CONTRA COSTA COUNTY

AGENDA

Legislation Committee

Supervisor Diane Burgis, Chair
Supervisor Shanelle Scales-Preston, Vice Chair

Friday, August 8, 2025	**10:00 AM**	**1025 Escobar Street, Martinez, CA**

Room 110
Note: Meeting is in-person only.

The public may attend this meeting in person at the above location.

Agenda Items: Items may be taken out of order based on the business of the day and preference of the Committee.

1. PROVIDE welcoming and introductory remarks from Chair Burgis and Vice Chair Scales-Preston. **25-3197**

2. Public comment on any item under the jurisdiction of the Committee and not on this agenda (speakers may be limited to two (2) minutes).

3.a. RECEIVE and DISCUSS informational updates on Health, Medicaid (Medi-Cal), including major impacts from H.R. 1 and the state budget package. **25-3198**

Attachments: Attachment A - CCH Executive Summary H.R.1 Impact
Attachment B - H.R. 1 Summary-and-Impact-Table
Attachment C - CalHHS-Merged-HR1-Slides
Attachment D - CAPH Federal Medical Update

3.b. RECEIVE and DISCUSS informational updates on Emergency/Disaster Preparedness and Response. **25-3199**

Attachments: Attachment A - Federal Disaster Changes Local Recovery Impacts

3.c. RECEIVE and DISCUSS informational updates on Innovation Opportunities and Initiatives. **25-3200**

Attachments: Attachment A - Admin Bulletin 145 - Artificial Intelligence
Attachment B - AI Memo 05.23.25
Attachment C - Animal Services - Generative AI
Attachment D - Probation - CA Probation and Re Entry
Attachment E - Probation - CPOC Prop36
Attachment F - Probation - Leading the Future of Juvenile Justice
Attachment G - Probation - SB 678 Reducing Recidivism & Saving California Millions

3.d. RECEIVE and DISCUSS informational updates on Social Safety Net Services, Including impacts from H.R. 1 and the state budget package. **25-3201**

Attachments: Attachment A - EHSD Federal & State Impacts - 08.04.25

The next meeting is currently scheduled for September 22, 2025.

Adjourn

General Information

This meeting provides reasonable accommodations for persons with disabilities planning to attend a the meetings. Contact the staff person listed below at least 72 hours before the meeting. Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the County to a majority of members of the Committee less than 96 hours prior to that meeting are available for public inspection at 1025 Escobar St., 4th Floor, Martinez, during normal business hours. Staff reports related to items on the agenda are also accessible on line at www.co.contra-costa.ca.us.

HOW TO PROVIDE PUBLIC COMMENT:
Persons who wish to address the Committee during public comment on matters within the jurisdiction of the Committee that are not on the agenda, or who wish to comment with respect to an item on the agenda, may comment in person.

Public comments generally will be limited to two (2) minutes per speaker. In the interest of facilitating the business of the Board Committee, the total amount of time that a member of the public may use in addressing the Board Committee on all agenda items is 10 minutes. Your patience is appreciated.

Public comments may also be submitted to Committee staff before the meeting by email or by voicemail. Comments submitted by email or voicemail will be included in the record of the meeting but will not be read or played aloud during the meeting.

For Additional Information Contact:
Emlyn Struthers
(925) 655-2045
Emlyn.Struthers@cao.cccounty.us

1025 ESCOBAR STREET
MARTINEZ, CA 94553

CONTRA COSTA COUNTY

Staff Report

File #: 25-3197 **Agenda Date:** 8/8/2025 **Agenda #:** 1.

LEGISLATION COMMITTEE
Meeting Date: August 8, 2025
Subject: Welcoming and Introductory Remarks
Submitted For: Legislation Committee
Department: County Administrator's Office
Presenter: Supervisor Burgis, Legislation Committee Chair
Contact: E. Struthers, 925-655-2045

Referral History:
In early 2025, the Legislation Committee directed staff to host a meeting with the County's elected State and Federal representatives. The meeting goals would include building relationships between the County and our elected State and Federal representatives; fostering better understanding of County functions and key topical issues; and continuing to cultivate productive working relationships between the County and its elected representatives. These goals are more critical than ever as the County works to analyze and implement the recently adopted federal reconciliation package (H.R. 1) and the FY25-26 State Budget.

Referral Update:
Today's meeting of the Legislation Committee is focused on sharing informational updates on key topics, and on building relationships between the County and our elected State and Federal representatives. It is an informational meeting only, with four panels on timely, key topics for the County. The panel topics and materials are included in this agenda packet.

To foster dialogue, the event format is planned to include four breakout groups. Event attendees will rotate through each topic's station (or breakout group). There will be approximately 25 minutes at each station. Opportunities for public comment on all four topics will be provided at the end of the informational stations. This format is subject to change at the direction of the Chair, based on considerations including event attendance.

No actions are to be taken at this meeting; all items are informational only.

Recommendation(s)/Next Step(s):
PROVIDE welcoming and introductory remarks from Chair Burgis and Vice Chair Scales-Preston.

Fiscal Impact (if any):
None.

1025 ESCOBAR STREET
MARTINEZ, CA 94553

File #: 25-3198 **Agenda Date:** 8/8/2025 **Agenda #:** 3.a.

LEGISLATION COMMITTEE
Meeting Date: August 8, 2025
Subject: Health, Medicaid (Medi-Cal), and impacts from H.R. 1 and the state budget package
Submitted For: Legislation Committee
Contact: E. Struthers, 925-655-2045

Referral History:

On July 4, 2025, the federal reconciliation package (H.R. 1) was signed into law. H.R. 1 includes major fiscal and policy changes taking place over a ten-year period. Notably, H.R. 1 includes a $1 trillion cut to Medicaid (Medi-Cal, in California), which represents an estimated 14% reduction in federal support nationally to this core health program. These impacts are complex due to the various times at which different policies phase in, and the interaction between different policies, which both worsen the impacts and make it more difficult to model them.

While the federal reconciliation bill makes large changes to Medicaid policy, the FY25-26 State Budget package also includes numerous changes that impact Medi-Cal, making the policy landscape increasing complex. In Contra Costa County, Medi-Cal covers more than 28% residents, making it the primary source of health coverage for more than a quarter of our County's residents. For these reasons, understanding the major changes occurring within the Medicaid/Medi-Cal landscape are extremely important to ensuring the health and well-being of our community.

Referral Update:

Presenters invited by the County's Health Services Director will provide key policy context and information on the changes promulgated by H.R. 1 and the FY25-26 State Budget package.

Invited panelists include:

- Dr. Ori Tzvieli, Health Director and Acting CEO of Contra Costa Health
- Tracy Mendez, CEO of Aliados Health
- Rebecca Rozen, Regional Vice President of the Hospital Council Northern and Central California

Recommendation(s)/Next Step(s):

DISCUSS informational updates on Health, Medicaid (Medi-Cal), and impacts from H.R. 1 and the state budget package.

Fiscal Impact (if any):

None. Informational item only.

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			
▪ H.R. 1, "One Big Beautiful Bill," signed ▪ DSH (GPP) Cuts Begin (Oct)	▪ FMAP Reduction (Oct) ▪ CalAim 1115 Waiver Expires (Dec 31)	▪ Work Requirements and Eligibility Changes (Jan)	▪ State Directed Payment Phase-down to Medicare rates begins ▪ MCE Cost Sharing for 100-133% FPL Individuals (Deductibles up to $35)
State Impacts			
▪ California FY2025-26 Budget passed	▪ UIS Enrollment Freeze (Jan) ▪ PPS Elimination for FQHCs (Jul) ▪ UIS Dental Coverage Elimination	▪ UIS Premiums Start (Jan) ▪ Employer Contributions Under Study for Medi-Cal Covered Employees	
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*

One Big Beautiful Bill Act: Summary and Impact Analysis

The "One Big Beautiful Bill Act" (OBBBA) (H.R. 1) will result in **between $66 billion and $128 billion in revenue losses to California hospitals over the next decade**.

Low estimate: $66B over 10 years *Factors included:*	**High estimate: $128B over 10 years** *Factors included:*
• **Hospital Fee Program 9, currently with the Centers for Medicare & Medicaid Services (CMS) for review, is APPROVED** • Managed care organization (MCO) tax revenue is lost • State-directed payments are capped at 100% of Medicare rates; phase-down to Medicare levels begins in 2028 • Fee program (provider tax) phased down from 5% beginning in 2028 to 3.5% in 2032 • Medicare cuts due to sequestration resulting from growing federal deficit **Bottom line: 14% reduction in Medi-Cal revenue & 4% reduction in Medicare revenue**	• **Hospital Fee Program 9, currently with CMS for review, is DENIED** • Fee program revenue is eliminated entirely • MCO tax revenue is lost • Medicare cuts due to sequestration resulting from growing federal deficit **Bottom line: 30% reduction in Medi-Cal revenue & 4% reduction in Medicare revenue**

NOTE: These projections do not include several variables related to increases in uncompensated care, as CHA is unable at this time to estimate the impacts of:

- *More frequent Medi-Cal redeterminations*
- *Work requirements*
- *Federal medical assistance percentage (FMAP) reductions for emergency services provided to those with unsatisfactory immigration status*
- *Coverage losses due to elimination of Affordable Care Act subsidies*

Executive Summary

- According to the Congressional Budget Office, the OBBBA will lead to nearly **$1 trillion in Medicaid cuts** and result in **more than 11.8 million people losing Medicaid and health insurance marketplace coverage** nationally.
- Policy changes to provider taxes and state-directed payments (SDPs) will result in **$340 billion in cuts to hospitals**. The American Hospital Association estimates that provider tax changes alone will result in a loss of federal payments to hospitals of **$232 billion over 10 years.**
- CHA estimates that **up to 1.8 million people in California will lose insurance coverage**, and hospital **uncompensated care costs will increase by $9.5 billion over 10 years**.

Detailed Provisions for California Hospitals

Provider Taxes

The bill's provisions:

- Prohibit states from establishing any new provider taxes or increasing the rates of existing taxes
- Reduce provider tax safe harbor for expansion states, like California, from 6% of net patient revenue to 3.5% by 2032
  - The safe harbor will be frozen at the percentage in effect as of May 1, 2025.
  - Phase down of 0.5% each year begins January 1, 2028, until reaching 3.5%.
- Exempt nursing facilities and intermediate care facilities from new limits

Impact on CA: If California's 2025 fee program — Hospital Quality Assurance Fee (HQAF) Program 9, currently pending before CMS — is approved, CA's provider tax rate (5.03%) is likely to begin at the higher 2025 level and decline from there to 3.5% in 2032. If not, the 2024 program tax levels (HQAF 8) will be frozen in place (at 3.25%). The MCO tax rate would be frozen in place (5.99%) but is in jeopardy because of separate "tax uniformity" provisions in the law described below.

State-Directed Payments

The bill's provisions:

- Cap expansion states' SDPs at 100% of Medicare, lower than California payments today
- Allow for time-limited grandfathering of certain existing SDPs until Jan. 1, 2028, when phase down of 10% per year begins until reaching Medicare levels
- Permit grandfathering for programs that:
  - Were approved by CMS by May 1, 2025, (or for which a good faith effort to receive such approval was made by that date), or by date of enactment (July 4, 2025) for rural hospital payment programs
  - Submitted a completed pre-print to CMS prior to date of enactment (July 4, 2025)

Impact on CA: The state Department of Health Care Services submitted a completed pre-print to CMS prior to July 4, 2025, meaning HQAF 9 should qualify for grandfathering of SDPs at 2025 levels, assuming the pre-print is approved. However, CMS has discretion regarding whether HQAF 9 is approved.

Tax Uniformity Requirements

The bill's provisions:

- Prohibit health care-related taxes that tax Medicaid business at a higher rate than non-Medicaid business, or tax Medicaid plans or providers at differential rates (i.e., requires a 1:1 taxation rate for Medicaid and non-Medicaid entities)
- Apply to both MCO taxes and other types of provider and hospital taxes
- Take effect upon enactment (July 4, 2025) but are subject to a transition period at the Health and Human Services secretary's discretion of up to three fiscal years (July 2028)

Impact on CA: Modifications to California's fee program and MCO tax structures will be necessary because of the new uniformity requirements. It is anticipated that the MCO tax cannot be modified to comply with the uniformity requirements and may no longer be viable. The fee program could continue to exist with modifications to the tax rate structure, but the overall size of the program will be constrained by the reductions to the provider tax safe harbor and SDP levels, described above, beginning in 2028.

Coverage and Uncompensated Care

The bill's provisions:

- Impose mandatory work requirements (no later than December 31, 2026, or earlier at state option)
- Require eligibility redetermination every six months for expansion population (December 31, 2026)
- Limit retroactive eligibility to 30 days for expansion adults and 60 days for traditional Medicaid enrollees (vs. 90 days) (January 1, 2027)
- Impose cost-sharing requirements ($35 copayment) for Medicaid expansion population with income over 100% of the FPL (January 1, 2028)
- Limit FMAP for emergency Medicaid (January 1, 2026)
- Restrict premium tax credits to certain "eligible aliens" (December 31, 2026)
- Impose various requirements for verification of citizenship, immigration status, cross-state enrollment, address checks, etc.

Impact on CA: The aggregate impact of provisions affecting coverage and uncompensated care will be substantial for Californians and their providers, including significant reductions in the size of the Medi-Cal program, loss of covered lives enrolled through Covered California due to increases in premiums, and growth in the uninsured population. CHA is unable at this time to estimate the impact of these changes.

Sequestration

The bill's provisions:

- Are expected to increase the federal deficit by more than $3 trillion, which could trigger an automatic 4% sequester to Medicare payment rates effective October 1, 2025, unless Congress acts to prevent the sequester from going into effect

Impact on CA: If Congress does not act to prevent the sequester, California hospitals' Medicare payments would be cut by approximately $9.2 billion over 10 years.

