pass early budget bill by majority vote
- Reversal would need: new plan contracts, rates, notices
- Reversal likely to take months; mid-2027 at the earliest

How to fund? State General Fund only, with no federal match. The current transition saves about $1.3 billion a year; keeping all care in state-only managed care would cost about $6 billion a year.

Middle ground? The Assembly's 2026 budget proposal splits UIS care in two. Emergency care moves to FFS, keeping the federal share; all other care is in managed care. Cost: less than the $6 billion to cover all; no estimate published.

Delay or reversal is legally possible, but not a planning assumption. Plan for January 1 transition.

AB 2194 is law, but the governance debate may continue

Signed by Governor Newsom, September 27, 2026. The final law:

- Staggers Board terms: 3 seats start with 2-year terms
- Keeps the 2-term limit; the initial 2-year terms don't count toward term limit
- Requires independent external audit of governance, contracting and oversight due July 1, 2027

Supervisor seats stay.

June 2026 amendments would have removed both County Supervisors and moved appointments to a selection committee. Those provisions were dropped.

Senator-elect Valencia plans to keep working on CalOptima governance. Stay engaged.

FINANCING AND PROGRAMS TO WATCH

Medi-Cal financing faces a court fight and a tight budget

MCO tax

- CMA and CAHP asked the CA Supreme Court to **strike SB 125 under Prop 35**
- CalOptima filed an **amicus letter** Oct. 21
- Federal approval of the current tax **expires Dec. 31**

PACE

- **DHCS Strategic Growth Framework** announced Oct. 16; due early 2028
- New programs/expansions **paused through Nov. 2027**
- **More regulation** likely - stronger oversight and fraud and abuse measures

State budget

- Revenue ~$4.7B above forecast through Sept. ($2.9B in Sept.)
- Spending $11.8B above forecast
- **Structural deficit remains**
- LAO Fiscal Outlook due in Nov.

Also watch: CalAIM and Community Supports sustainability, and asset limits for seniors.

WHAT THIS MEANS FOR CALOPTIMA IN 2027

Engage early, protect members, stay at the table

1. Engage the new Governor’s health team, HHS and DHCS leadership early
2. Build relationships with new OC legislators and key health and budget committee members
3. Continue January 1 UIS transition; document member experiences
4. Implement AB 2194; stay engaged with Senator-elect Valencia on governance
5. Weigh-in to protect Medi-Cal financing: MCO tax, PACE, CalAIM, eligibility changes, budget

Questions? Debbie Daly | Tom Daly | Peter Kellison — Clear Advocacy