



# County of Monterey

**Item No.**

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

**Legistar File Number: 26-320**

**April 07, 2026**

**Introduced:** 4/2/2026

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

Receive update and authorize Chair of the Board to sign letters of support for CSAC proposal for State funding request to mitigate impacts of HR1

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive an update on the potential fiscal and programmatic impacts of H.R. 1: Protect California's Safety Net legislation on county-administered health and human services; and,
- b. Provide direction to staff regarding legislative advocacy and proposed state-county funding partnerships.

### SUMMARY

H.R. 1, as proposed, would restructure federal funding for major safety-net programs and shift up to \$9.5 billion annually in costs to California and its counties. The measure expands eligibility verification and work requirements for Medi-Cal and public assistance programs, while reducing federal cost-sharing mechanisms that currently stabilize county health and hospital systems.

Without state partnership or federal amendments, counties would face significant unfunded mandates in indigent health care, public hospital operations, and human services administration. Notably, this is a two-year request.

### DISCUSSION:

The California State Association of Counties (CSAC) has identified H.R. 1 as the most consequential fiscal challenge to counties in decades. Under the proposed legislation:

#### **Health Coverage Impacts:**

- Approximately 1.5 million Californians could lose Medi-Cal coverage due to imposed work requirements.
- Counties remain legally obligated to provide basic indigent care under Welfare and Institutions Code §17000, despite the state withdrawing local funding for that mandate following the 2013 Medi-Cal expansion.
- Elimination of federal Medi-Cal supplemental financing tools is expected to reduce funding to public hospitals statewide by billions of dollars, especially impacting rural and safety-net providers.

**Administrative and Fiscal Impacts:**

- New federal eligibility verification requirements would create hundreds of millions in additional county administrative costs without new funding.
- Increased complexity could cause eligible residents to lose access to health care, food, and income support, increasing local emergency, housing, and behavioral health caseloads.

**Broader Effects on County Services:**

- Absent state backfill funding, counties would be forced to consider reductions to critical programs, including public safety, homeless services, elections, and child welfare.
- These represent structural, ongoing impacts-not a one-year budget event.

**County Partnership Request:**

CSAC and counties are requesting state support beginning in FY 2026-27 to stabilize safety-net infrastructure:

<u>Program Area</u>	<u>FY 2026-27 Request</u>	<u>FY 2027-28</u>
Indigent Care	\$761 million	\$2.4 billion
Public Hospitals	\$500 million	\$850 million

Such partnership funding would sustain health access for those losing Medi-Cal and ensure stability of county hospital and behavioral health networks.

Staff will continue to monitor legislative activity on H.R. 1 and collaborate with CSAC, the California Health and Human Services Agency, and local hospital partners. Updates will be provided through the County’s Legislative Program.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office -Legislative Program prepared this report, with key contributions from the Legislative Committee, County departments, and state and federal advocates and grant consultants. Representatives from Natividad, the Department of Health, and the Department of Social Services will be available to briefly address the Board and answer questions.

FINANCING:

Preparation of this report and participation in legislative advocacy are included within the adopted budget for the County Administrative Office. Any potential fiscal exposure resulting from H.R. 1 would require future Board consideration. Absent State funding as requested by CSAC, the County would experience significant impacts to health and social service programs.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Legislative Program works to advance all of the Board’s Strategic Plan goals.

- Well-Being and Quality of Life
- Sustainable Infrastructure for the Present and Future
- Safe and Resilient Communities

- Diverse and Thriving Economy
- Dynamic Organization and Employer of Choice

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Attachments:

Attachment A - CSAC Policy Brief - "Protect California's Safety Net: H.R. 1

Attachment B - CSAC County H.R. 1 Budget Request Draft Letter