

# Executive Summary

The following projections presented reflect preliminary modeling based on currently available statutory language, state and federal budget documents, and CAPH and CalHHS guidance. **Significant uncertainty remains** regarding the timing, scope, and mechanics of implementation—particularly for federal HR1 provisions and forthcoming state regulatory decisions. **Actual financial and membership impacts may differ materially** from the estimates provided.

## Timeline of Key Impacts

| 2025   | 2026   | 2027  | 2028+  |
|--|--|---|--|
| Policy Passed, but Implementation Guidance Pending   | First Wave of Cut, but Enforcement and Exemptions Unclear  | Eligibility Restrictions Begin, but Operational Details Remain Unclear  | Long-Term Structural Shifts with Unknown Depth and Timing  |
| Federal Impacts  |  |   |  |
| <ul style="list-style-type: none"> <li>H.R. 1, “One Big Beautiful Bill,” signed</li> <li>DSH (GPP) Cuts Begin (Oct)</li> </ul>   | <ul style="list-style-type: none"> <li>FMAP Reduction (Oct)</li> <li>CalAim 1115 Waiver Expires (Dec 31)</li> </ul>  | <ul style="list-style-type: none"> <li>Work Requirements and Eligibility Changes (Jan)</li> </ul>   | <ul style="list-style-type: none"> <li>State Directed Payment Phase-down to Medicare rates begins</li> <li>MCE Cost Sharing for 100-133% FPL Individuals (Deductibles up to \$35)</li> </ul>   |
| State Impacts  |  |   |  |
| <ul style="list-style-type: none"> <li>California FY2025-26 Budget passed</li> </ul>   | <ul style="list-style-type: none"> <li>UIS Enrollment Freeze (Jan)</li> <li>PPS Elimination for FQHCs (Jul)</li> <li>UIS Dental Coverage Elimination</li> </ul>  | <ul style="list-style-type: none"> <li>UIS Premiums Start (Jan)</li> <li>Employer Contributions Under Study for Medi-Cal Covered Employees</li> </ul>   |  |
| CCHP Membership Loss   |  |   |  |
| (5,000)  | (82,500)   | (5,000)   | (5,000)  |
| Funding Reduction  |  |   |  |
| (\$19,966,500)   | (\$98,610,500)   | (\$111,280,000)   | (\$134,940,000)  |
| Uncertainty and Level of Modeling Policy   |  |   |  |
| Low  | Medium   | High  | High   |
| H.R. 1 was enacted, but federal agencies have yet to issue detailed regulations. States and Health plans face uncertainty around timing, enforcement mechanisms, and scope of programmatic changes (e.g. DSH cuts, provider tax rules) | Major provisions like DSH/GPP cuts, FMAP reductions, and PPS elimination take effect – but ambiguity remains around how these will be operationalized, monitored, or phased in. Legal and legislative pushback could delay or soften impacts | Federal work and redetermination requirements kick in, but implementation standards, enforcement thresholds, and allowable state flexibilities remain undefined. State response to coverage loss is still unknown | State Directed Payment reductions begin at 10% annually, but future federal administrations or waivers may alter the trajectory. Long-term Medicaid financing and delivery system reforms may either reinforce or reverse earlier cuts |