Rural Health Transformation Fund

- The bill creates a $50 billion rural transformation grant fund to be administered by CMS. It will be paid out as $10 billion annually per year over five years beginning in 2026, with:
  - 50% of funding equally distributed among all states with an approved application
  - 40% of funds distributed in a method determined by CMS
  - 10% allotted for administration of the fund
- States will need to submit a one-time application to CMS to be eligible for an allotment no later than December 31, 2025.
- Multiple types of rural health care providers (hospitals, clinics, community mental health centers, and opioid treatment programs), as well as other projects are eligible for funds.

Impact on CA: California will be eligible for a minimum of approximately $450 million over five years in state-specific funding under the equitable state distribution method. The funding projects will be submitted by the state and approved at CMS' discretion.

Excluded Provisions

The following provisions were not included in the final bill:

- A proposed decrease of the enhanced FMAP for the Medicaid Expansion Population from 90% to 80% for states that cover undocumented adults under Medicaid using state-only dollars
- Delays to fiscal year 2026 Medicaid disproportionate share hospital cuts
- Prohibition of Medicaid coverage for gender-affirming care

	Low Estimate - 10 Year Impact (In Millions)	High Estimate - 10 Year Impact (In Millions)
Assumptions:	• Hospital Fee Program 9, currently with CMS for review, is APPROVED • MCO tax revenue is lost • State directed payments are capped at 100% of Medicare rates; phase- down to Medicare levels begins in 2028 • Fee program (provider tax) phased down from 5% beginning in 2028 to 3.5% in 2032 • Medicare cuts due to sequestration resulting from growing federal deficit	• Hospital Fee Program 9, currently with CMS for review, is DENIED • Fee program revenue is eliminated entirely • MCO tax revenue is lost • Medicare cuts due to sequestration resulting from growing federal deficit
01 - Doug LaMalfa (R)	-$1,156	-$2,241
02 - Jared Huffman (D)	-$874	-$1,695
03 - Kevin Kiley (R)	-$745	-$1,446
04 - Mike Thompson (D)	-$751	-$1,457
05 - Tom McClintock (R)	-$1,848	-$3,584
06 - Ami Bera, MD (D)	-$520	-$1,008
07 - Doris Matsui (D)	-$2,674	-$5,186
08 - John Garamendi (D)	-$1,560	-$3,025
09 - Josh Harder (D)	-$901	-$1,748
10 - Mark DeSaulnier (D)	-$389	-$754
11 - Nancy Pelosi (D)	-$3,066	-$5,947
12 - Lateefah Simon (D)	-$2,107	-$4,086
13 - Adam Gray (D)	-$273	-$530
14 - Eric Swalwell (D)	-$486	-$943
15 - Kevin Mullin (D)	-$790	-$1,532
16 - Sam Liccardo (D)	-$4,777	-$9,265
17 - Ro Khanna (D)	-$68	-$132
18 - Zoe Lofgren (D)	-$718	-$1,393
19 - Jimmy Panetta (D)	-$464	-$900
20 - Vince Fong (R)	-$997	-$1,933
21 - Jim Costa (D)	-$1,612	-$3,127
22 - David Valadao (R)	-$1,311	-$2,542
23 - Jay Obernolte (R)	-$2,194	-$4,256
24 - Salud Carbajal (D)	-$1,403	-$2,721
25 - Raul Ruiz, Dr. (D)	-$455	-$883
26 - Julia Brownley (D)	-$358	-$695
27 - George Whitesides (D)	-$488	-$947
28 - Judy Chu, Dr. (D)	-$684	-$1,326
29 - Luz Rivas (D)	-$2,669	-$5,176
30 - Laura Friedman (D)	-$3,269	-$6,341
31 - Gil Cisneros (D)	-$1,061	-$2,057
32 - Brad Sherman (D)	-$351	-$681
33 - Pete Aguilar (D)	-$1,545	-$2,997
34 - Jimmy Gomez (D)	-$3,936	-$7,634
35 - Norma Torres (D)	-$1,067	-$2,069
36 - Ted Lieu (D)	-$1,215	-$2,356
37 - Sydney Kamlager-Dove (D)	-$830	-$1,610
38 - Linda Sánchez (D)	-$317	-$614
39 - Mark Takano (D)	-$1,034	-$2,005
40 - Young Kim (R)	-$485	-$941
41 - Ken Calvert (R)	-$616	-$1,196
42 - Robert Garcia (D)	-$999	-$1,938
43 - Maxine Waters (D)	-$840	-$1,629
44 - Nanette Barragan (D)	-$3,153	-$6,115
45 - Derek Tran (D)	-$589	-$1,142
46 - Lou Correa (D)	-$2,588	-$5,019
47 - David Min (D)	-$296	-$574
48 - Darrell Issa (R)	-$358	-$694
49 - Mike Levin (D)	-$143	-$277
50 - Scott Peters (D)	-$2,231	-$4,327
51 - Sara Jacobs (D)	-$2,291	-$4,443
52 - Juan Vargas (D)	-$447	-$866
Statewide Impact to Hospitals	***-$66,000*** *- 14% of Total Hospital Medicaid Revenue*	***-$128,000*** *- 30% of Total Hospital Medicaid Revenue*

These projections do no include an increase in uncompensated care due to more frequent Medi-Cal redeterminations, work requirements, FMAP reductions for emergency services provided to those with unsatisfactory immigration status, and other changes.

President Trump's "Big Beautiful" Bill

Millions of Californians to Lose Access to Health Care and Food

H.R. 1

» Passed by Senate on July 1, 2025

- 50 in support (All Republican members) – 50 opposed (All Democratic members and 3 Republican members) – Vice-President voted in support

» Passed by House on July 3, 2025

- 218 in support (All Republican members) – 214 opposed (All Democratic members and 2 Republican members)

» Signed by President Trump on July 4, 2025 (Enacted)

H.R. 1 – Impacts to CA

- Reduced access to **health care, reproductive care, and food**
- Reduced funding for the **health care infrastructure, nutrition education, and overall safety net.**
- **Populations of focus**: Low and Middle-Income Individuals and Families, Immigrants (including lawfully residing populations), Rural Communities, States

Major Impacts to Medi-Cal of Enacted H.R.1 Reconciliation Legislation

July 2025

CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

Overview

- » Major Medi-Cal Impacts of H.R.1
- » Eligibility/Access Requirements
- » State Financing Restrictions
- » Immigrant Coverage Limitations
- » Abortion Providers Ban

Major Medicaid Provisions of HR1

Bottom Line: Up to 3.4 million Medi-Cal members may lose coverage; $30+ billion in federal funding is at risk annually; major disruption Medi-Cal financing structure for safety nets

Eligibility/Access Requirements

- Work requirements
- 6-month eligibility checks
- Retroactive coverage restrictions
- Cost sharing

State Financing Restrictions

- MCO and Provider Tax limitations
- State Directed Payment restrictions
- Federal funding repayment penalties for eligibility-related improper payments

Immigrant Coverage Limitations

- Reduction in FMAP* for emergency UIS**
- Restrictions on lawful immigrant eligibility (increases UIS)

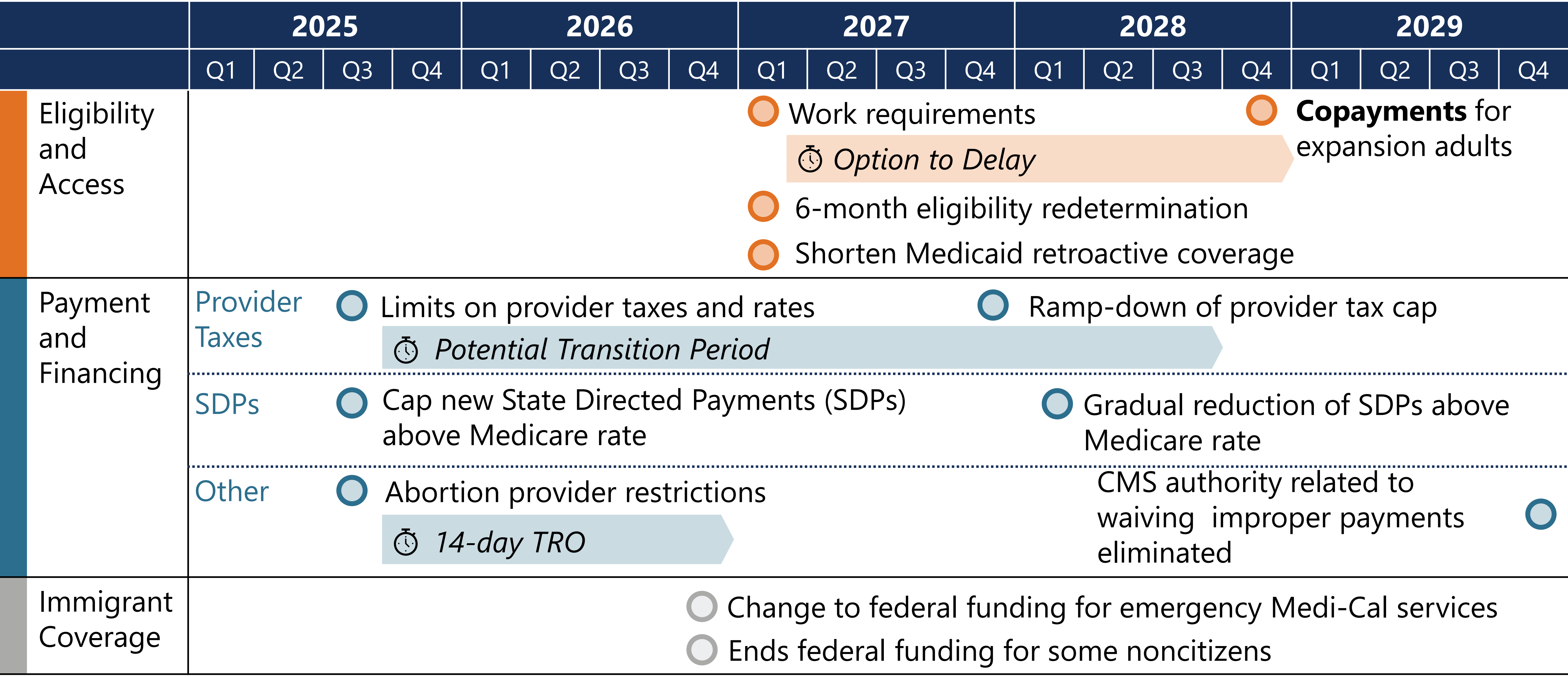
**Federal matching assistance percentage*
***Unsatisfactory immigration status*

Abortion Providers Ban

- One-year ban on federal Medicaid funding for "prohibited entities" that provide abortion services

All numbers are estimates and subject to change.

Effective Dates for Key Provisions



Q1: Jan–Mar **Q2:** Apr–Jun **Q3:** Jul–Sept **Q4:** Oct–Dec

Effective Dates for Key Provision Eligibility and Access

2025				2026				2027				2028				2029			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

JANUARY 1, 2027:
Implement **mandatory work requirements** for Medicaid expansion adults ages 19 to 64.

⏱ *State option to delay implementation until **December 31, 2028**, with HHS Secretary approval.*

JANUARY 1, 2027:
Redetermine eligibility for expansion adults once every 6 months.

JANUARY 1, 2027: Shorten Medicaid **retroactive coverage**; provide Children's Health Insurance Program (CHIP) retroactive coverage.

OCTOBER 1, 2028:
Impose **copayments** on most services for expansion adults with incomes above 100% of the federal poverty level (FPL).

Q1: Jan–Mar **Q2:** Apr–Jun; **Q3:** Jul–Sept **Q4:** Oct–Dec

Effective Dates for Key Provision Payment and Financing (*Provider Taxes*)

2025				2026				2027				2028				2029			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

JULY 4, 2025:

1. Prohibits implementation of any new Medicaid provider taxes and increasing existing tax rates.
2. Prohibits any tax that imposes a lower tax rate on providers explicitly defined based on their lower Medicaid volumes compared to providers with higher Medicaid volumes, or taxes Medicaid units of service at a higher rate than non-Medicaid units of service (as well as taxes that have the same effect) – impacts Managed Care Organization (MCO) tax and Hospital Quality Assurance Fee (HQAF).

OCTOBER 1, 2027:

Ramp-down of **provider tax** cap begins, with the 6% tax threshold reduced by half a percentage point per year until the threshold hits 3.5% in 2032.

*CMS may allow for a transition period of up to **3 years***

Q1: Jan–Mar **Q2:** Apr–Jun **Q3:** Jul–Sept **Q4:** Oct–Dec

Effective Dates for Key Provision Payment and Financing (*SDPs and Other)*

2025				2026				2027				2028				2029			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

JULY 4, 2025:
Caps any future State-Directed Payments **(SDPs)** at 100% of Medicare payment levels.

JANUARY 1, 2028:
Requires states with existing **SDPs** above Medicare rates to reduce payments by 10 percentage points per year until they are no greater than 100% of Medicare.

JULY 4, 2025– July 4, 2026:
Bars Medicaid participation by certain **providers of abortion services.**

14-day Temporary Restraining Order (TRO)

OCTOBER 1, 2029:
Eliminates CMS authority to waive states' disallowance of federal funds associated with "excess" improper payments.

Q1: Jan–Mar **Q2:** Apr–Jun; **Q3:** Jul–Sept **Q4:** Oct–Dec

Effective Dates for Key Provision Immigrant Coverage

2025				2026				2027				2028				2029			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

- **OCTOBER 1, 2026:**
  Provides regular **Federal Medical Assistance Percentage (FMAP) for emergency Medi-Cal.**

- **OCTOBER 1, 2026:**
  Ends the availability of federal Medicaid and CHIP funding for **refugees, asylees, and certain other noncitizens.**

Q1: Jan–Mar **Q2:** Apr–Jun; **Q3:** Jul–Sept **Q4:** Oct–Dec

Eligibility/Access Requirements

DHCS

Eligibility: Work Requirements

Section 71119: Requires states to condition Medicaid eligibility on compliance with work requirements (called "community engagement requirements") for adults ages 19 through 64. The provision applies to individuals enrolled through Medicaid expansion or a section 1115 demonstration providing minimum essential coverage.

