

H.R. 1 Work Requirements & Exemptions, Additional Employment Support Services

Prepared for the Commission on Alcohol and Other Drugs
June 11, 2026



Agenda

H.R. 1 Overview

Key Provisions & Effective Dates, Work Requirements & Exemptions

LA County Impact & Mitigation Strategies

DMH & DPH-SAPC Employment Programs Outside of H.R. 1

H.R. 1 Overview – Key Provisions & Effective Dates

Federal Legislation H.R. 1, enacted July 4, 2025, establishes significant new Eligibility and Enrollment (E&E) changes to the Medicaid (Medi-Cal) program and new parameters on how to enroll and maintain coverage.

Change	Description	Effective Date
Work and Community Engagement Requirements	Requires adult expansion enrollees eligible for federally-funded Medicaid under the Affordable Care Act, also called the “New Adult Group” to work, study, or volunteer at least 80 hours per month unless exempt.	1/1/27
Six-Month Renewals	Requires the New Adult Group members to renew Medi-Cal every six months instead of once a year.	1/1/27
Retroactive Medi-Cal Timeframes	Reduces retroactive coverage from three months to one month for New Adult Group members and two months for all other Medi-Cal members.	1/1/27
Cost-Sharing for New Adult Group	Requires states to implement copayments for certain New Adult Group members for some services while keeping essential care—like emergency, prenatal, and mental health visits—free.	10/1/28

H.R.1 Overview – Work Requirements & Exemptions

Adult expansion enrollees, or “New Adult Group” individuals are subject to Work and Community Engagement Requirements, unless exempt.

Must complete one or more qualifying activities:



Income

Have a monthly income of at least \$580 **OR** have an average monthly income over six months of \$580 and is a seasonal worker.



Employment

Have employment of 80 hours/month



Community service

Participate in community service of 80 hours/month



Workforce development programs

Participate in a work program of 80 hours/month



Education enrollment

Enroll at least half-time in an educational program

Any combination of these activities totaling at least 80 hours

Below are a few mandatory and short-term hardship **exemptions**. Must be verified every six months.



Pregnant or up to 12 months postpartum



Parents, guardians, or caregivers



Participating in drug / alcohol treatment programs (i.e. SUD)



Medically frail, including individuals with a SUD or a disabling mental disorder



Incarcerated or recently released from a correctional facility within the past 90 days

H.R.1 Impact & Mitigation Strategies

700,000

Individuals in LA County are projected to lose their Medi-Cal coverage

COVERAGE IMPACT

Coverage loss will significantly drive up the uninsured rate and raise costs for hospitals and clinics treating uninsured patients.

MITIGATION STRATEGIES



Staff Readiness

Familiarize staff with the exemptions to Work and Community Engagement Requirements (including participating in drug/alcohol programs, medically frail per statute, and other exemptions).



Information Sharing

Keep counties informed on how DHCS/DPSS will process exemptions to advise patients.



Patient and Provider Updates

Ensure patients and health care providers have up-to-date information on program changes.



Reporting Requirements

Assist members with completing paperwork related to work reporting requirements.

SUD Impact & SAPC Response



SUD CLIENTS ARE EXEMPT

Participation in SUD treatment qualifies as an exemption from H.R.1 work requirements.

INDIRECT ADVERSE IMPACTS ARE ANTICIPATED



Providers will need to provide documentation to verify client participation in SUD treatment.



States will need to conduct additional data matching to confirm eligibility for these exemptions.

SAPC ACTIONS

- Develop a messaging plan to emphasize that SUD clients are exempt. Clients can enroll or continue treatment without additional fees but are required to report attendance to maintain benefits.
- Collaborate with DHCS and DPSS to implement straightforward tracking systems and train staff on exemptions and to encourage participation.

PROVIDER RECOMMENDATIONS

- Establish processes to communicate the SUD exemption and start date to clients, those who receive regular outreach, and the community at-large.
- Establish processes to communicate participation in SUD treatment to maximize exemptions for clients.

MH Impact & DMH Response

EXEMPT

Clients with disabling mental illness should be exempt from work/community engagement requirements.

INDIRECT ADVERSE IMPACTS ARE ANTICIPATED



Clients can self-attest initially, but eventually providers will need to provide documentation to verify disabling mental health condition. County/DMH may need to verify that the condition prevents client from being able to work.



States will need to conduct additional data matching to confirm eligibility for these exemptions.

DMH ACTIONS

- Work with DHCS, DPH-SAPC, DPSS and statewide behavioral health partners to advocate for local flexibility on exemption determinations.
- Work with contracted providers and directly operated clinics to make sure that all parties know the exemption process, what information/documents they need to support a client's exemption determination.

PROVIDER RECOMMENDATIONS

- Stay informed about how to support a client's exemption determination process (look for information from DHCS, LA County DMH, DPH-SAPC and DPSS).

DMH & DPH-SAPC Employment Support Programs

***These programs are not intended to fulfill the H.R. 1 work reporting requirement.**

DPH-SAPC Tuition Incentive Program (TIP)



PROGRAM OVERVIEW

- TIP is an educational scholarship program for SUD counselors offering a combination of online and in-person courses.
- The program was launched to address workforce shortages by recruiting and supporting individuals to become certified SUD counselors.



VISION

- TIP is designed to support communities and individuals most impacted by the destructive “war on drugs” policies by increasing representation of Black and Latine counselors and those with lived SUD experience in the SUD workforce.

