Consolidated EF1 Financial Projection

Based on Year to Date: September 2025

PRELIMINARY DRAFT

CC - Hospital	FY 2025	FY 2026	VARIANCE (FORECAST V PY ACTUAL)	
	ACTUAL	FORECAST	($)	(%)
FFS Revenue	**393,928,456**	**404,934,143**	**11,005,687**	**2.8%**
Supplemental Revenue	338,213,601	262,240,371	❶ (75,973,230)	(22.5%)
Total Net Patient Revenue	**732,142,056**	**667,174,513**	**(64,967,543)**	**(8.9%)**
Governmental Support & Realignment Revenue	34,700,380	33,009,382	(1,690,998)	(4.9%)
Grants & Donations	7,049,938	4,834,120	❷ (2,215,818)	(31.4%)
Charges to Gen Fund Units	59,668,538	59,758,912	90,374	0.2%
Other Revenue	6,607,361	4,296,726	❸ (2,310,635)	(35.0%)
Total Other Revenue	**108,026,217**	**101,899,140**	**(6,127,077)**	**(5.7%)**
Total Operating Revenue (ex Subsidies)	**840,168,273**	**769,073,653**	**(71,094,620)**	**(8.5%)**
Expenses				
Salaries, Wages, & Benefits	577,213,136	601,596,955	❹ (24,383,819)	(4.2%)
Professional Fees & Purchased Services	154,351,496	154,025,346	326,150	0.2%
Supplies & Drugs	67,439,129	69,082,041	(1,642,912)	(2.4%)
Other Expenses	60,065,074	63,914,475	❺ (3,849,401)	(6.4%)
Total Operating Expenses	**859,068,835**	**888,618,817**	**(29,549,982)**	**(3.4%)**
Expenses as a % of Operating Revenue	*102.2%*	*115.5%*		
EBIDA	**(18,900,562)**	**(119,545,164)**	**(100,644,602)**	**(532.5%)**
EBIDA (%)	*(2.2%)*	*(15.5%)*		
Subsidy (+)	125,912,276	117,100,259	❻ (8,812,017)	(7.0%)
Net Income (incl. Subsidy)	**107,011,714**	**(2,444,906)**	**(109,456,620)**	**(102.3%)**

Key Variance Drivers

1. Non-recurring supplemental revenue in 2025 ($57M) and reduction in CY GPP ($20M)
2. Reductions in Collaborative Care Implementation Project (CCIP), hypertension, EMS, and other grant revenue
3. Non-recurring gain driven by early extinguishment of debt in 2025
4. Increase due to market and merit adjustments
5. Increase in software and occupancy costs
6. Reduced Subsidy driven by an early payment of debt in 2025 (2015 A/B Bonds)

Key Federal and State Policy Changes

FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29+
Policy Passed, but Implementation Guidance Pending	**First Wave of Cuts, 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 (Jul) ▪ UIS Premiums Start (Jan) ▪ Prop 56 Reductions (Jul)	▪ Employer Contributions Under Study for Medi-Cal Covered Employees	
CCHP Membership Loss			
(5,000)	(82,500)	(5,000)	(5,000)
Cumulative Membership Loss: (97,500)			
Funding Reduction			
($20,507,000)	($92,396,000)	($102,231,000)	($125,891,000)
Cumulative Funding Reduction: ($341,025,000)			
Level of Modeling and Policy Uncertainty			
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*