Exemptions must be verified every 6 months
Parents, guardians, caretaker relatives, or family caregivers of a dependent child age 13 and under or a disabled individual; medically frail individuals; pregnant/receiving Medicaid postpartum coverage; foster/former foster youth under age 26; American Indian and Alaska Native individuals; veterans with a disability rated as total; incarcerated or recently released within 90 days, Medicare Part A/Part B; meet Temporary Assistance for Needy Family or Supplemental Nutrition Assistance Program work requirements; drug addition/alcohol treatment program

Effective Date: January 1, 2027

Impact: An estimated up to 3 million Medi-Cal members may lose coverage, which will significantly drive up the uninsured rate and raise costs for hospitals and clinics treating uninsured patients.

All numbers are estimates and subject to change.

Eligibility: 6-Month Eligibility Checks

Section 71107: Requires states to redetermine eligibility for adults enrolled through Medicaid expansion or an expansion-like section 1115 waiver once every six months.

Effective Date: January 1, 2027

Impact:

- An estimated 400,000 Medi-Cal members may lose coverage, which will drive up the uninsured rate and raise costs for hospitals and clinics treating uninsured patients.

All numbers are estimates and subject to change.

Eligibility: Retroactive Coverage

Section 71112: Shortens Medicaid retroactive coverage from three months to one month for expansion adults and two months for all other Medicaid applicants. This provision also allows states to provide two months of CHIP retroactive coverage. (Currently, CHIP does not have retroactive coverage, and services may only be paid in the month of the application.)

Effective Date: January 1, 2027

Impact:

- An estimated 86,000 Medi-Cal members/year would be affected by this policy and receive 1 month of retroactive coverage, rather than 3 months.

All numbers are estimates and subject to change.

Eligibility: Cost Sharing

Section 71120: Requires states to impose cost sharing for services provided to Medicaid expansion adults with incomes above 100% of the FPL ($15,560 per year). States would decide the amount, not exceed $35 per service and subject to an aggregate limit of 5% of family income.* Cost sharing must not apply to exemptions under current law or to primary care services, behavioral health services, federally qualified health center services, rural health clinic services, and certified community behavioral health clinic services.

Effective Date: October 1, 2028

Impact:

- The cost sharing requirement will limit access (e.g., due to members delaying or forgoing care, confusion about new requirements) among the Medicaid expansion population.
- Providers will likely see an increase in uncompensated care.

*Note: For drugs, cost sharing must be $4 (preferred) and $8 (non-preferred); for non-emergent services received in the hospital emergency department, cost sharing must be no more than $8. (This is as of 2015 and adjusted for inflation over time.)

All numbers are estimates and subject to change.

State Financing Restrictions

Provider Tax Limitations

Section 71115 and 71117:

- Prohibits any new Medicaid provider tax or increases to existing tax rates (for both local- and state-imposed taxes).
- Prohibits any tax that either (1) imposes a lower tax rate on providers explicitly defined based on their lower Medicaid volumes compared to those providers with higher Medicaid volumes, or (2) taxes Medicaid units of service (e.g., discharges, bed days, revenue, or member months) at a higher rate than non-Medicaid units of service. Also prohibits taxes that have the "same effect" as in (1) or (2) above.
- Modifies the provider tax cap whereby the 6% tax threshold must be reduced by half a percentage point per year until the threshold hits 3.5%.

Effective Date: Moratorium effective immediately; phase-down beginning October 1, 2027.

Impact:

- CA's current MCO tax structure is non-compliant under these new parameters and will need to be modified to align with the new federal standards (though it may be challenging to do so without decreasing the revenue from the tax).
- The new constraints jeopardize other major provider taxes, including the Hospital Quality Assurance Fee, threatening revenue streams.
- Going forward, these limitations may undermine CA longstanding strategy to finance the non-federal share of Medi-Cal.

All numbers are estimates and subject to change.

State Directed Payment Restrictions

Section 71116: Caps any future SDPs at 100% of Medicare payment levels. Requires payments with existing SDPs above Medicare rates to be reduced by 10 percentage points per year until the SDPs are no greater than 100% of Medicare payment levels.

Effective Date: Immediately for new SDPs; reduction in existing SDPs starting January 1, 2028

Impact:

- Limits CA's ability to use SDPs to increase provider payment rates above Medicare levels, which may reduce provider participation and access in Medicaid.
- Constrains CA's ability to raise the non-federal share of Medicaid funding, potentially pressuring other areas of the budget.
- Limits future SDP increases, including for public hospitals and private hospitals, all of which have inpatient and/or outpatient rates exceeding Medicare.

Mitigation: Rural Health Transformation Fund

Section 71401: Establishes $50 billion funding program to mitigate federal funding cuts on rural health providers.

Funding Disbursement: CMS will allocate $10 billion each FY for FY 2026-2030.

Funding Distribution:

- 50% distributed equally across states with approved applications
- 50% distributed to states per CMS discretion, pursuant to specific rural impact factors (e.g. state's % of rural residents; share of rural health facilities in the state compared to nationwide), with at least 25% of states with an approved application included.

Allowable Uses: CMS and states have flexibility to decide (1) allowable uses, and (2) eligible recipients (recipients and benefitting providers are not limited to rural health care facilities used in the funding distribution criteria). States must implement at least three activities specified (e.g., prevention and disease management; training and technical assistance; recruitment; etc.).

Limitations: Cannot be used as non-federal share of Medicaid payments. Admin cap 10%.

Next Steps:

- State to submit application (including a detailed rural health transformation plan) by TBD deadline, no later than December 31, 2025.
- CMS required to approve by December 31, 2025.

All numbers are estimates and subject to change.

Federal Funding Repayment Penalties

Section 71106: Except in limited cases involving the Medicaid “spend down” group and when there is insufficient documentation to confirm eligibility, the law eliminates CMS’ ability to waive federal penalties associated with improper payments related to eligibility even when states are making a good faith effort to address them. CMS is also required to issue disallowances upon identifying improper payments under federal audits beyond Payment Error Rate Measurement (PERM), as well as, at the option of the Secretary, state audits.

Effective Date: October 1, 2029

Impact:

- CMS may claw back federal funds from CA, even if the state is implementing a corrective action plan to reduce errors, increasing financial risk.

Immigrant Coverage Limitations

Reduction in FMAP for Emergency Medi-Cal

Section 71110: Prohibits states from receiving the 90% enhanced matching rate for emergency services provided to individuals who, but for their immigration status, would have qualified for the ACA optional adult expansion group. Also applies to emergency care provided to refugees, asylees, and other lawfully residing individuals.

Effective Date: October 1, 2026

Impact:

- CA will lose the 90% federal match for emergency Medicaid services, requiring increased General Fund spending and/or a rollback of services covered under the emergency Medicaid benefit.
- May increase financial pressure on safety-net providers, particularly hospitals that deliver high volumes of emergency care to noncitizens.

Restrictions on Lawful Immigrant Eligibility for Medi-Cal

Section 71109: Ends the availability of full-scope federal Medicaid and CHIP funding for most refugees, asylees, victims of human trafficking, certain individuals whose deportation is being withheld or who were granted conditional entry, or individuals who received humanitarian parole, such as certain Afghans who aided U.S. operations in Afghanistan or people fleeing violence in the Ukrainian war.

Effective Date: October 1, 2026

Impact:

- Approximately 200,000 immigrant Medi-Cal members will shift from satisfactory immigration status (SIS), which is eligible for full Federal Financial Participation (FFP), to unsatisfactory immigration status (UIS), which is only eligible for emergency and pregnancy-related FFP – at the newly reduced rates noted in prior slide.

All numbers are estimates and subject to change.

Abortion Providers Ban

One-year Ban on Federal Funding for "Prohibited Entities" that Provide Abortion Services

Section 71113: Bars Medicaid participation by certain providers of abortion services, including Planned Parenthood, for the one-year period following enactment (through July 2026).

Effective Date: Effective immediately.
*******Note:* On July 7, a federal judge in Boston issued a temporary restraining order that blocks the Trump Administration from implementing this provision nationwide for 14 days.

Impact:

- In CA, roughly 80% of Planned Parenthood patients rely on Medi-Cal, meaning this proposal would effectively strip $305 million in federal funding from one of the state's largest providers of reproductive health care.
- Loss of federal Medicaid funding may force Planned Parenthood to reduce services, limit appointments, or close centers—particularly in underserved areas.

All numbers are estimates and subject to change.

Marketplace Impacts of H.R. 1 and Enhanced Premium Tax Credit Expiration

Jessica Altman, Executive Director, Covered California

MAJOR MARKETPLACE IMPACTS OF H.R. 1

Bottom Line: As many as 660,00 Covered California enrollees could go uninsured, all Covered California enrollees will see significantly higher costs, and there will be burdensome new red tape making it harder for Californians to get and stay covered.

Limiting Enrollment Opportunities and Imposing New Administrative Requirements

- Imposing pre-enrollment verification and ending automatic re-enrollment
- Eliminating income-based Special Enrollment Period

Restricting Eligibility for Immigrant Groups

- Limiting premium tax credit eligibility to certain immigrant groups
- Ending premium tax credit for low-income lawfully present immigrants

Affordability and Coverage Changes

- Removing caps on repayment of excess Advance Premium Tax Credit
- Denying Advance Premium Tax Credit to consumers who lose Medi-Cal due to work requirements
- Does NOT extend the Marketplace Enhanced Premium Tax Credits.

LIMITING ENROLLMENT OPPORTUNITIES AND IMPOSING NEW ADMINISTRATIVE REQUIREMENTS

- **Imposes Pre-Enrollment Verification and Ends Automatic Re-enrollment**: Bars automatic re-enrollment and imposes new pre-enrollment verification requirements on most enrollees. Marketplaces must verify an individual's eligibility before granting subsidies, and individuals cannot receive APTC during the inconsistency period. This replaces previous law allowing passive renewals and subsidies during inconsistency periods. Effective 2028.
- **Eliminates Income-based SEP**: Prohibits PTCs for consumers who enroll using SEPs based solely on income thresholds. Effective 2026.

RESTRICTING ELIGIBILITY FOR IMMIGRANT GROUPS

- **Restricts PTC Eligibility to Limited Immigrant Groups**: Limits PTC eligibility to “eligible aliens” (only lawful permanent residents, Cuban and Haitian entrants, and Compact of Free Association (COFA) migrants). Approximately 40 additional categories of immigrants are currently eligible for PTC and will lose financial assistance. Effective 2027.
- **Ends PTC Eligibility for Low-Income Lawfully Present Immigrants**: Prohibits PTCs for lawfully present individuals who are ineligible for Medicaid due to immigration status with household incomes below 100 percent FPL. Previous law allowed PTCs for this population. Effective 2026.

AFFORDABILITY AND COVERAGE CHANGES

- **Removes Caps on Repayment of Excess APTC**: Eliminates income-based caps on repayment of excess APTC. Consumers who receive excess subsidies will now be required to repay the full amount, regardless of their income. Previous law capped repayments based on income level. Effective 2026.
- **Denies APTC to Individuals Who Lose Medi-Cal Due to Work Requirements**: Deems consumers ineligible for APTC if the consumer would have been eligible for Medi-Cal but did not meet the work requirement. Effective 2027.
- **Fails to extend the Enhanced Premium Tax Credits:** Absent Congressional action, these enhanced tax credits will expire at the end of the year and significantly reduce the affordability of Marketplace coverage.

Note: H.R. 1 also includes some changes to which Marketplace plans are eligible for HSA funding (bronze and catastrophic plans), which services can be covered pre-deductible in these plans (telehealth), and purposes for which HSA funds can be used (direct primary care).

NOT INCLUDED IN H.R. 1: ENHANCED PREMIUM TAX CREDIT EXTENTION

FEDERAL ENHANCED PREMIUM TAX CREDITS SCHEDULED TO EXPIRE AT THE END OF 2025

The American Rescue Plan and the Inflation Reduction Act provide enhanced federal premium tax credits that dramatically increased affordability for Marketplace consumers by:

- **Increasing the amount of premium assistance** for all consumers eligible to receive APTC
- Providing **two free Silver plan options** for consumers with incomes below 150% FPL
- **Eliminating the “subsidy cliff”** for middle-income consumers above 400% FPL who were previously ineligible for APTCs

Congress could have, but did not, include this extension in H.R.1. Unless Congress takes action in the coming weeks, they will expire on December 31, 2025. Covered California enrollees will face an average 66% increase in their monthly premium costs, and an estimated 400,000 will their coverage altogether beginning in 2026 from this policy alone.

Covered California has released detailed data documenting the impact of the expiration of Inflation Reduction Act subsidies to consumers, and a series of briefs describing impacts on a statewide basis and for specific populations.

