



# H.R. 1 County Multi-Year Budget Request

*Monterey County Board of Supervisors*

June 2, 2026



---

# Presenter



**Graham Knaus**  
CSAC Chief Executive Officer



# H.R. 1

---

- Signed into law on July 4, 2025
- Makes a number of changes to Medicaid (Medi-Cal) and SNAP (CalFresh) Programs

# Major Provisions

---

- Medi-Cal Community Engagement
- Medi-Cal Eligibility Changes
- Medi-Cal Financing Changes
- CalFresh Work Requirements
- CalFresh Administrative Cost Shifts

# H.R. 1 & Counties

---

- H.R. 1 fundamentally shifts responsibilities from the federal government to states and counties
- These changes will impose significant new costs on counties

# Major Impacts

---

- County Indigent Care Programs
- Impacts to Hospitals and Public Health Systems
- County Eligibility Workforce
- County Behavioral Health



# Coalition Partners



---

# Impacts to Counties: \$6.0 - \$9.5 billion



## Expanded Demand for Indigent Care

Costs to provide indigent care to those who lose Medi-Cal eligibility due to community engagement requirements

**Anticipated Enrollment:**  
417,000 - 1.3 million

**Anticipated Cost:**  
\$2.0 billion - \$5.5 billion per year



## Public Hospital System Revenue Losses

Revenue losses due to reductions in Medi-Cal financing and reductions in federal financial participation

**\$3.4 billion annually**



## County Workforce Costs

Costs to implement HR 1 eligibility requirements and for costs shifted to counties

**\$484 million in 2026-27**

**\$574 million in 2027-28**



## Strain on Other Safety Net Services

Costs to other programs, such as behavioral health, due to people losing access to Medi-Cal

# May Revision H.R. 1 Funding

---

- County Indigent Care Programs – No Funding for H.R. 1 Impacts
- Public Hospitals and Health Systems – No Funding for H.R. 1 Impacts
- County Eligibility Workforce – \$57.2 Million One-Time General Fund for Medi-Cal Eligibility; \$30 Million One-Time General Fund for CalFresh Eligibility
- County Behavioral Health – No Funding for H.R. 1 Impacts



# Total Multi-Year Budget Request: \$1.1 billion in 2026-27 and \$2.5 billion in 2027-28

	Coalition Budget Request		May Revision		Updated Coalition Budget Request	
	2026-27	2027-28	2026-27	2027-28	2026-27	2027-28
<b>Indigent Care / PATH Program<sup>1</sup></b>	\$761 million	\$2.4 billion	N/A	N/A	\$50 million	\$462 million
<b>Public Hospital Systems</b>	\$500 million	\$850 million	0	0	\$500 million	\$850 million
<b>County Eligibility</b>	\$373 million	\$402 million	\$87 million	0	\$300 million	\$425 million
<b>County Behavioral Health</b>	\$224 million	\$828 million	0	0	\$224 million	\$828 million
<b>TOTAL</b>	<b>\$1.9 billion</b>	<b>\$4.5 billion</b>	<b>\$87 million</b>	<b>0</b>	<b>\$1.1 billion</b>	<b>\$2.5 billion</b>

*\*All numbers are state General Fund.*

*<sup>1</sup>Updated Coalition Budget Request reflects the development of new proposal to preserve access to health care for the indigent care population.*



**Indigent Care Updated Request:  
\$50 million in 2026-27 | \$762 million in 2027-28**

## County Indigent Care Updated Request (PATH Program)

- Establish a state-funded, emergency Medi-Cal benefit for those individuals who lose Medi-Cal eligibility due to H.R. 1 community engagement requirements.
- Allows the state to draw down federal funding when an individual is admitted to a hospital based on a medical emergency.
- Keeps people connected to the Medi-Cal program, making it easier to return them to full-scope coverage as circumstances change.
- Provides the state and counties time to assess the impacts of H.R. 1 and potential alternative approaches to maintaining coverage gains.



# Indigent Care Mandate on Counties

## What is County Indigent Care?

Welfare & Institutions Code (WIC) 17000 establishes the legal obligation for counties to provide basic, medically necessary care to medically indigent, lawful residents.

