The Board of Supervisors

County Administration Building
1025 Escobar St., 4th floor
Martinez, California 94553

John Gioia, 1st District
Candace Andersen, 2nd District
Diane Burgis, 3rd District
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Shanelle Scales-Preston, 5th District

Contra Costa County

Monica Nino
Clerk of the Board
and
County Administrator
(925) 655-2075

May 28, 2026

Honorable John Laird, Chair
Senate Budget & Fiscal Review Committee
1021 O Street, Suite 8720
Sacramento, CA 95814

Honorable Jesse Gabriel, Chair
Assembly Budget Committee
1021 O Street, Room 8230
Sacramento, CA 95814

Honorable Caroline Menjivar, Chair
Senate Budget & Fiscal Review Sub. 3
1021 O Street, Suite 6630
Sacramento, CA 95814

Honorable Corey Jackson, Chair
Assembly Budget Sub. 2
1021 O Street, Room 8230
Sacramento, CA 95814

RE: **FY26-27 State Budget: Support Investments in Child Welfare Services**

Dear Chairs Laird, Gabriel, Menjivar, and Jackson:

As Chair of the Contra Costa County Board of Supervisors, I write to express our County's strong support for critical child welfare investments in the Fiscal Year (FY) 2026–27 State Budget. These resources are needed to stabilize California's child welfare workforce and sustain prevention gains. These investments are especially critical in light of H.R. 1, which reduces support to families and increases the risk of child welfare involvement.

Specifically, we respectfully urge the Legislature to support:

- Continued one-time investment of $20 million General Fund (GF) to sustain Emergency Response (ER) stabilization.
- Additional $4.5 million GF and ongoing investment to fully sustain the Title IV-E Stipend Program.
- A two-year, budget-neutral extension of Flexible Family Supports funding authority.
- Continued one-time investment of $30 million GF to stabilize Foster Family Agencies (FFAs) affected by the liability insurance crisis.
- Approval of CWDA's recommended Adoption Assistance Program (AAP) Trailer Bill Language and up to one-time $5 million GF transition supports for adoptive families.

Continuing these investments is critical to protecting child safety, preserving stability for foster children and youth in family-based care, with priority for kin and kin-like caregivers, sustaining the child welfare workforce, and maintaining the prevention goals California has achieved over the past decade.

Emergency Response (ER) Enhancement Program: $20 million GF Prevents a Fiscal Cliff
Emergency Response is the frontline of California's child protection system. While the statewide foster care population has declined to historic lows, the acuity and complexity of cases, including sexual abuse, physical abuse, and severe neglect, have increased significantly. The one-time ER Enhancement funds provided through the Budget Acts of 2021 and 2022 expire on June 30, 2026.

Contra Costa used ER Enhancement funds to hire two additional Social Casework Assistants to support youth awaiting placement at the Receiving Centers. These assistants help ER Social Workers assess and prepare for initial relative placements, contributing to a 4 percent increase in the Children and Family Services (CFS) Bureau's relative placement rate from 2021 to 2024. Our CFS bureau also hired retired Supervisor annuitants to coach newly hired ER Supervisors and ER Social Workers and to assist with closing ER referrals, leading to a 7 percent reduction in referrals open longer than 30 days from FY 2021–22 to FY 2023–24. Additionally, CFS offered 29 overtime opportunities for ER Social Workers to address referral backlogs, resulting in a 13 percent reduction in total open referrals during the same period.

We respectfully urge approval of $20 million one-time General Fund in FY 2026–27 (available through June 30, 2028) to sustain the positive outcomes of this investment in the Emergency Response program. These funds are needed to sustain ER staffing capacity as H.R. 1's reductions to food and health programs take effect and have the potential to increase family stress and the likelihood of calls to child protection.

Title IV-E Stipend Program: Sustain the Future of California's Child Welfare Workforce

The Title IV-E Stipend Program is one of California's primary workforce pipelines for county child welfare agencies, helping counties meet state-mandated staffing requirements and serves as an important recruitment and retention tool in a field that continues to struggle to compete with other sectors. The May Revision proposes $18.4 million one-time General Fund, which protects currently enrolled students but leaves a $4.5 million structural gap, forcing a pause on new enrollment and an estimated 310 fewer prospective students entering the pipeline this fall.

This will reduce the number of interns working alongside our social workers as they are mentored and prepare for their entry into the child welfare workforce and will reduce the pool of Master's-level and Bachelor's-level graduates with the unique education and experience needed to work in the specialized field of child welfare and attain optimal outcomes for foster children, youth, and families. We respectfully urge the Legislature to augment the program by an additional $4.5 million ongoing General Fund, providing a total of $22.9 million ongoing, to sustain this critical workforce pipeline.

Flexible Family Supports: Two-Year Budget Neutral Extension

Flexible Family Supports (FFS) funding allows counties to address immediate, concrete barriers to placement stability not covered by foster care rates that facilitates timely connection for foster children to kinship and other family-based caregivers. These funds have been used to enable immediate placement with family through purchases of beds and furnishings, minor home repairs, and short-term rental or utility assistance when relatives offer to move in order to take in larger sibling groups. Caregivers have felt supported through respite care services—services that will be available under the new Tiered Rate Structure (TRS) when it implements on July 1, 2027, but which remain difficult to fund under the current rate structure.