THE ENHANCED PREMIUM TAX CREDIT PROVIDES AN ADDITIONAL $2 BILLION IN ANNUAL PREMIUM SAVINGS

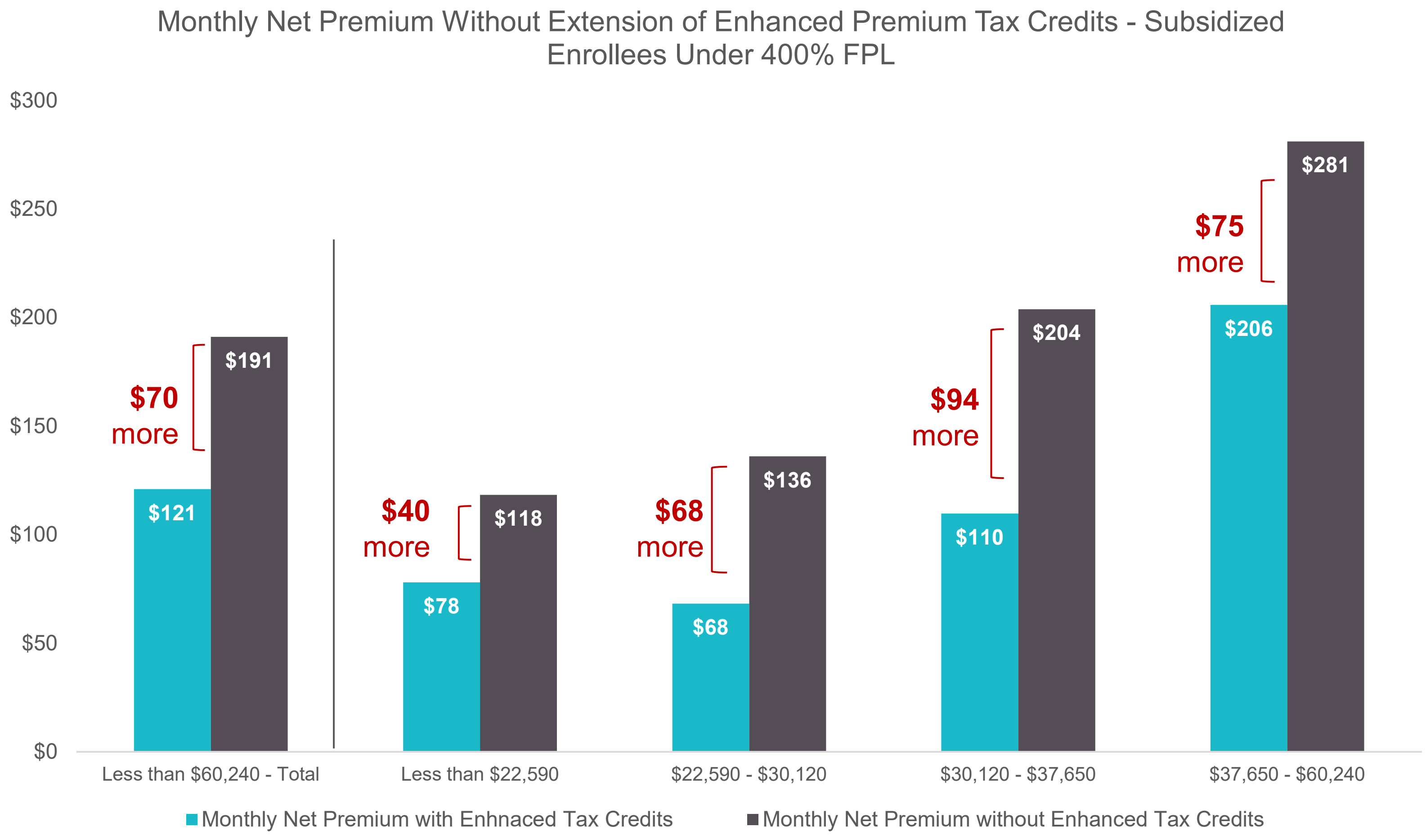
- In 2025, Californians are estimated to receive as much as $11 billion in premium tax credit savings.
- The enhanced premium tax credit will account for more than $2 billion of the total savings.
- This translates to an average $101 per month in additional premium savings for Marketplace enrollees.

Enrollee Income (by Federal Poverty Level)	Number of Enrollees	Annual Value of Enhanced Premium Tax Credit
0-150% FPL	264,880	$125 million
150-200% FPL	531,460	$424 million
200-250% FPL	278,590	$308 million
250-400% FPL	500,780	$440 million
>400% FPL	173,460	$795 million
Total	**1,749,550**	**$2.1 billion**

COVERED CALIFORNIA

PREMIUMS WILL INCREASE IF THE ENHANCED PREMIUM TAX CREDIT EXPIRES

- Consumers with incomes less than 400% FPL ($60,240 for an individual), could see, on average, a $70 monthly increase in net premiums without the enhanced premium tax credit.
- Some consumers, who earn between $22,590 and $30,120 annually, could see their premium costs double from $68 to $136 per month.

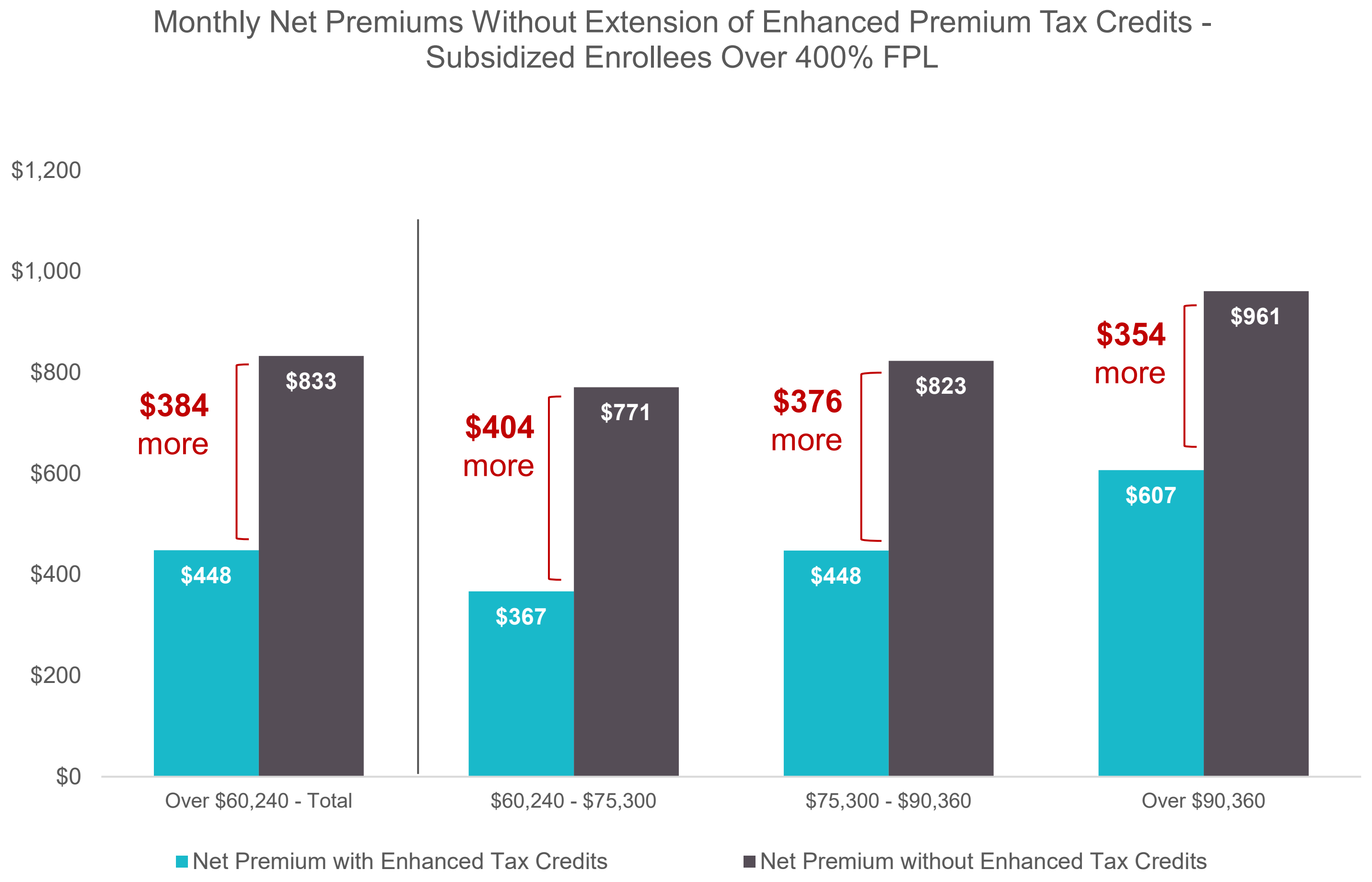


COVERED CALIFORNIA

Source: Snapshot of January 2025 Covered California among individuals receiving monthly APTC. Income levels reflect plan year 2025 FPL for an individual.

PREMIUMS WILL INCREASE IF ENHANCED PREMIUM TAX CREDIT EXPIRES

- Without the extension of enhanced premium tax credit, middle income consumers will have to pay the full premium cost to retain coverage.
- More than 170,000 middle income Californians save an average of $384 per month in premium costs due to the enhanced premium tax credit.



COVERED CALIFORNIA

Source: Snapshot of January 2025 Covered California among individuals receiving monthly APTC. Income levels reflect plan year 2025 FPL for an individual.

California Department of Social Services

House Resolution (H.R. 1)

Overview of CalFresh Impacts

as of July 16, 2025

CDSS

What You Need to Know

On July 4, 2025, President Trump signed H.R. 1 into law, which includes **significant changes to the Supplementation Nutrition Assistance Program (SNAP),** known as CalFresh in California.

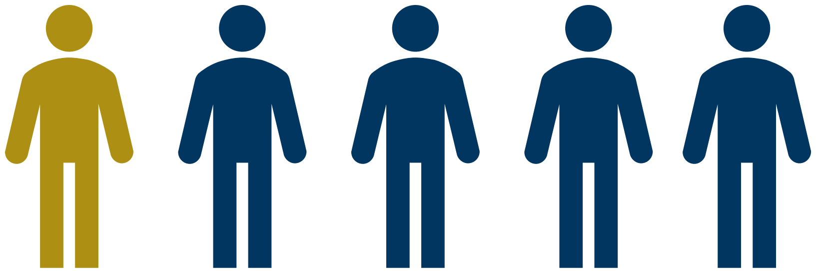
The bill is expected to **cut federal funding** for SNAP in California **by at least $1.7 to $3.7 billion annually**

Up to **395,000* people could lose benefits** ($827 million reduction)

CDSS

** Impact estimates based on what we know today, this number is subject to change.*

CalFresh (SNAP) in California



Approximately **1 in 5 Californians** face food insecurity

CalFresh (SNAP) in California continued

CalFresh is largely regarded as one of the most effective tools to combat poverty and food insecurity.

CalFresh serves **over 5.5 million low-income individuals** each month and **nearly 3.3 million households** across California (as of May 2025).

Average monthly benefit	**$333 per household; $194 per individual**
Total 2025-26 Benefits Funding	**$13.3 billion Federal (no State or local funding)**
Total 2025-26 Administrative Funding	**$2.7 billion total ($1.4B Federal, $1B State, $300M Local)**

Additional economic impacts of CalFresh funding include benefits to agricultural sector, grocers, and retailers.

H.R. 1 Impacts to CalFresh

Total reduction of at least $1.7 to $3.7 billion in federal funds annually

Including estimated $827 million **reductions in benefits** due to**:**

- 303,000 **Able Bodied Adults Without Dependents** at risk of losing benefits if unable to comply with work requirements
- 74,000 **non-citizens** who will lose eligibility
- 18,000 individuals losing eligibility for the **Standard Utility Allowance** and 444,000 seeing a reduction in benefits
- 43,000 individuals in households of 9 or more with reduced benefits due to new benefit caps based on value of the **Thrifty Food Plan**

CDSS

***** *Impact estimates based on what we know today, this number is subject to change.*

H.R. 1 Impacts to CalFresh continued

Cost Sharing Shifts to State & Counties

- Benefit cost sharing for the State estimated at up to $2 billion per year
- State administrative cost increase estimated at $685 million ($474 million General Fund and $211 million county)

Nutrition Education Funding

- Loss of $178 million in annual federal funds (effective October 1, 2025)

Federal Matching Funds for Outreach

- Loss of approximately $15 million in federal reimbursement (effective October 1, 2026)

Timeline of Changes to CalFresh

Note: This is subject to change

Upon Enactment

Implementation dates are pending federal guidance

- Modification of ABAWD Work Requirements
- Noncitizen Eligibility for CalFresh Changes
- Limitation of Standard Utility Allowances
- Restrictions on Internet Expenses

October 1, 2025

- Benefit Amounts Capped for Households with 9+ Members.
- SNAP-Ed Program Repealed

October 1, 2026

- Administrative Cost Sharing

October 1, 2027

- Benefit Cost Sharing
- Thrifty Food Plan Re-evaluation

Provisions Effective in 2025

Modifications to Able-Bodied Adults Without Dependents Work Requirements

Effective Upon Enactment (implementation date is pending federal guidance)

Prior to H.R. 1:

An Able-Bodied Adult Without Dependents (ABAWD) was a person between the ages of 18-54, who could work, and did not have children under the age of 18 in their CalFresh household.

What has changed:

- ABAWD age expanded to also include ages 55-64.
- Age of dependent child lowered to under 14 for exception.
- Immediately eliminates exemptions for people experiencing homelessness, adults under age 24 who were in foster care on their 18th birthday, and veterans.
- Adds an exemption for Native Americans and those who are eligible for Indian Health Services.
- Removes the allowance for waivers based on lack of sufficient jobs (still permissible for areas with unemployment rate > 10%)

Impacts:

An estimated **303,000*** individuals are at risk of losing eligibility

The equates to a loss of up to **$499.1 million** federal funding annually

****Impact estimate based on what we know today, this number is subject to change***

Noncitizen Eligibility for CalFresh

Effective Upon Enactment (implementation date is pending federal guidance)

Prior to H.R. 1:

SNAP benefits available to certain lawfully present noncitizens, such as asylees, refugees, parolees, battered noncitizens, trafficking victims, and others.

What has changed:

Noncitizen eligibility limited to:

- Lawfully Permanent Residents (LPR)
- Cuban or Haitian Entrants
- Individuals who reside in the U.S. in accordance with a Compact of Free Association (COFA) agreement.

Impacts:

An estimated **73,900*** noncitizens will lose eligibility

This equates to a loss of **$133 million** federal funding annually

**Impact estimate based on what we know today, this number is subject to change*

Limitation of Standard Utility Allowances Based on Receipt of Energy Assistance

Effective Upon Enactment (implementation date is pending federal guidance)

Prior to H.R. 1:

California provided an annual $20.01 Low Income Home Energy Assistance Program (LIHEAP) payment, known as the Standard Utility Allowance Subsidy (SUAS), to ensure that all CalFresh households can claim the Standard Utility Allowance (SUA).