- Establishes counties as the healthcare provider of last resort for lawfully present uninsured residents whose medical needs are beyond their ability to pay
- Each county sets their own standards of eligibility, aid, and care
- Significantly scaled down following ACA and Medi-Cal expansions



# Indigent Care Service Models

## Indigent Care Types by County

- **CMSP counties\*** - Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Imperial, Inyo, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Modoc, Mono, Napa, Nevada, Plumas, San Benito, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Tuolumne, Yolo, & Yuba
- **Public hospital and health system counties** – Alameda, Contra Costa, Kern, Los Angeles, Monterey, Riverside, San Bernardino, San Francisco, San Joaquin, San Mateo, & Ventura
- **Article 13 counties** (direct services and contracted services) – Fresno, Merced, Orange, Placer, Sacramento, San Diego, San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, & Tulare



\*The Following counties are eligible for CMSP, but do not currently participate: Merced, Placer, San Luis Obispo, & Santa Cruz



## Public Hospital Systems: \$500 million in 2026-27 | \$850 million in 2027-28

- Public hospital systems alone face \$3.4 billion annual loss by 2032 due to restrictions on Medicaid financing rules, reduced federal funding for emergency services, and increases in uncompensated care
- Rural hospitals were already at-risk pre-H.R. 1; small and rural hospitals have less ability to absorb costs or adjust systems
- The federal Rural Health Transformation Fund is woefully insufficient
  - Cannot be used to supplant existing funding for Medicaid and Medicare programs
  - No more than 15% of total award may be used for provider payments
  - CA awarded approximately \$234 million out of \$10 billion total awarded in FY 2026



Public Hospital Systems:  
\$500 million in 2026-27 | \$850 million in 2027-28

## County Multi-Year Budget Request to Support the Operation of Public Hospital Systems

In order to begin offsetting the impact of the coming reduction in state directed payments (SDPs), counties request **\$500 million in 2026-27 and \$850 million in 2027-28 and ongoing** to begin stabilizing public hospital system revenues and protecting patient care.



**County Eligibility:  
\$300 million in 2026-27 | \$425 million in 2027-28**

## County Eligibility Workforce Cost Methodology

- For **Medi-Cal**, an estimated **additional 2,000 eligibility workers statewide** will be needed to accommodate the additional workload
  - Eligibility workers need up to 5.5 hours a year per person to support at least **2.1 million enrollees** in maintaining coverage (# of individuals not eligible for ex parte who require direct county support)
- For **CalFresh**, an estimated **additional 400-500 eligibility workers statewide** will be needed to accommodate the additional workload
  - Eligibility workers need up to 4 additional hours a year per person to help at least **805,000 recipients** maintain food assistance (not already auto-exempted or auto-verified through data-matching)

**Approximately 2,500 additional eligibility workers needed statewide**



**County Eligibility:  
\$300 million in 2026-27 | \$425 million in 2027-28**

## County Eligibility Workforce Multi-Year Budget Request

- Medi-Cal Eligibility – \$196.8 Million General Fund in 2026-27; \$367.4 Million General Fund in 2027-28
- CalFresh Eligibility – \$103 Million General Fund in 2026-27; \$58 Million General Fund in 2027-28
  - This includes a one-year hold harmless to preserve baseline funding and maximum administrative capacity against rapid swings in caseload declines.
- CalFresh County Share of Cost Match Waiver
- CalFresh Penalties Hold Harmless



**County Behavioral Health:  
\$224 million in 2026-27 | \$828 million in 2027-28**

## County Behavioral Health Impacts Methodology

- Relies on DHCS estimates of the number of people projected to lose Medi-Cal due to community engagement requirements, 6-month eligibility redeterminations, and the elimination of full scope Medi-Cal benefits for certain migrant populations
- To estimate the number of people likely to seek service, counties use the current penetration rate for Medi-Cal behavioral services (27,000 people in 2026-27 and 89,000 people in 2027-28)
- Assumes the statewide average cost to provide services will be about \$10,000 per enrollee per year

**Counties *request \$224 million in 2026-27 and \$828 million in 2027-28 and ongoing* to provide services to those who lose Medi-Cal coverage and seek services.**

---

# Next Steps



- 1) Budget Request Support Letter templates available at [counties.org/hr1/](https://counties.org/hr1/)
- 2) Meetings with the Legislature and Administration
- 3) County meetings with legislative delegation in your county





## Questions and Discussion

### CSAC H.R. 1 Staff:

- Kimberly Rodriguez, Chief Legislative Advocate, [krodriguez@counties.org](mailto:krodriguez@counties.org)
- Brendan McCarthy, Senior Legislative Advocate, [bmccarthy@counties.org](mailto:bmccarthy@counties.org)
- Justin Garrett, Senior Legislative Advocate, [jgarrett@counties.org](mailto:jgarrett@counties.org)
- Danielle Bradley, Senior Legislative Analyst, [dbradley@counties.org](mailto:dbradley@counties.org)



# THANK YOU

Copyright 2026 by California State Association of Counties®