This funding also sunsets on June 30, 2026. We respectfully request a two-year, budget-neutral extension of FFS funding authority to June 30, 2028, ensuring no gap in concrete supports as counties continue to bridge to the implementation of the TRS. For many foster children, these supports are the difference between a stable family-based placement and a higher level of care such as residential care. Foster children have particularly benefit as FFS preserves sibling

connections through kinship placements and preserves familial and cultural connections through placement with their families of origin.

Foster Family Agency Insurance Stabilization: $30 million GF One-Time
Foster Family Agencies (FFAs) continue to face significant financial strain from the ongoing liability insurance crisis. Since 2024, more than two dozen FFAs have closed, reducing family-based care statewide. These FFAs also provide enhanced support to resource families and their foster children and deliver specialized services including Intensive Services Foster Care, a program that is an alternative to residential care. Additional FFAs are at risk of closure without sustained funding to mitigate higher insurance costs, which places foster children at risk of placement disruption/separation from their trusted caregivers. The previous $31.5 million GF one-time allocation has helped to stabilize any further closures of FFAs. For this reason, Contra Costa respectfully supports the request for $30 million one-time GF in FY 2026–27 to continue to stabilize FFA's while long-term solutions to the insurance crisis continue to be developed.

Adoption Assistance Program (AAP): Support Youth Returning from Out of State
We respectfully urge approval of CWDA's recommended amendments to the Administration's proposed AAP Trailer Bill Language, which would reduce barriers to wraparound services and align implementation timelines with operational and automation readiness. We also support the joint CWDA/Youth Law Center proposal to provide up to $5 million one-time GF (that could be offset by unspent Complex Care funds) for transition supports to adoptive children and families returning to California from out-of-state residential placements as a result of passage of AB 118 (Statutes of 2025), as these adopted children and their families often require coordinated behavioral health and service support as they return home.

Together, these investments are essential to protecting child safety, preserving family-based placements, stabilizing the child welfare workforce, and sustaining prevention efforts statewide.

For these reasons, Contra Costa County urges your support for investments in Child Welfare Services in the FY26-27 State Budget.

Sincerely,

DIANE BURGIS
Chair, Board of Supervisors

cc: Honorable Members, Contra Costa County Board of Supervisors
Contra Costa County Legislative Delegation
Monica Nino, County Administrator
Jami Morritt, Chief Assistant Clerk of the Board of Supervisors
Dr. Marla Stuart, Director of Employment and Human Services
Michelle Rubalcava & Geoff Neill, Nielsen Merksamer

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Contra Costa County

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Clerk of the Board
and
County Administrator
(925) 655-2075

May 28, 2026

The Honorable Monique Limón
Senate President Pro Tempore
1021 O Street, Suite 8518
Sacramento CA, 95814

The Honorable Robert Rivas
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento CA, 95814

The Honorable John Laird
Chair, Senate Committee on Budget and Fiscal Review
1021 O Street, Suite 8720
Sacramento CA, 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento CA, 95814

RE: **FY26-27 May Revision and County Partnership**

Dear Pro Tem Limón, Speaker Rivas, Budget Chair Laird, and Budget Chair Gabriel:

As Chair of the Contra Costa County Board of Supervisors, I write to express our County's strong commitment to work with the Legislature to enact a budget for 2026-27 that supports the needs of our community and communities across the state in delivering the critical services that Californians rely upon.

Contra Costa County recognizes that this year's state budget deliberations are shaped by ongoing state and federal tensions and recent federal policies that impact California's fiscal condition. While building reserves and addressing budget deficits are necessary, the budget must also take meaningful action to mitigate impacts on California's communities, particularly those associated with H.R. 1. Without additional support from the state, counties cannot deliver the essential services Californians need and deserve.

We remain deeply concerned about the Administration's choice to not provide additional funding to implement H.R. 1, address homelessness, and reduce crime. We are also concerned by the Governor's In-Home Supportive Services (IHSS) cost shift proposal. Healthcare, food security, homelessness services, public safety, and IHSS are essential to the state's long-term health, safety, and stability.

Contra Costa appreciates the continued partnership with the Legislature and respectfully offers the following comments about the Governor's May Revision budget proposal.

County HHS H.R. 1 Impacts
The Governor's May Revision provides only a modest investment toward the impacts of H.R. 1, with no additional funding for indigent health care, public hospital systems, or behavioral health systems. Counties are facing cost increases of up to $9.5 billion per year due to H.R. 1 and have submitted a reasonable budget request of $1.9 billion in 2026-27 and $4.5 billion in 2027-28.

The Governor's May Revision does not provide sufficient General Fund resources to respond to H.R. 1. While $87.2 million General Fund in 2026-27 was included in the Governor's May Revise for county eligibility work to help people retain health care and food benefits, this amount represents a fraction of the need.