What has changed:

Limits the automatic application of the SUA based on receipt of a LIHEAP payment to households with elderly or disabled members.

Impacts:

An estimated **185,000** CalFresh households (444,000 individuals) will see their benefit reduced

An estimated **15,000 households*** (18,000 individuals) will lose eligibility

This equates to a loss of **$183 million** federal funding annually

**Impact estimate based on what we know today, this number is subject to change*

CDSS

Restrictions on Internet Expenses

Effective Upon Enactment
(implementation date is pending federal guidance)

Prior to H.R. 1:

- FNS published a Final Rule expanding allowable shelter expenses to include basic internet costs when calculating the Standard Utility Allowance (SUA).
- States were required to ensure compliance by FFY 2026.

What has changed:

- The cost of basic internet expenses is excluded when determining the SUA.

Impacts:

No change to current calculations since the Final Rule was not yet implemented. However, as a result, previously anticipated benefit increases will not occur.

CDSS

Re-Evaluation of the Thrifty Food Plan

Effective October 1, 2025

Prior to H.R. 1:

The Thrifty Food Plan (TFP) is used to determine the maximum SNAP benefit allotments by household size.

What has changed:

- The benefit allotments for households with 9+ members are capped. The cap is equivalent to 200% of the TFP for a household of four.
- The next re-evaluation of the TFP is delayed 1 year to October 1, 2027.
- Adjustments to the TFP must be cost neutral.

Impacts:

Limits increases in benefits due to change in dietary guideline or rising food costs

An estimated **43,000** individuals (in 9+ person households) affected

The household changes equate to an estimated annual loss of **$11.6 million** in federal funding

CDSS

Repeal of the National Education and Obesity Prevention Grant Program

Effective October 1, 2025

Prior to H.R. 1:

CDSS provides administrative oversight of the SNAP Nutrition Education and Obesity Prevention Grant Program, known as SNAP-Ed federally and as CalFresh Healthy Living in California.

What has changed:

- Federal funding for the CalFresh Healthy Living (CFHL) program will sunset at the end of FFY 2025.

Impacts:

This equates to an estimated federal loss of **$178 million** annually

Millions of Californians no longer reached annually through nutrition education.

Provisions Effective in 2026 or 2027

Administrative Cost Sharing

Effective October 1, 2026

Prior to H.R. 1:

- Administrative costs evenly split between the federal (50%) and state (50%) government.
- Under State statute, the state share is split between the State (70%) and counties (30%).

What Is Changing:

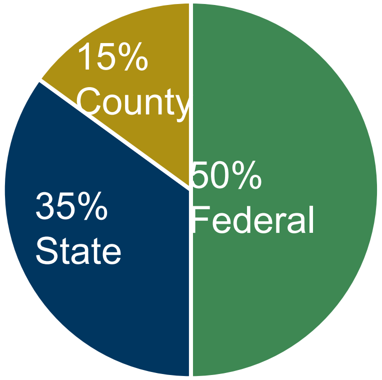
- Starting in FFY 2027, the federal share will lower to 25% and state share will increase to 75%.
- The state share split between the State (70%) and counties (30%) does not change.

Estimated Impacts:

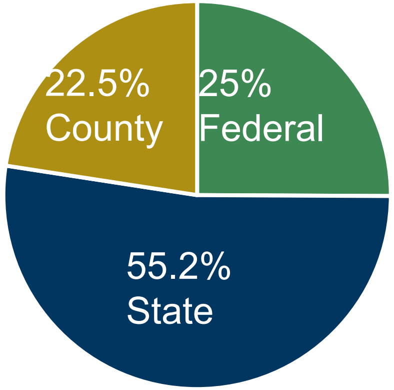
$685.2 million additional costs to CA

- **$474.2** million General Fund
- **$211** million County Funds

Current total cost sharing



FFY 27+ total cost sharing



Administrative Cost Sharing: CalFresh Outreach Impacts

Effective October 1, 2026

Prior to H.R. 1:

- Federal Fiscal Year (FFY) 2026 had approximately $60 million total budget for CalFresh Outreach.
- $30 million was expected in 50% federal reimbursement; most of which was passed on to local partners.

What Is Changing:

- Federal reimbursement reduced to 25%

Estimated Impact:

This equates to an estimated annual loss of **$15 million federal funds**

Less overall statewide outreach

CDSS

Funding Match Requirements Based on Payment Error Rates

Effective October 1, 2027

Prior to H.R. 1:

- SNAP benefits are 100% federally funded.

What Is Changing:

- State agencies must pay a percentage of CalFresh benefit allotments on a sliding scale if they have a Payment Error Rate (PER) above 6.00%.

For FFY 2028

States can choose between using their PER in FFY 2025 or FFY 2026 to calculate their match percentage

From FFY 2029 on

States PER from three years prior determines their match rate

CDSS

Funding Match Requirements Based on Payment Error Rates

Effective October 1, 2027

Estimated Impact:

Payment Error Rates	Impact to State's Share	Estimated Cost to CA
<6%	100% federally covered	$0
6-8%	State pays 5%	$700 Million
8-10%	State pays 10%	$1.3 Billion
>10%	State pays 15%	$2 Billion

Starting in FFY 2029, the error rate from 3 years prior determines match rate.

These estimated costs are based on current year benefit amounts.

CDSS

Funding Match Requirements Based on Payment Error Rates

Delayed Implementation Trigger

For FY 2025

If the state's PER x 1.5 is = or > 20%, implementation is FFY 2029 (instead of FFY 2028)

For FY 2026

If the state's PER x 1.5 is = or > 20%, implementation is FFY 2030 (instead of FFY 2028)

CDSS

Next Steps

CalHHS

California Health & Human Services Agency

THANK YOU

chhs.ca.gov

Federal & State Policy Update

IMPLICATIONS FOR PUBLIC HEALTH CARE SYSTEMS

Erica Murray, President & CEO,
California Association of Public Hospitals and Health Systems (CAPH)

July 28, 2025

Objectives

1. Provide updates on
   - Impact from H.R. 1/Budget Reconciliation
   - Potential Further Federal Action
   - State Budget Decisions: Past & Future

2. Answer Questions

H.R. 1 IMPLEMENTATION TIMELINE

2025

JULY 4, 2025

Limits on SDPs:
State Directed Payments (SDPs) submitted after this date are capped at 110% of the "total published Medicare rate" for non-expansion states and 100% for expansion states.

Existing SDPs are grandfathered and exempt from these limits until January 1, 2028.

Uniformity Requirements Take Effect:
States must restructure provider taxes to apply the same rate to Medicaid and non-Medicaid services or risk losing federal funding.

Family Planning Provider Ban: One-year ban on federal Medicaid funding to providers mainly offering family planning (aimed at Planned Parenthood).

OCTOBER 1, 2025

DSH Cuts Take Effect: $8 billion in annual Disproportionate Share Hospital (DSH) cuts move forward as scheduled.

DECEMBER 31, 2025

Rural Relief Fund: States must apply to CMS for funding under this program.

2026

EARLY 2026

180 days after enactment; around January 1, 2026
HHS must issue guidance on new six-month Medicaid eligibility checks.

OCTOBER 1, 2026

Reduction in FMAP for Emergency Services for Undocumented Childless Adults
Federal match for emergency care for undocumented adults drops from 90% to 50%.

2027

JANUARY 1, 2027

1115 Waiver Budget Neutrality:
All new 1115 demonstrations must meet federal budget neutrality requirements.

Medicaid Community Engagement (Work) Requirements:
States must begin enforcing work requirements for adults ages 19–64. ***States showing good faith effort may receive exemptions through December 31, 2028.***

Medicaid Eligibility Redeterminations:
States must begin conducting eligibility checks for expansion adults every six months.

Medicaid Retroactive Coverage Limitations:
Retroactive coverage reduced to one month for expansion enrollees, two months for traditional enrollees.

2028

JANUARY 1, 2028

State Directed Payment (SDP) Phase-Down Begins:
Grandfathered SDPs begin 10% annual reductions until reaching 100% of Medicare rates

OCTOBER 1, 2028

Provider Tax Reductions Begin:
Expansion states must reduce provider taxes from 6% to 3.5% by FY 2032; long-term care excluded. Non-expansion states capped at current rates.

New Copay Requirements:
$35 copays required for expansion adults over 100% FPL.

Takeaways/Lessons Learned from H.R. 1

- Moderate Republicans were key in preventing across-the-board FMAP reductions
- Senate Parliamentarian's ruling regarding the FMAP penalty were also hugely impactful
- But overall, the conventional wisdom regarding strength of red state concerns was disproven
  - Already seeing pushback, e.g, Hawley bill
- Re SDPs:
  - CA's PHS extremely fortunate to have secured significant increases ($1.B net) in Jan 2025
  - CMS has tremendous discretion in interpreting language (e.g., what does it mean exactly to be capped? What constitutes a new program that would be subject to Medicare limits?)
    - Anticipating federal guidance
- Will need to consider alternative funding sources

CAPH

Other Real & Potential Executive Actions

Medicaid DSH Cuts (Oct 1, 2025)

- Have been successfully delayed or eliminated since 2014
- Strong bipartisan support
- Included in House version of H.R. 1, but stripped in Senate
- For CCHS, $44M in federal funding annually

Second Budget Reconciliation

- Freedom Caucus members seek further FMAP reductions, ACA rollbacks

Possible Federal Regulations:

- Former CMS officials have confirmed that Admin seeks to issue "MFAR 2," a proposed reg that would curtail our ability to use IGTs to finance Medicaid

Other Real & Potential Executive Actions, Cont'd

CalAIM Waiver Renewal (Dec 2026)

- CA's 1115 waiver, including the Global Payment Program, will likely be denied

  For CCHS:

  - $8.8M in Safety Net Care Pool (federal) at stake
  - ~$22M of DSH funding at risk (half of $44M total)

Federal Workforce Challenges

- DOGE efforts and CMS staffing cuts may slow waiver/SPAs review and implementation timelines

Equity & Gender-Affirming Care

- Executive actions targeting equity-focused programs and GAC

State Budget Negotiation Overview: Major Issues

Governor's May Revise Proposal	Legislative Response
Enrollment Freeze for UIS adults (as of 1/1/26)	Modify to clarify no "age out" and establish a 6-month re-enrollment grace period
Elimination of FQHC PPS Rates for UIS patients (as of 1/1/26) Services reimbursed at either applicable fee schedule, FFS rate, or negotiated managed care rate	Delay implementation of FQHC PPS payment elimination until 1/1/27
$100 monthly premium (as of 1/1/27)	$30 monthly premium for UIS adults (19-59)
Dental & Long-Term Care Benefit Reductions (as of 1/1/26)	Rejects LTC elimination; Delays dental elimination to 1/1/27
Sweeps most MCO Tax Buckets to the General Fund (leaves the $150M for PHS)	Same

CAPH

Final Agreement – For Now

Freezes enrollment for UIS adults 19+; includes a 3-month re-enrollment grace period that requires repayment of any unpaid premiums, beginning January 1, 2026
Eliminates FQHCs PPS rate for UIS patients, delayed to July 1, 2026
$30 monthly premium, delayed to July 1, 2027)
Maintains Long-Term Care Benefits for UIS patients
Elimination of state-only dental for UIS patients delayed to July 1, 2026
Sweeps most MCO Tax Buckets to the General Fund (maintains the $150M for PHS)

CAPH

State Advocacy Strategy: A Two Phased Approach

- **Phase I: Education & Immediate Impacts to the State's Budget**
  - **Objective:**
    - Provide general education to the Legislature regarding the substantial impacts of HR 1 to California's PHSs, highlighting the impacts of the state budget cuts, funding lost with the GPP disallowance, and advocating to ensure there are no additional cuts to PHSs.
  - **Timing:**
    - Timing on the immediate actions is unclear – the Legislature may try to address this as soon as August, the Governor could call a special session this fall, or the Legislature could potentially wait until January.
  - **Considerations:**
    - Expectation that MCO tax no longer allowed due to new requirements in H.R. 1-potentially as much as a $3.5b gap in state General Fund in this year's budget.

- **Phase II: 2026 & Beyond (Implementation, Defense, & Delay Tactics)**
  - **Objective:**
    - Because most of the other provisions in H.R. 1 take effect in 2026 or later, Phase II of our advocacy will be focused on implementing specific provisions, defending against further cuts, and working to delay specific provisions.
  - **Considerations:**
    - State will need to deal with both implementation and the significant cuts in federal funding

Coalition Working to Develop Alternative to UIS Changes

- CAPH is working with provider, plan and county partners to explore a more affordable, sustainable coverage option for UIS adults to preserve access to care amid budget constraints.

- Currently seeking to secure foundation support for policy, actuarial, legal and other technical expertise to develop several potential options/structures to consider

- Legislative leaders eager to be involved

- Work likely to continue through the fall

Phase One Advocacy Strategy: Key Messages

PHS Are the Ultimate Safety Net Backstop & Must Be Protected

- Patients mainly on Medi-Cal or uninsured
- Provide important access to care, including primary and specialty care—PHS have more than 150 clinics
- provide broader community services—trauma, burn centers, workforce training
- Section 17000 requirements

PHS Are Already Facing Enormous Federal Medicaid Cuts – Don’t Make It Worse

- Explain implications for access to care in our communities
    - Service reductions/closures
    - Potential loss of broader community services
    - Increased wait time at emergency departments

Questions?

CAPH

1025 ESCOBAR STREET
MARTINEZ, CA 94553

CONTRA COSTA COUNTY

Staff Report

File #: 25-3199 **Agenda Date:** 8/8/2025 **Agenda #:** 3.b.

