



California 2025-26 Enacted Budget:

Impact on Older Adults and People With Disabilities

August 2025

In June, Governor Newsom and the legislature reached an agreement on the 2025–2026 fiscal year (FY) budget. The enacted budget includes a mix of solutions to address a \$12 billion General Fund (GF) shortfall. However, it does not account for the impacts of pending federal funding reductions, across various sectors but primarily in health care, in H.R. 1, the federal reconciliation bill, passed by Congress in early July.

The enacted budget preserves aging programs and services at baseline funding levels. Many of the proposed cuts from the [May Revise](#) were not included. Additionally, it protects investments in food security for older adults who are undocumented and includes new funding for housing programs aimed at serving older adults and people with disabilities. The following is a summary of the provisions that will affect older adults and people with disabilities.

Reductions to Medi-Cal and Long-Term Services and Supports

Medi-Cal provides critical health care coverage for millions of older Californians and Californians with disabilities. It also is the primary payer of long-term services and supports (LTSS), which serve people who need help with activities of daily living, such as bathing, meal preparation, and medication management. The enacted budget includes funding reductions and program changes for health care, namely for individuals with “unsatisfactory immigration status” (UIS), which includes immigrants who are undocumented and immigrants subject to the [“five-year bar”](#). Additionally, while the enacted budget did not include many of the concerning reductions in LTSS that were proposed in the May Revise, it did include reductions impacting In Home Supportive Services (IHSS), skilled nursing facilities (SNFs), and the Program of All-Inclusive Care for the Elderly (PACE).

These reductions constitute a reversal of key commitments the state made under the banner of the Master Plan for Aging, including repealing the Medi-Cal asset test limit (which considers certain assets when determining Medi-Cal eligibility) and expanding Medi-Cal to all older adults, regardless of immigration status.

Table 1 shows Medi-Cal funding and program changes and **Table 2** shows LTSS-related reductions included in the enacted budget.

Table 1: Health Care

Medi-Cal ¹		
Item	Provision	GF Expenditure Reductions
Asset Test	Medi-Cal asset test reinstatement for older adults and adults with disabilities at \$130,000 for individuals and \$195,000 for couples, beginning January 1, 2026.	<p>\$61.3 million FY 2025-26</p> <p>Growing to \$827.4 million FY 2028-29</p> <p>Inclusive of In-Home Supportive Services impacts</p>
Enrollment Freeze	Enrollment freeze for low-income undocumented adults aged 19+, with a 3-month re-enrollment grace-period, beginning on January 1, 2026.	<p>\$77.9 million FY 2025-26</p> <p>Growing to \$3.3 billion FY 2028-29</p>
Premiums	\$30 monthly premiums for undocumented adults age 19+ enrolled in Medi-Cal, beginning January 1, 2027.	<p>Implementation cost of \$30 million FY 2026-27</p> <p>Growing to savings of \$675 million FY 2028-29</p>
Dental Benefit	Elimination of dental benefits for adults age 19+ with UIS, beginning July 1, 2026.	<p>\$308 million FY 2026-27</p> <p>\$336 million FY 2027-28</p>

Table 2: Long-Term Services and Supports

In-Home Supportive Services ¹		
Item	Provision	GF Expenditure Reductions
Medi-Cal Asset Test	Reduction in IHSS funding related to drop in IHSS participation due to loss of Medi-Cal coverage upon asset test reinstatement.	\$16 million FY 2025-26

Skilled Nursing Facilities ¹		
Item	Provision	GF Expenditure Reductions
SNFs	Eliminates the Workforce and Quality Incentive Program, which incentivizes SNFs to make quality improvements in care, health equity, and workforce, effective January 1, 2026. Also suspends the requirement for SNFs to maintain a backup power system for no fewer than 96 hours.	\$168.2 million FY 2025-26 \$280 million in FY 2026-27 \$140 million ongoing

Program of All-Inclusive Care for the Elderly ¹		
Item	Provision	GF Expenditure Reductions
PACE	Limits payments to PACE to the midpoint of actuarial ranges beginning January 1, 2027.	\$13 million FY 2025-26 \$30 million ongoing

Investments in Food Security and New Housing Funding

The enacted budget commits to future investment in the California Food Assistance Program (CFAP) to expand eligibility to adults age 55 and older who are undocumented. The “trigger” making the expansion contingent on availability of future funding that was proposed in the May Revise was rejected. Additionally, the enacted budget includes new, one-time funding for the Home Safe Program and the Housing and Disability Advocacy Program (HDAP), the only two housing programs focused on serving older adults and people with disabilities. The additional funding will ensure that these programs continue and can expand their reach to serving more older adults and people with disabilities. **Table 3** shows the investments in food security and housing in the enacted budget.

Table 3: Food Security and Housing

California Food Assistance Program ¹		
Item	Provision	GF Expenditure Reductions
CFAP	Expands CFAP eligibility to adults age 55 and older who are undocumented.	\$117.2 million FY 2027–28 \$163.2 million FY 2028–29

Housing ¹		
Item	Provision	GF Expenditure Reductions
Home Safe	Invests one-time additional funding for access to health, safety, and housing supports for individuals involved in Adult Protective Services and at risk of homelessness.	\$83 million FY 2025–26
HDAP	Invests one-time additional funding to assist people with disabilities experiencing homelessness through connection to disability benefits and housing supports.	\$44.6 million FY 2025–269

H.R. 1 Impacts

The federal reconciliation bill, H.R. 1, was enacted in early July. The bill includes dramatic reductions in funding that will impact health care access and food assistance for older adults and people with disabilities. Indeed, the California Health and Human Services Agency estimates nearly \$34 billion in available funding is at risk due to various provisions of H.R. 1.² While some of the reductions do not impact people age 65 and older, the implementation of work requirements and changes to eligibility for Affordable Care Act (ACA) tax credits will impact older adults age 50 to 64, as well as family and paid caregivers.

