



County of Monterey

Board of Supervisors

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The Honorable Robert Rivas
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable David Tangipa
Vice Chair, Assembly Budget Committee
1021 O Street, Suite 4310
Sacramento, CA 95814

RE: County H.R. 1 Budget Request

Dear Speaker Rivas, Assemblymember Gabriel, and Assemblymember Tangipa:

The County of Monterey writes to express our commitment to working with the Legislature to protect our safety net from the impacts of H.R. 1. This law fundamentally shifts fiscal responsibility for health and human services programs from the federal government to states and counties. In order to prevent our safety net from crumbling, counties need a true partnership with the state. Toward that end, I write to share a multi-year H.R. 1 budget request that was developed jointly with counties and county association partners.

H.R. 1 will increase county health and human services program costs due to expanded demand for indigent medical care, direct cost shifts to counties, increased county eligibility workload, and changes to Medi-Cal financing. The County of Monterey anticipates that the impact of these changes could result in costs ranging from \$6.0 billion to \$9.5 billion annually at full implementation. Counties have collectively developed a reasonable multi-year request for state funding of \$1.9 billion in 2026-27 and \$4.5 billion in 2027-28 to address these impacts. This request is outlined below and further detailed in the coalition H.R. 1 County Budget Multi-Year Request attachments.

County Indigent Care – \$761 million in 2026-27 and \$2.4 billion in 2027-28 and ongoing
Counties are mandated to provide indigent care to low-income Californians who have no other source of health



care. When the Affordable Care Act was implemented and demand for indigent care dramatically reduced, the realignment funding provided to counties to meet this mandate was redirected by the state. With more than one million people estimated to lose Medi-Cal coverage, California residents will come to counties for these services, and counties currently have no funding source to provide this care on behalf of the state. Counties need funding from the state to provide basic health care to roughly 417,000 people—about one-third of those expected to lose coverage. This request also includes \$200 million in one-time funding in 2026-27 to rebuild infrastructure for indigent care and \$50 million in ongoing funding for public health programs serving individuals who lose health care coverage.

Public Hospital Systems – \$500 million in 2026-27 and \$850 million in 2027-28 and ongoing
County public hospital systems rely on a funding mechanism known as state-directed payments to cover the non-federal share of Medi-Cal inpatient services. H.R. 1 reduces states' ability to use these payments, which will significantly reduce public hospital revenues. Counties request funding to stabilize hospital systems and protect patient care, particularly in rural and safety-net facilities.

County Eligibility – \$373 million in 2026-27 and \$402 million in 2027-28 and ongoing
County eligibility staff help residents obtain and retain Medi-Cal and CalFresh benefits. H.R. 1's new community engagement and work requirements will increase workload and administrative costs. The funding request reflects the resources needed for counties to implement new requirements, assist residents in meeting or receiving exemptions from them, and prevent coverage losses. It also includes two budget-neutral CalFresh items: (1) a temporary federal match waiver allowing counties to draw down full federal funding, and (2) a hold-harmless provision protecting counties from penalties beyond their control.

County Behavioral Health – \$224 million in 2026-27 and \$828 million in 2027-28 and ongoing
As individuals lose Medi-Cal eligibility, demand for county-funded behavioral health and substance use disorder services is expected to increase. This request provides resources for counties to meet growing service needs and maintain existing treatment capacity.

Natividad in the County of Monterey is one of 17 public health systems statewide (44 hospitals and 150 clinics). Policy and budget changes pose challenges to safety-net capacity and service equity across California. In addition to these ongoing funding shortfalls, counties anticipate increased costs when CCS clients lose Medi-Cal coverage as the result of the implementation of H.R. 1 and recent state policy changes. Since we are a Whole Child Model County, CCS children that are Medi-Cal managed care plan members are case managed by the Central California Alliance for Health (CCAH). CCAH incurs the cost of case management for these children and receives funding to provide this service. When these children are no longer Medi-Cal beneficiaries, the County of Monterey CCS program will be required to provide case management for these children, which will increase our workload. The increase in workload will require additional allocation to increase county CCS staffing.

The county H.R. 1 multi-year budget request is intended to mitigate direct harm to County of Monterey residents who will lose health and nutrition services, as well as to prevent cuts to other critical services counties provide—such as public safety and elections. With this funding, counties will rebuild indigent care systems, stabilize public hospitals, and maintain health and nutrition assistance for vulnerable Californians.

Addressing the health care and nutrition needs of individuals impacted by H.R. 1 will be a fundamental, structural component of California's budget beginning in 2026-27. [County Name] is eager to partner with the Legislature and the Administration to identify workable fiscal and policy solutions to protect our communities. Thank you for your consideration.

Respectfully,

Wendi Root Askew
Board of Supervisors