LEGISLATION COMMITTEE
Meeting Date: August 8, 2025
Subject: Emergency/Disaster Preparedness and Response.
Submitted For: Legislation Committee
Contact: E. Struthers, 925-655-2045

Referral History:
Emergencies, including natural disasters, can strike at any time and affect anyone. Major threats in California include wildfires, wildfire smoke, extreme heat, power outages, floods, earthquakes, and severe storms. Over the past 200 years, all levels of government have been involved in preparing for, responding to, and recovering from disasters. The current system includes the Federal Emergency Management Administration (FEMA), the California Office of Emergency Services (Cal OES), and local government agencies, including Contra Costa County.

A number of recent large-scale disasters, including the L.A. Fires, have brought this topic to the forefront. Federal conversations have been initiated to reduce federal support for emergencies, and to eliminate FEMA itself. With the frequency and severity of disasters increasing, disaster planning is both a perennially and an increasingly important policy topic.

Referral Update:
Invited panelists include:
- Rick Kovar, Emergency Services Manager
- Tim Ewell, Chief Assistant County Administrator

Recommendation(s)/Next Step(s):
RECEIVE and DISCUSS informational updates on Emergency/Disaster Preparedness and Response.

Fiscal Impact (if any):
None.

Federal Disaster Changes Local Recovery Impacts

Contra Costa County

Introduction

State and Federal agencies have historically provided substantial support to local jurisdictions throughout the Emergency Management Cycle. Changes to the Federal Emergency Mangement Agency (FEMA) will have significant impacts on future disasters. Re-evaluation of both local practices and state support are needed to ensure that we are ready statewide to meet increased disaster impacts with decreased federal support.

Impacts

Reduced Support for Damage Assessment

- Local agencies will be expected to lead damage assessment and validation efforts before FEMA support may be deployed.
- Without FEMA support, many counties will struggle to meet increased disaster thresholds which will have significant long-term recovery impacts.

Increased Disaster Thresholds

- Proposed per capita threshold increases will raise the level of damage needed from $1.89 to $7.56 PCI.
- Increased disaster thresholds will reduce the number of federally declared disasters, meaning:
  - FEMA will support fewer local disasters
  - Local jurisdictions will have to absorb more disaster expenses

Reduced Equity Post Disaster

- Cuts to Federal programs that previously focused on vulnerable populations will impact local governments’ ability to reach and support their whole community.

CASE STUDY: 2023 WINTER STORMS

The 2023 Winter Storms were a series of storms that impacted California from December to January. Across the state, 44 counties were approved for Public Assistance (PA) and 16 for Individual Assistance (IA).

IMPACTS IN CONTRA COSTA

$43 million in public property damage

$20 million in private property damage

FEDERAL SUPPORT

15 Federal subject matter experts onsite to support Preliminary Damage Assessments (PDA)

1 disaster resource center, 2 mobile intake centers, and 10 door-to-door teams

Over 1,700 residents served and $15 million in IA approved

ADAPTING TO THE NEW RECOVERY LANDSCAPE

LOCALLY

Increase local funding for preparedness, mitigation, response, and recovery activities to support resiliency efforts.

Seek public and private partnership opportunities to fill funding and program gaps and share preparedness responsibilities.

STATEWIDE

Re-evaluate the California Disaster Assistance Act (CDAA) to address federal resourcing gaps and prioritize recovery.

Increase CalOES investment in local programs that focus on preparedness, mitigation, response, and recovery.

Increase advocacy at the State and Federal level for sustained FEMA funding.

WHAT WILL FUTURE DISASTER RECOVERY LOOK LIKE WITHOUT THIS SUPPORT?

1025 ESCOBAR STREET
MARTINEZ, CA 94553

CONTRA COSTA COUNTY

Staff Report

File #: 25-3200 **Agenda Date:** 8/8/2025 **Agenda #:** 3.c.

LEGISLATION COMMITTEE
Meeting Date: August 8, 2025
Subject: Innovation Opportunities and Initiatives
Submitted For: Legislation Committee
Department: County Administrator's Office
Contact: E. Struthers, 925-655-2045

Referral History:

Artificial Intelligence (AI) is an emerging policy issue, which has understandably become an increasing focal point for federal and state policymakers. AI refers to the ability of computer systems to learn, solve problems, or make decisions. AI can refer to a wide range of techniques, that can enable systems to analyze data, identify patterns, and improve their performance over time. AI is transforming various industries by automating rote tasks, enhancing efficiency, and opening up different possibilities that were otherwise impossible before.

However, the possibilities of AI also come with risks that must be addressed through thoughtful policies and planning. In May 2025, Contra Costa County issued an administrative bulletin that acknowledges the transformative potential of AI and sets forth a policy to encourage its use within the County workplace. The County's aim is to enhance productivity and improve public service delivery while ensuring transparency, accountability, and fairness. The County's policy also underscores the importance of safeguarding individual privacy and maintaining the security of the County's systems and data.

With the adoption of the County's new AI policy, a number of pilot projects have since been initiated to help apply innovative technologies to address departmental needs. Today, we will hear from several County presenters on the County's AI policy, current initiatives, and related policy considerations.

Referral Update:

Invited panelists on this topic include:

- Marc Shorr, Department of Information Technology Director
- Esa Ehmen-Kraus, Chief Probation Officer and Director of Probation
- Ben Winkleblack, Director of Animal Services

Recommendation(s)/Next Step(s):

RECEIVE and DISCUSS informational updates on Innovation Opportunities and Initiatives.

Fiscal Impact (if any):

None.

Contra Costa County
Office of the County Administrator

ADMINISTRATIVE BULLETIN

Number: 145
Date: May 22, 2025
Section: General

SUBJECT: Artificial Intelligence Policy

I. **PURPOSE.** Artificial Intelligence (AI) has been around for generations but has become more prevalent recently with the evolution of Generative AI technologies that can create written, audio, and visual content at a user's direction. AI's primary strength lies in its ability to analyze vast amounts of data and make predictions and decisions. As such, the recent exponential growth of AI has the potential to improve the County's internal operations and enhance public services.

This bulletin acknowledges the transformative potential of AI and sets forth a policy to encourage its use within the County workplace. The aim is to enhance productivity and improve public service delivery while ensuring transparency, accountability, and fairness. The policy also underscores the importance of safeguarding individual privacy and maintaining the security of the County's systems and data.

II. **AUTHORITY.** In accordance with County Ordinance Code Section 24-4.008, the County Administrator is responsible for overseeing and coordinating County departments and has authority and responsibility to implement administrative bulletins.

III. **APPLICABILITY.** This policy applies to County employees, contractors, and third parties who use AI to perform work on behalf of the County (collectively, Users).

IV. **DEFINITIONS.**

A. Artificial Intelligence. For purposes of this bulletin, Artificial Intelligence (AI) encompasses each of the following forms of AI.

1. Traditional AI. Traditional AI (also known as Algorithmic AI) is the simulation of human intelligence processes in machines by following rules and algorithms prepared by human creators. Traditional AI is used for data analysis, pattern recognition, and making predictions. For

example, traditional AI can be trained to recognize and classify images of trees and flowers.

2. Generative AI. Generative AI is the simulation of human intelligence processes based on machine learning, meaning a machine's recognition of patterns it has come to recognize by reviewing large amounts of data. Generative AI can create new content in response to prompts from humans, such as generating human-like conversations and creating images.

3. Agentic AI. Agentic AI focuses on autonomous decision-making and task execution. Agentic AI typically operates with a higher level of autonomy vs. Generative AI, which still relies on human prompts and oversight, allowing Agentic AI to complete more complex, multi-step and goal-oriented tasks that require reasoning and strategic planning.

B. AI Tool. Any software, application, or system that can independently change its own analytical methods and utilizes AI, machine learning, or other advanced algorithms to perform tasks, analyze data, or assist in making decisions. An AI Tool may use Traditional AI, Generative AI, or Agentic AI.

C. Protected Health Information (PHI). Information that was created, used, or disclosed during the provision of health care and that can be used to identify a person.

D. Personally Identifiable Information (PII). Information that includes an individual's first name or initial and last name in combination with any one or more of the following:

1. Social Security number (SSN);

2. Driver's license number or state-issued identification card number;

3. Financial account number, credit card number, or debit card number in combination with any required security code, access code, or password such as expiration date or mother's maiden name that could permit access to an individual's financial account;

4. Medical information (any information regarding an individual's medical history, mental or physical condition, or medical treatment or diagnosis by a healthcare professional); or

5. Health insurance information (an individual's health insurance policy number or subscriber identification number, any unique identifier used by a health insurer to identify the individual, or any information in an individual's application and claims history, including any appeals records).

V. USE OF AI TOOLS. If a County department determines the use of AI would be beneficial for improving services or operations, the department may authorize the use of AI, subject to the following considerations:

A. Privacy and Security.

1. Confidential and Sensitive Information. Users may not enter confidential or otherwise sensitive information into AI Tools, except as otherwise provided in Section V.A.2. Examples of sensitive information include, but are not limited to, the following types of information:

   a. Personally Identifiable Information (PII);
   b. Protected Health Information (PHI);
   c. Information that is prohibited from disclosure by law;
   d. Content of attorney-client communications;
   e. Information that could compromise the security of the County or County systems; and
   f. Any other confidential or sensitive information.

   Questions concerning whether data is prohibited from disclosure by law should be directed to the County Counsel's Office.

2. Exceptions. Users may enter confidential or sensitive information into an AI Tool only if all the following criteria are met:

   For Third-Party AI Tool Solutions (sometimes referred to as "off the shelf" solutions):

   a. The County has a contract with the vendor of the AI Tool that limits the use of any data entered solely for County purposes;
   b. The agreement provides adequate security and safeguards against misuse of the data as set forth in *Security Standards for Technology Contracts*, which can be found on the website of the Department of Information Technology (DoIT) or can be obtained by emailing doitcustomercare@doit.cccounty.us; and

c. The contract includes: (1) adequate indemnification to protect against confidentiality and security and intellectual property claims; and (2) adequate cyber-insurance, as determined by the Risk Management department.

For County Developed AI Tool Solutions:

d. The Department has worked in collaboration with DoIT to develop the AI Tool; or
e. DoIT has reviewed and determined that the AI Tool meets security standards equivalent to those set forth in *Security Standards for Technology Contracts*.

B. Public Use.

1. Transparency. County departments are responsible for informing members of the public when they are interacting with an AI Tool. Members of the public should be offered an "opt out" alternative to using the AI Tool, if possible.

2. Entry of Confidential Data. Members of the public should never be prompted to enter potentially confidential or sensitive information into an AI Tool unless the AI Tool has been approved for that use, as set forth in Section V.A.2.

VI. USE OF AI GENERATED CONTENT.

A. Decision Making. AI Tools may be used to inform a User's decision-making process but are not a substitute for human judgment. If an AI Tool is used to assist in the decision-making process, AI-generated content should only be one of the factors a User considers in reaching a decision. The Department Head and Users are ultimately responsible for their decisions and the impact of their decisions while using AI Tools.

B. Original Work. Users may not represent work generated by an AI Tool as their own original work and shall disclose that AI Tools were used in the decision-making process when that process is determined to be material.

C. Accuracy.

1. Verification. AI-generated content shall be verified by a County employee to ensure its accuracy.

2. Fairness. Departments must monitor AI-generated content to ensure the content does not contain biases, particularly those based on race, sex, or other legally protected characteristics.

D. Additional Rules. Departments may develop supplementary rules to address specific business needs unique to their operations. However, such rules must remain aligned with the County's overarching objective of advancing the use of AI tools to enhance and optimize public service delivery.

VII. **REPORTING THE INCORRECT USE OF AI TOOLS.** Entry of confidential or otherwise sensitive information into an AI Tool that does not fall within the exception provided in Section V.A.2. must immediately be reported to DoIT at doitcustomercare@doit.cccounty.us. Employees will follow this policy in accordance with Administrative Bulletin (AB) 140, “Internet Usage,” AB 144, “Information Security,” AB 541, “County’s Owned and Issued Electronic Communication Devices,” the Personnel Management Regulations, and applicable Memorandums of Understanding (MOUs) regarding professional conduct.

VIII. **CONTINUED LEARNING.** As County provided AI training becomes available, County departments must require Users within the department to complete the training to ensure appropriate use of AI, data handling, and adherence to County policies. Users will be required to attend updated training as AI evolves.

Originating Department: Department of Information Technology

___________/S/______________
Monica Nino,
County Administrator

RESOURCES:

Security Standards for Technology Contracts
Administrative Bulletin 140, “Internet Usage”
Administrative Bulletin 144, “Information Security Policy”
Administrative Bulletin 541, “County’s Owned and Issued Electronic Communication Devices”

County Administrator

County Administration Building
1025 Escobar Street, 4th Floor
Martinez, California 94553-1229
(925) 655-2075
(925) 655-2066 FAX

Monica Nino
County Administrator

Contra
Costa
County

OFFICE OF THE COUNTY ADMINISTRATOR
MEMORANDUM

DATE: May 23, 2025

TO: Department Heads

FROM: MONICA NINO, County Administrator Monica Nino

SUBJECT: **Administrative Bulletin No. 145, "Artificial Intelligence Policy"**

The County is embracing the use of Artificial Intelligence (AI) to improve service delivery to our residents. To ensure that the deployment of AI across our multiple business lines is done in a coordinated and responsible way, the County Administrator's Office, together with the Department of Information Technology (DoIT), is issuing Administrative Bulletin No. 145, "Artificial Intelligence Policy." Below are some Key Policy Highlights of this new policy:

Key Policy Highlights

- Use of AI Tools – Departments are encouraged to adopt Microsoft Copilot and other County selected AI tools for operational improvements, provided risks are appropriately managed and security safeguards are in place.

- Privacy and Security – Confidential and sensitive data must not be entered into AI tools unless explicitly protected under information security agreements with vendors.

- Public Transparency – Departments must inform the public when AI tools are being used and offer opt-out alternatives.

- AI-Generated Content – AI may assist decision-making but cannot replace human judgment. Content accuracy and fairness must be monitored to prevent bias.

- Reporting and Training – Misuse of AI tools must be reported, and ongoing AI training will be required for employees as policies and technologies evolve.

