H.R. 1 County Multi-Year Budget Request

El Dorado County Board of Supervisors

April 7, 2026

Presenters

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

February 2026 Fact Sheet with more information is available at counties.org/hr1/

Total Multi-Year Budget Request: $1.9 billion in 2026-27 and $4.5 billion in 2027-28

	2026-27	2027-28
Indigent Care *	$761 million	$2.4 billion
Public Hospital Systems	$500 million	$850 million
County Eligibility	$373 million	$402 million
County Behavioral Health	$224 million	$828 million
TOTAL	**$1.9 billion**	**$4.5 billion**

** Note that the indigent care request includes $200 million in 2026-27 in one-time infrastructure building funds, to be available for expenditure over three years, and $50 million in each year for increased county public health costs to provide services to those who lose health care coverage.*

Indigent Care:
$761 million in 2026-27 | $2.4 billion in 2027-28

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
- 3 groupings of counties:
  - **CMSP counties** (counties under 300,000 population) – 35 counties, 3.7M population
  - **Public hospital and health system counties** – 12 counties, 23.9M population
  - **Article 13 counties** (direct services and contracted services) – 11 counties, 11.9M population

Indigent Care:
$761 million in 2026-27 | $2.4 billion in 2027-28

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

Indigent Care:
$761 million in 2026-27 | $2.4 billion in 2027-28

County Indigent Care Multi-Year Request

- Infrastructure Building - ***$200 million in 2026-27***, to be used over three years
- Direct Medical Services and Administration
  - ***$561 million in 2026-27*** to support the delivery of direct medical services to newly eligible medically indigent adults and associated administrative support in the 23 non-CMSP counties. This includes $50 million per year in 2026-27 and ongoing for increased county public health costs to provide services to those who lose health care coverage
  - ***$2.4 billion in 2027-28 and ongoing*** to provide medical services in all 58 counties

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:
$373 million in 2026-27 | $402 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

- For **CalFresh**, an estimated ***additional 400-500 eligibility workers statewide*** will be needed to accommodate the additional workload

Approximately 2,500 additional eligibility workers needed statewide

County Eligibility:
$373 million in 2026-27 | $402 million in 2027-28

County Eligibility Workforce Multi-Year Budget Request

	2026-27	2027-28
Medi-Cal Eligibility Workforce	$270 million	$344 million
CalFresh County Eligibility Workforce	$103 million	$58 million
Total	**$373 million**	**$402 million**

- 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/
2) Meetings with the Legislature and Administration
3) County meetings with legislative delegation in your county

Questions and Discussion

CSAC Staff:

- **Graham Knaus, Chief Executive Officer, gknaus@counties.org**
- **Kimberly Rodriguez, Chief Legislative Advocate, krodriguez@counties.org**
- **Brendan McCarthy, Senior Legislative Advocate, bmccarthy@counties.org**
- **Justin Garrett, Senior Legislative Advocate, jgarrett@counties.org**
- **Danielle Bradley, Senior Legislative Analyst, dbradley@counties.org**

THANK YOU

Copyright 2026 by California State Association of Counties®