KEY OUTCOMES



159

GRADUATES

Since program start in
FY 22-23



40%

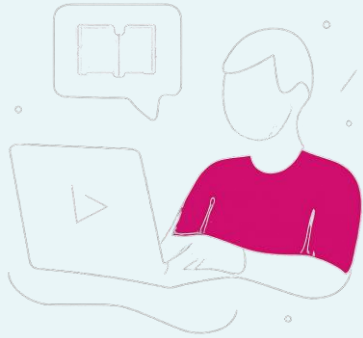
COMPLETION RATE

Among program
participants

Participants reflect program goals:

- Majority identified as Black/African American or Latine.
- All participants have SUD lived experience.

How TIP Works



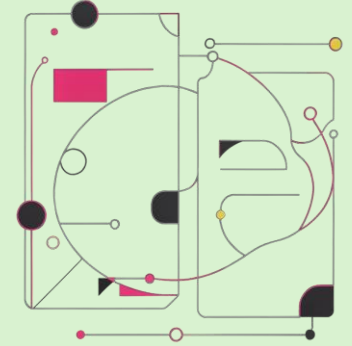
Accelerated Curriculum

TIP is a hybrid seven-month accelerated certification program that consists of virtual classes and supportive learning.



Hands-on Practicum

TIP provides 255 in-person supervised internship hours at experienced LA County SUD treatment agencies.



Pathway to Certification

TIP coordinates with three State-approved certifying bodies to support participants in completing registration as a SUD Counselor.

What is IPS Supported Employment?

Evidence-Based Supported Employment Model: Individual Placement & Support (IPS)

- Helps individuals with serious mental health conditions obtain and maintain competitive employment
- Integrates employment services directly within mental health treatment teams
- Focuses on recovery, wellness, and community integration
- Services are individualized and guided by client choice
- Employment is viewed as a critical component of recovery and long-term stability

Why IPS Matters

- Approximately 70% of individuals with serious mental illness express a desire to work
- Fewer than 15% are currently employed
- Research demonstrates IPS produces significantly better employment outcomes than traditional vocational models
- Across 28 randomized controlled trials:
 - IPS employment outcomes: ~55%
 - Traditional vocational approaches: ~25%

DMH: Supported Employment Individual Placement and Support (IPS)

Core IPS Principles & Why the Model Works

IPS Practice Principles

1. Eligibility is based on client choice (Zero Exclusion)
2. Competitive employment is the goal
3. Rapid job search approach
4. Services are integrated with treatment teams
5. Services are individualized and based on client preferences
6. Personalized benefits counseling is provided
7. Employment specialists build employer relationships
8. Ongoing follow-along supports are provided as long as needed

Why IPS Is Effective

- Removes traditional barriers to employment
- Treats employment as part of behavioral health recovery
- Focuses on strengths rather than deficits
- Uses a multidisciplinary and person-centered approach
- Provides individualized support over time

IPS Implementation Within DMH

IPS Expansion

- DMH is expanding IPS implementation across all systems of care
- Collaborating with the IPS Center of Excellence
- IPS training initiatives are underway for Directly-operated and Contracted Providers

Why IPS Aligns with DMH Priorities

- Supports recovery-oriented care
- Increases community integration and independence
- Reduces barriers to employment for underserved populations
- Supports long-term wellness and economic stability

Thank you



LOS ANGELES COUNTY
**DEPARTMENT OF
MENTAL HEALTH**
hope. recovery. wellbeing.



Appendix

H.R. 1 DHCS Implementation Plan Overview

DHCS' implementation plan is to mitigate the impact on members and minimize coverage loss to the greatest extent possible. This work is ongoing and will be implemented in a phased approach with outreach and campaign materials for early awareness messaging to stakeholder and member required actions aligned to implementation timelines.

DHCS Guiding Principles

- **Automate to Protect Coverage:** Maximize use of data sources to confirm eligibility without burdening members and counties. Reduce paperwork, streamline verification, safeguard coverage stability.
 - Exploring ability to verify income from EDD, CalFresh, CalWORKs, educational data through education partners and other state agencies and use Aid codes and/or zip codes to automatically exempt certain groups from requirements
- **Communicate with Clarity and Connection:** Outreach and education campaigns that is culturally relevant and linguistically accurate to ensure changes are understood.
- **Simplify the Renewal Experience:** Modernize and streamline the Medi-Cal renewal process (first in the New Adult Group, later for all members) and with the six-month renewal steps that are easier to navigate.
- **Educate and Train Those Who Serve Medi-Cal Members:** Equip counties with the tools and training they need to simplify the changes for members. Provide clear policy guidance, practice tools, targeted training courses and technical assistance so counties, plans, providers and DHCS Coverage Ambassadors can support members and avoid errors on member cases.
- **Provide Timely and Transparent Communication to Members:** Share information on H.R. 1 changes early on and via multiple channels (mail, text, outbound phone calls, etc.) to build awareness, anticipate changes to coverage and have ample preparation time to meet new requirements.

Work and Community Engagement Requirements

Verification Lookback Periods Effective 1/1/2027

At application: Individuals must meet work reporting requirements in the month before the application.

At renewal: Individuals must meet work reporting requirements in at least one of the months since their last renewal.

Impact: Potential disenrollment due to paperwork issues or verifications not returned on time.

Recommended Mitigation Strategies:

- Communicate with members as this is a new verification process
- Be prepared for an increased need of data sharing
- Ensure patients have up-to-date information on program changes
- Assist members with completing paperwork related to work reporting requirements