Next Steps

Microsoft Copilot

Building on the County's Microsoft-based ecosystem, DoIT will be evaluating the integration of Microsoft Copilot as a tool to assist certain employees in their day-to-day work for the County. Procurement of licenses will be managed by DoIT through the County's centralized Master Services Agreement (MSA) with Microsoft to ensure that the public sector compliant version of Copilot, known as Microsoft 365 Copilot for Government, is deployed. DoIT is currently working to implement the required security and data protections in preparation to MS Copilot adoption, anticipated to be completed by Q1 of FY25-26.

DoIT is planning a pilot program to conduct this evaluation and is interested in hearing from department heads that may be interested in participating in this project. Please reach out to DoIT Customer Care or directly at doitcustomercare@doit.cccounty.us if your department is interested in participating in the Microsoft Copilot pilot program.

Countywide AI Consultant Pool

The County Administrator's Office will be issuing a Request for Qualifications (RFQ) to establish an AI Consultant Pool—a curated group of qualified vendors specializing in AI project planning, development, and implementation across the County. This initiative aims to streamline procurement by centralizing the selection process, ensuring departments can efficiently access expert consulting and implementation services as needed.

Aligned with the CAO's successful Grant Writer Pool initiative, this effort is designed to enhance the County's ability to secure top-tier consulting services while maintaining high standards of expertise and innovation. By leveraging the AI Consultant Pool, departments can accelerate project execution, optimize resource allocation, and implement AI solutions in accordance with industry best practices. Ultimately, this initiative fosters collaboration, improves operational efficiency, and drives technological advancement to support the County's strategic goals.

The RFQ will be released this Spring with a goal to have contracts in place no later than Summer 2025.

AI Pilot Projects

To maximize the impact of AI across County operations, the County Administrator's Office is inviting departments to submit ideas for AI pilot projects. Whether it's automating routine tasks, enhancing data-driven decision-making, improving public services, or tackling complex challenges, we seek innovative applications of AI that align with departmental needs. This initiative also provides an opportunity to modernize legacy processes that may be outdated, inefficient, or resource intensive. AI has the potential to streamline workflows, optimize service delivery, and transform long-standing operational bottlenecks into high-performance systems. Selected pilot projects will benefit from expert consulting and implementation support through the AI Consultant Pool, ensuring access to cutting-edge solutions tailored to each department's goals. Departments are encouraged to propose forward-thinking initiatives that leverage AI to enhance efficiency, improve service delivery, and create measurable benefits for the County and its residents. Please reach out to Chief Assistant County Administrator Timothy Ewell directly at Timothy.Ewell@cao.cccounty.us if your department is interested in participating in the pilot program. Review and selection of AI Pilot Projects is expected to start during Q2 FY25-26.

If your department has already initiated the use of AI in your operations or service delivery, DoIT is offering to review your technology usage to ensure it aligns with best practices, security protocols, and opportunities for optimization and continued success.

Thank you for your commitment to responsible AI adoption in serving Contra Costa County.

Cc: *County Administrator's Office*
Department Administrative and Fiscal Staff

Attachment

AI Project

Animal Services

1

Purpose of Project

Animal Intake

BIRD	CAT	DOG	LIVESTOCK	OTHER	RABBIT	TOTAL
72	3,504	3,426	22	90	97	7,211

Total Care Days: 98,374

Avg Care Days: 14.55

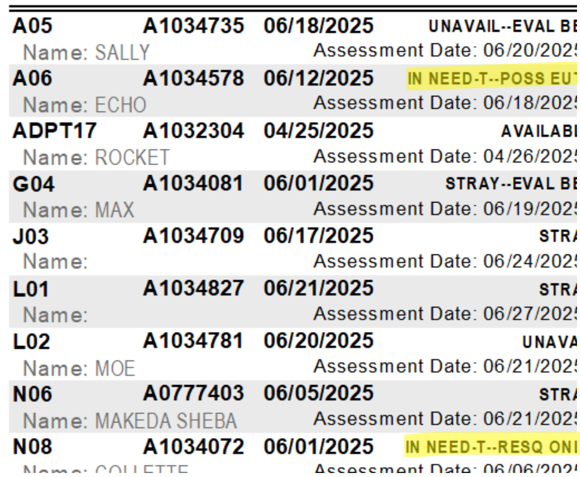
The objective is to decrease average length of stay for an increasing population.

2

Pathway Planning

Case Management

- Pathway planning involves proactively identifying the most likely and desirable outcome for each animal entering the shelter and then developing a structured plan to guide them toward that outcome efficiently and humanely, aiming to reduce their length of stay and optimize their well-being. This involves assessing an animal's needs and characteristics at intake, designating a pathway (e.g., adoption, return to owner, transfer to another organization, foster care), and implementing specific steps to facilitate that pathway while managing shelter population capacity.

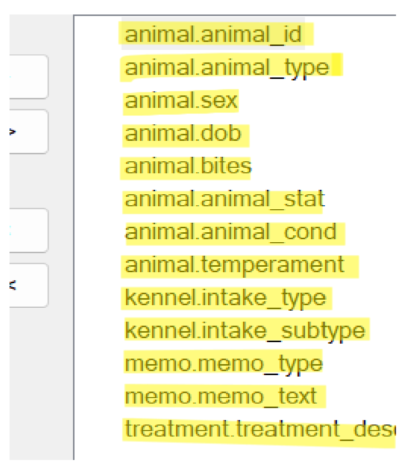


A05	A1034735	06/18/2025	UNAVAIL--EVAL BE
Name: SALLY			Assessment Date: 06/20/202
A06	A1034578	06/12/2025	IN NEED-T--POSS EU
Name: ECHO			Assessment Date: 06/18/202
ADPT17	A1032304	04/25/2025	AVAILABI
Name: ROCKET			Assessment Date: 04/26/202
G04	A1034081	06/01/2025	STRAY--EVAL BE
Name: MAX			Assessment Date: 06/19/202
J03	A1034709	06/17/2025	STRA
Name:			Assessment Date: 06/24/202
L01	A1034827	06/21/2025	STRA
Name:			Assessment Date: 06/27/202
L02	A1034781	06/20/2025	UNAVA
Name: MOE			Assessment Date: 06/21/202
N06	A0777403	06/05/2025	STRA
Name: MAKEDA SHEBA			Assessment Date: 06/21/202
N08	A1034072	06/01/2025	IN NEED-T--RESQ ONI

3

Current Approach to Pathway Planning

Staff must drill down on each animal record and analyze information from veterinary findings, behavior observations, and surrendering party notes, to establish if an animal needs to start case management.

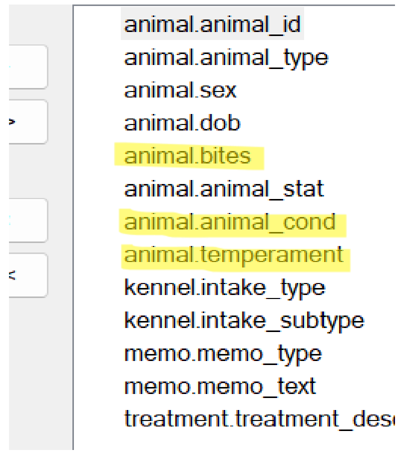


Tables in the Chameleon database

4

Augmentation of Pathway Planning

Generative AI tool to be “trained” using previous outcome data and results of pathway planning results. AI tool could generate content for communication with placement partners, bios for adoptable animals, foster solicitations, and support matchmaking for all animals in our care.



Tables in the Chameleon database

5

Measuring Success

Total Intakes: **7,244**

Total Care Days: **111,630**

Avg Care Days: **15.80**

Identifying and addressing the needs of individual animals will shorten their stay at the shelter. Shorter stays equal better care for sheltered animals, decreased costs, decreased likelihood of euthanasia.

Case management approach increases adoptions and better transfers to non-profit partners through appropriate match-making.

	2024/25
Animals Adopted	2,218
Animals Returned to Owner	1,199
Animals Transferred to Rescues	1,379

6

Questions?

7

California Probation

Effective Reentry: Key to Safer Communities

CHIEF PROBATION OFFICERS OF CALIFORNIA

Reentry Success: Embedded in Probation's Mission

Probation officers in California are highly skilled and trained professionals who balance accountability with rehabilitation to safely supervise those in the justice system and support their successful reentry. Probation supervises and connects people to critical resources like workforce development, mental health services, and education while using evidence-based strategies to change behavior. Through effective reentry supervision and programs, Probation's mission enhances community safety and helps individuals exit the justice system for good.

The Challenge

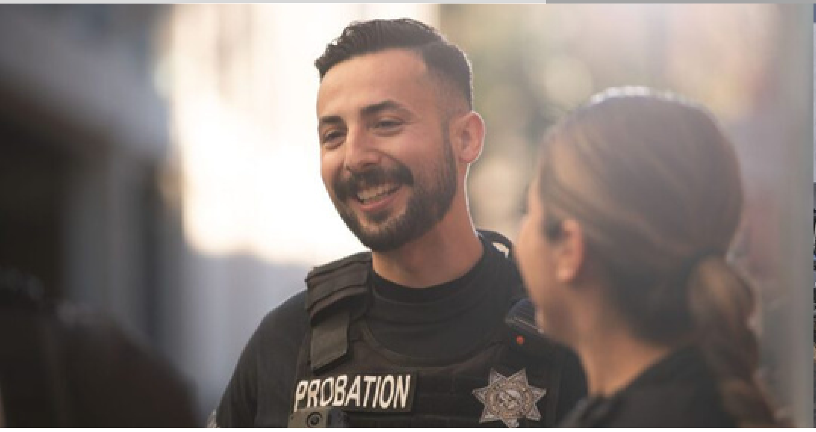
- Transitioning from incarceration to the community is not easy
- Many individuals are unprepared for life outside
- People have different levels of needs and risks

Why It Matters

- Addressing both safety and rehabilitation is more effective than focusing on just one
- Reentry happens in our communities, requiring safety and accountability
- Individualized case plans addressing both risks and needs outperform one-size-fits-all programs
- Re-offense under supervision leads to broken lives and costly incarceration

Probation in Action

- Probation is embedded at every stage, from pretrial to reentry
- Only professionals trained as both peace officers and to oversee the rehabilitation process
- Manages county resources to enforce court orders
- Connecting people to rehabilitation, education, job training, employment, and housing are essential for successful reentry

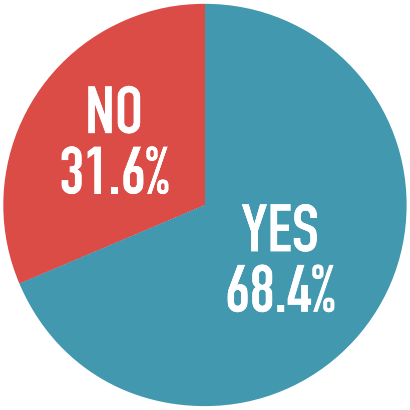


Why Continued Investment in Probation Enhances Successful Reentry

- Stable funding for programs and supervision strengthens community safety and supports successful reentry.
- Effective reentry safely reduces reliance on costly incarceration and breaks the cycle of recidivism.

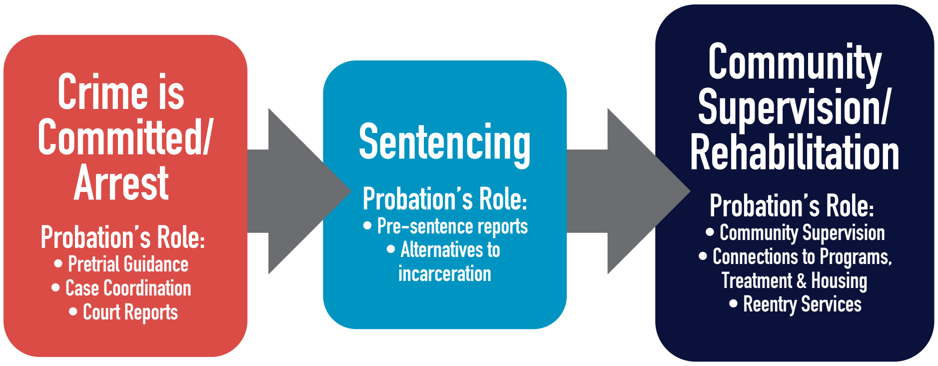
PROPOSITION 36 IMPLEMENTATION:
Funding Probation for Success

As the key connector in the justice system, probation plays a critical role in coordinating court responses from pretrial through treatment and supervision. Increased funding to probation will enhance public safety while upholding voters' intent to create safer communities and expand rehabilitation. Unlike California's previous rehabilitation-only approach, investing in probation provides a more consistent and efficient way to scale proven methods and address gaps at the county level. With the right resources, probation can help ensure Proposition 36 is effectively carried out—balancing accountability with treatment to improve long-term public safety.



The Role of Probation in Prop 36 Implementation

From arrest to rehabilitation, probation provides crucial guidance and case coordination, and ensures individuals comply with court-ordered conditions and treatment, reducing recidivism and improving long-term public safety.