As previously mentioned, the California final budget does not account for impacts from reductions in federal spending for key programs, including Medicaid and the Supplemental Nutrition Assistance Program (SNAP). The California legislature could address the budget impacts of H.R. 1 as early as September, either through a special session or additional budget bills. The following are key reductions that will impact older adults and people with disabilities in California.

Item	Context	Timeline	Impact
SNAP Thrifty Food Plan ³ (Section 10101)	Places a cap on increases to the Thrifty Food Plan, the basis for which household monthly benefit amounts are determined.	October 1, 2025	Up to 43,000 SNAP recipients, including older adults, people with disabilities, and caregivers, in households of 9 or more would see a reduction in their benefits. ²
SNAP Work Requirements ³ (Section 10102)	Expands SNAP's Able-Bodied Adults Without Dependents (ABAWD) work requirements to adults ages 55 to 64 and parents of children ages 14 to 17.	Pending federal guidance	Older adults within the two new categories of ABAWD may lose benefits if they are unable to comply with the work requirements. Approximately 303,000 ABAWD Californians, including older adults and people with disabilities, are at risk of losing benefits. ²

Item	Context	Timeline	Impact
Medicaid Streamlining Eligibility and Enrollment Rule ³	Delays implementation of certain provisions of this rule that are aimed at helping people stay enrolled in the Medicare Savings Program (MSP).	Now through September 30, 2034	Without the streamlining of enrollment that this rule offers, many older adults and people with disabilities may lose access to MSP, which helps pay for Medicare premiums and copays, as well as assistance with prescription drug costs.
Medicaid Eligibility ³ (Section 71109)	Limits Medicaid eligibility for immigrants with certain statuses, including legal permanent residents, Cubans and Haitians who entered via family reunification program, and Compacts of Free Association immigrants.	October 1, 2026	Older immigrants without green cards may become ineligible for Medicaid.
Nursing Home Minimum Staffing Rule ³ (Section 71111)	Delays implementation of the rule that was finalized in 2024, which required facilities to have a minimum amount of nurses and nurses aides and to have a registered nurse on site 24 hours a day.	Now through September 30, 2034	Inadequate staffing can lead to negative outcomes for residents, including injuries, illness, and death.

Item	Context	Timeline	Impact
Provider Taxes ³ (Section 71115)	<p>Bars states from establishing any new provider taxes or increasing existing taxes used to fund state share of Medicaid costs.</p> <p>Also reduces cap on provider taxes and local government taxes in states that have expanded Medicaid by .5% per year beginning in 2027 to 3.5% in 2031.</p>	<p>Now</p> <p>Phase down of new provider tax cap beginning in 2027</p>	<p>States use revenue from provider taxes to fund their Medicaid programs. This reduction in revenue may lead states to cut optional benefits such as home and community-based services (HCBS), adult dental, vision, and hearing services, to address budget shortfalls.</p>
Work Requirements for Medicaid Expansion Adult Population ³ (Section 71119)	<p>Requires states to implement work requirements for Medicaid expansion adults ages 19 to 64. Enrollees will need to prove they have 80 hours of work, education, or community service per month for 1 to 3 months prior to enrolling and at least once every 6 months to maintain eligibility for Medicaid.</p>	<p>December 31, 2026</p>	<p>Older adults and people with disabilities ages 50 to 64 are at risk of losing Medicaid coverage if they are unable to comply with these requirements. An estimated 3 million Californians receiving Medi-Cal are at risk of losing coverage as a result of these work requirements.²</p>

Item	Context	Timeline	Impact
Cost Sharing for Medicaid Expansion Adult Population ³ (Section 71120)	Requires states to impose cost-sharing for certain services (up to \$35 per service, capped at 5% of income) for Medicaid expansion enrollees with incomes above 100% of the federal poverty level.	October 1, 2028	Older adults and people with disabilities with low incomes ages 50 to 64 who already struggle to make ends meet will be charged copays for some services, which could lead to them foregoing care due to inability to pay.
Medicare Eligibility ³ (Section 71201)	Limits Medicare eligibility for lawfully present immigrants to: legal permanent residents, Cubans and Haitians who entered via family reunification program, and Compacts of Free Association immigrants.	Implemented now for previously covered populations; Coverage eliminated for newly ineligible populations currently enrolled in January 2027	Eliminates Medicare coverage for many lawfully present immigrants.
ACA Premium Tax Credits ³ (Sections 71301 and 71302)	Limits eligibility for ACA premium tax credits to legal permanent residents, Cubans and Haitians who entered via family reunification program, and Compacts of Free Association immigrants.	January 1, 2027	These changes could make health care coverage unaffordable for older adults and people with disabilities ages 50 to 64, as well as family and paid caregivers.

References

1. California Office of the Governor. (2025). California State Budget 2025–26. Retrieved July 23, 2025, from <https://ebudget.ca.gov/2025-26/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf>
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