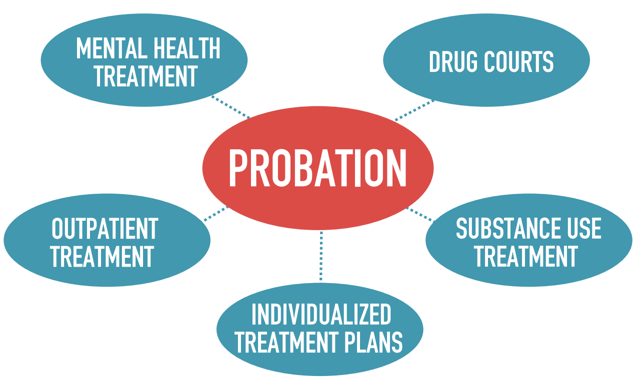


Delivering on Voter Expectations

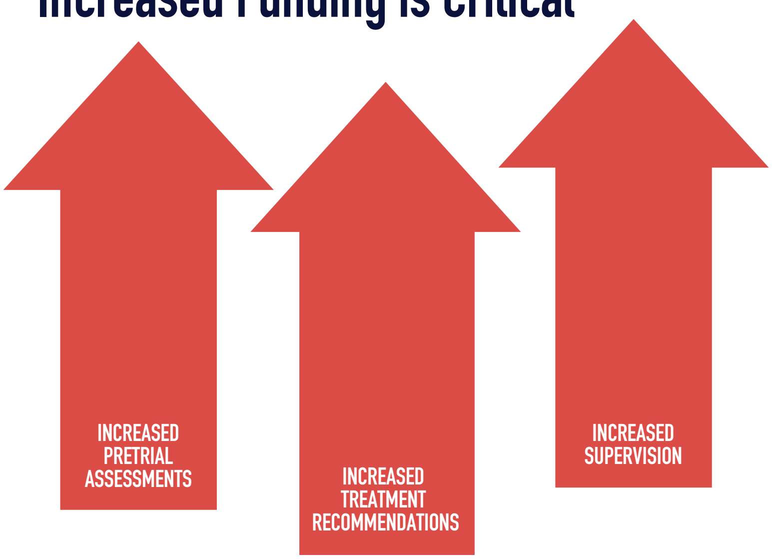
With nearly 70% of the vote, California voters overwhelmingly supported Proposition 36 to create safer communities and expand rehabilitation. Proper funding will ensure these goals are met.

Probation Maximizes Efficiency & Existing Resources

Many counties have existing programs. Additional funding will allow probation to streamline coordination, ensuring individuals receive the right services while holding them accountable.



Increased Workload and Complexity = Increased Funding is Critical



Without funding, the successful rollout of Proposition 36 is at risk. By investing in probation's role and bolstering the support to the courts to use the tools at their disposal, the state can ensure efficient implementation, improve outcomes for justice-involved individuals, and enhance public safety.

California's Juvenile Justice System

Trained Experts: Probation professionals are highly trained and skilled in managing trauma and high-risk needs.

Highly Educated: Staff undergo rigorous education and training.

Dual Expertise: Probation professionals are uniquely trained in both public safety and rehabilitative services.

Diversity: Professionals that reflect the communities they serve, providing culturally informed and responsive care.

Community Supervision: Probation delivers or refers youth to supports and services necessary to avoid detention or to facilitate successful transition back into the community.

Decades of experience handling complex youth populations with the highest risk and needs while also supporting youth to avoid deeper system involvement.

Key Connectors: Probation bridges the state court system with county services and balances community safety with rehabilitation through education, job training, and other pro-social programs.

Probation's Role in the Juvenile Justice System

County probation departments play a vital and unique role throughout the entire juvenile justice continuum, serving both the court and the county to coordinate the diverse responses needed to support youth at every stage — including foster youth, young adults (18-25), and those requiring secure detention for serious and violent offenses. Probation also works to reduce system involvement through prevention and intervention, supporting youth and families while coordinating services across community, county, and state entities, including:

- Schools
- Social Services and Supports
- Courts and other Government Agencies
- Community-Based Organizations

Evolution of California Juvenile Justice System: Post SB 823

The closure of the Division of Juvenile Justice (DJJ) has resulted in the entire juvenile justice system to be a local county probation responsibility. The shift of DJJ has increased the complexity, seriousness, and age of the detained population in local facilities. California Probation has been at the forefront on building upon decades of reform to manage the juvenile continuum successfully and safely. The higher level of youth now in our care requires Probation to continue the adaptive and innovative approaches used in previous efforts to mitigate the years of trauma and challenges presented by the latest reforms.

After Probation: Continuing Needs

After completing their probation term, Probation works to connect youth/young adults to resources like transitional supportive housing, independent living services, and workforce development programs and services. Youth are encouraged to maintain the positive relationships they have gained and continue on a safer and healthier pathway as they return to our communities.

90% OF YOUTH ARE SAFELY SUPERVISED IN THE COMMUNITY

73% DECLINE IN JUVENILE ARREST RATES

60% DECLINE IN YOUTH DETENTION RATES

75% OF YOUTH REFERRED TO PROBATION ARE DIVERTED FROM BECOMING A WARD OF THE COURT

SB 678: Reducing Recidivism & Saving California Millions

SB 678 (2009) is a landmark policy that established, for the first time, a state funding source for adult probation to invest in evidence-based supervision and treatment interventions to lower probation failures and admissions to state prison. It has successfully reduced recidivism rates in California and saved taxpayers over a billion dollars in prison costs. It has successfully improved rehabilitation efforts without increasing crime rates.

KEY RESULTS:

Lower Recidivism: Felony probation failures have decreased by 23% since the bill's implementation

Significant Cost Savings: SB 678 has saved California over $1.1 billion since 2009

Public Safety Maintained: There has been no significant increase in crime rates due to SB 678

Effective County Incentives: State savings are reinvested into local programs, funding evidence-based rehabilitation efforts

HOW IT WORKS

County-Based Approach: Counties are incentivized to invest in proven programs and practices consistent with their county plans to reduce the number of probationers who would otherwise fail resulting in an admission to state prison.

Reinvestment in Rehabilitation: A portion of state savings is directed back to county probation to fund supervision and programming.

Data-Driven Success: Evidence-based practices are required to enhance supervision, intervention, and support services for probationers.

WHY IT MATTERS

Reduces overcrowding in state prisons

Saves taxpayer dollars by lowering incarceration costs

Encourages a careful balance of accountability and rehabilitation, improving long-term outcomes for offenders & communities

CALL TO ACTION

- **Stabilize funding for the continued success of SB 678**

SB 678 demonstrates that smart, well-implemented criminal justice policies can lead to better outcomes for individuals and communities. By reducing recidivism and enhancing successful outcomes for those in the justice system, California has created a model that should be expanded and strengthened.

From California Probation Resource Institute (CaPRI) Report. By Mia Bird and Ryken Grattet, March 2

1025 ESCOBAR STREET
MARTINEZ, CA 94553

CONTRA COSTA COUNTY

Staff Report

File #: 25-3201 **Agenda Date:** 8/8/2025 **Agenda #:** 3.d.

LEGISLATION COMMITTEE
Meeting Date: August 8, 2025
Subject: Health, Medicaid (Medi-Cal), and impacts from H.R. 1 and the state budget package
Submitted For: Legislation Committee
Contact: E. Struthers, 925-655-2045

Referral History:

The social safety net describes a variety of programs and assistance designed to improve the lives of vulnerable families and individuals by addressing poverty, reducing food insecurity, and other harms. Historically, federal programs such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP) have provided the backbone of the social safety net. However, major changes are underway as a result of federal reconciliation and the recently-enacted state budget.

On July 4, 2025, the federal reconciliation package (H.R. 1) was signed into law. H.R. 1 includes major fiscal and policy changes taking place over a ten-year period. The tax cuts included in the bill are largely financed through reductions to federal social safety net programs. As noted in the Health discussion items, H.R. 1 includes a $1 trillion cut to Medicaid (Medi-Cal, in California). It also includes nearly $300 million in reductions to SNAP (Cal-Fresh, in California), representing a nearly 30% reduction in federal SNAP funding. These social safety net reductions are made through a variety of policy mechanisms, including changes to eligibility, reduction in benefit amounts, and shifting of costs to states/local governments.

While the federal reconciliation bill makes large changes to social safety net programs, the FY25-26 State Budget package also includes numerous targeted changes. Taken together with the major federal changes in H.R. 1, the policy landscape of the social safety net is shifting. These changes pose challenges for both the County and for the vulnerable families and individuals that we serve.

Referral Update:

Invited panelists include:

- Anissa Basoco-Villarreal, Chief Deputy Director, Employment and Human Services Department (EHSD)

Recommendation(s)/Next Step(s):

DISCUSS informational updates on Health, Medicaid (Medi-Cal), and impacts from H.R. 1 and the state budget package.

Fiscal Impact (if any):

None. Informational item only.

Contra Costa County Employment & Human Services Department
Federal & State Impacts
As of August 4, 2025

#	FEDERAL IMPACTS	CONTRA COSTA COUNTY IMPACTS
1.	Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA); Interpretation of “Federal Public Benefit” (July 14, 2025)	As of July 14, 2025, the Department of Health and Human Services (HHS), the United States Department of Agriculture (USDA), the Department of Education (DOE) and the Department of Justice (DOJ) issued separate Federal Notices of Public Rulemaking (NPRM) regarding the Personal Responsibility and Work Opportunity and Reconciliation Act (PRWORA). The USDA, DOE and DOJ notices did not accept public comments. The HHS notice is effective immediately, though is accepting public comments through August 13, 2025. Programs **newly categorized** as a “public benefit program”: • Head Start; • Title II of the Workforce Innovation and Opportunity Act of 2014 (WIOA) and career and technical education (CTE) programs; • Community Services Block Grant (CSBG); • Title IV-E programs (Educational and Training Voucher Program, Kinship Guardianship Assistance Program and Prevention Services Program); • USDA licensing, grants, payments and loan programs EHSD programs **currently categorized** as “public benefit program” • Adoption Assistance; • Child Care and Development Fund; • Foster Care; • Independent Living Program; • Low Income Home Energy Assistance Program (LIHEAP); • Medicaid (except assistance for an emergency medical condition); • Refugee Cash Assistance; • Refugee Medical Assistance; • Refugee Unaccompanied Minors Program; • Repatriation Program; • Social Services Block Grant (SSBG); • Temporary Assistance for Needy Families (TANF); • Supplemental Nutrition Assistance Program (SNAP). PRWORA limits access to 8 categories as listed below. Currently eligible and **remain eligible** (per National Immigration Law Center) • Lawful permanent residents or people with green cards • Refugees and people granted asylum • People granted withholding of deportation/removal, conditional entrants • People granted parole by the Department of Homeland Security (DHS) for a period of at least one year • Cuban and Haitian entrants • Certain abused immigrants, their children and/or their parents • Certain survivors of trafficking • Individuals in the US pursuant to a compact of free association (COFA) Currently eligible and **no longer eligible** (per National Immigration Law Center) • People with temporary protected status • Applicants for adjustment to Legal Permanent Resident (LPR) status with approved visa petitions • Applicants for asylum or withholding of deportation/removal • People paroled for less than one year, with deferred enforced departure, or deferred action • Special immigrant juveniles • U Visa Holders • People with valid nonimmigrant status or nonimmigrant visas • Longtime residents

		• People under an order of supervision who have employment authorization • People granted family unity • Applications for the following status who have been granted employment authorization: cancellation of removal or suspension of deportation, adjustment under the LIFE Act, lawful temporary residents and applicants for legalization under IRCA, registry Currently eligible and **no longer eligible** (per the CA Welfare Directors Association) • Deferred Action for Childhood Arrivals (DACA) • Individuals granted employment authorization • Individual with non-immigrant visas
2.	H.R. 1: SNAP Administrative Cost Share raises state/county contribution from 50 to 75% (10/1/2026)	States and the Feds currently share the **cost of administering SNAP** 50%/50%. Effective 10/1/26, the Feds will only pay 25% leaving states with 75%. In California, the state pays 70% of administrative costs and counties pay 30%. The state has signaled this ratio will remain meaning cost <u>will rise for counties</u>. POTENTIAL LOCAL IMPACT: In FY25/26, Contra Costa County share is $7,387,572. A 25% increase would be an additional ~$1,846,893 per year assuming no change in caseload.
3.	H.R. 1: New SNAP Benefit Cost Share for States based on Error Rate Tier (10/1/2027)	For the first time ever, states are required to **share the cost of SNAP benefits** (effective 10/1/27) based on state error rate. CA is currently in highest error rate category equivalent to a 15% state share (~10% state-wide error rate). It is unknown if the state will pass this to counties at all, and if they do, if it may be based on county error rate. POTENTIAL LOCAL IMPACT: In 2024, Contra Costa County issued $244,941,947 in CalFresh benefits. An annual county share 15% would be ~$36,741,292 assuming no change in caseload.
	H.R. 1: SNAP Work Requirements	Existing **Waivers of work requirements** are removed for ages 50-64, parent with dependent child ages 14-17, unhoused, veterans, youth aged out of foster care at 18 and currently under 24. Local impact unknown yet.
4.	H.R. 1: Medicaid & SNAP Immigrant Eligibility Limited (10/01/2026)	As referenced above under PRWORA.
5.	H.R. 1: Medicaid Eligibility Redeterminations (12/31/2026)	Previously redeterminations occurred once a year, now it will occur twice a year.
6.	H.R. 1: Medicaid Work Requirements – (12/31/2026)	No nationwide requirement was previously in effect until HR 1 was passed. Now Medicaid will match the work requirements of SNAP.
	STATE IMPACTS	**CONTRA COSTA COUNTY IMPACTS**
7.	FY 25-26 State Budget Enrollment Freeze for Full-Scope Medi-Cal Expansion Undocumented, ages19-54 (January 1, 2026)	As of January 1, 2026, undocumented adults aged 19-54 will no longer be able to enroll into Medi-Cal. Existing enrollees will maintain their coverage if they renew annually, and children and pregnant people can still enroll regardless of immigration status. Those who do not enroll by this date and do not have other eligible immigration status will have access to limited-scope coverage for emergencies and pregnancy care.
8.	FY 25-26 State Budget New Medi-Cal Premiums for Adults with Unsatisfactory Immigration Status (July 1, 2027)	Adds a new cost of $30 month that individuals currently do not have to pay.
9.	FY 25-26 State Budget Reinstatement of Medi-Cal Asset Test Limits (January 1, 2026)	Reinstates the asset limits back to 2022 levels - $130,000 for an individual, and an additional $65,000 for each extra household member up to 10 members.
10.	FY 25-26 State Budget Community First Choice Option (CFCO) Late Penalties	Contra Costa County currently has overdue In-Home Supportive Services (IHSS) cases. At this point, it appears the monthly penalty for late IHSS renewals could be approximately $300,000.