H.R. 1 makes numerous changes to eligibility, which both increase the costs to our County, while simultaneously reducing services available to the people we serve. While our County must comply with these mandated eligibility changes, we lack sufficient resources to do so, which risks further disenrollment and harm to the people we serve. H.R. 1 also results in massive cost shifts to counties, further constricting general fund resources needed to deliver core community services. Without further investment in eligibility work, Californians will lose critical food security and healthcare benefits, leading to rippling impacts on individuals, communities, and the broader economy. As a public hospital county that also operates nine community clinics and a health plan, Contra Costa and our community are particularly at-risk if the Legislature does not take action to address H.R. 1. State investment is needed in public hospitals, indigent care, behavioral health, and eligibility for both Medi-Cal and CalFresh.

While the Administration suggests revenues from the proposed sales tax on digital prewritten software would offset costs of H.R. 1, this proposal falls short. Notwithstanding the merits of the sales tax proposal, the vast majority of increased sales tax revenues for counties is not discretionary and must be spent on specified services, leaving little additional funding for what is needed to implement H.R. 1. Moreover, even if these funds could be used for H.R. 1, total county revenues would be far below the estimated cost increases identified above.

In-Home Supportive Services (IHSS)
Contra Costa County is disappointed that the Governor's May Revision maintains the January Budget IHSS cost shift proposal and is grateful that the Senate and the Assembly have already stated an intention to reject it.

Starting in 2027-28, this proposal would shift $233.6 million in IHSS costs to counties and grow each year. Contra Costa County is strongly opposed to this proposal, which would undermine the existing IHSS fiscal structure, exacerbate the safety net impacts of H.R. 1, misdiagnose the cause of hours growth, and negatively impact IHSS recipients and providers.

The IHSS cost shift proposal runs contrary to the purpose of the 2019 county IHSS Maintenance of Effort and would cause counties to have to redirect funding from other critical health and mental health programs.

Contra Costa County urges the Legislature to remain steadfast in rejecting this proposal during upcoming budget negotiations.

Homeless Housing, Assistance, and Prevention (HHAP) Program
The May Revision falls short on what is needed for homelessness by continuing to propose only $500 million for Round 7 of the HHAP program. This funding is a 50 percent reduction from the $1 billion provided in prior rounds and there is no ongoing investment.

Through our collective efforts, California is making strides in reducing homelessness and now is not the time to walk back this commitment, especially with our safety net threatened by H.R. 1. Contra Costa County continues to advocate for $1 billion for Round 7 and for this funding to be ongoing, which is the only way to achieve sustained progress.

Contra Costa County looks forward to continued engagement on the proposed trailer bill language for Round 7 implementation. While we are appreciative of application streamlining and some flexibilities provided for new accountability measures, we have strong concerns about the new required local match and that requirements would be implemented in a manner that will not allow this funding to be distributed by the September 1, 2026 goal date.

Proposition 36

Our County continues to face significant challenges with Proposition 36 implementation, which was approved in all 58 counties by an overwhelming statewide majority. Contra Costa County greatly appreciates the Legislature's continued commitment to secure funding. However, the one-time funding approved in last year's budget falls short of the local treatment, supervision, and rehabilitative needs in communities across California.

Funding is needed to deliver recovery support services and build out substance use and mental health treatment capacity, a crucial component of the measure. Contra Costa County is in strong support of the $400 million budget request which members in your house have championed to expand service capacity, secure appropriate in-custody treatment, and allow for individualized planning, monitoring, and supervision for individuals in the community. Further, we would respectfully urge that should funding be included in the final budget agreement, allocations are immediately distributed to counties.

Development Impact Fees

Contra Costa County has significant concerns with the Administration's proposal to discourage or prohibit local development impact fees assessed on affordable housing projects. Development impact fees are strictly cost recovery tools, not revenue sources, used to fund development related essential infrastructure and services, such as water, sewer, fire protection, parks, flood control, and libraries, necessary for new housing and economic development. For example, development fees support necessary public safety infrastructure such as ladder fire trucks to serve high-rise housing construction in areas that were previously rural or less-densely populated.

The May Revision proposal includes an incentive route that would allow project applicants to count any development fees deferred, reduced or waived by a county as a local funding match. This part of the proposal does not guarantee the project will receive state funding. However, we do not believe this proposal will result in additional jurisdictions deferring or waiving these fees, especially considering the fiscal impact that H.R. 1 will have on counties.

Finally, Contra Costa has concerns with requiring counties to waive development fees when they are the applicant or co-applicant on a state housing grant. While the primary target of this proposal appears to be grants made by the Homekey program, the trailer bill language is overly broad and applies to a wider array of affordable housing programs.

Thank you for considering our County's positions on the above May Revision issues. Counties deliver critical, life-saving services to California communities on behalf of the state. Without adequate support, the state is leaving counties and communities to stabilize these systems at the severe expense of other public services such as public safety, fire response, elections, and more.

Contra Costa County remains committed to working with the Legislature toward equitable, sustainable solutions that protect all Californians. Thank you for your leadership in the face of these challenging issues, on behalf of Contra Costa and the people we serve.

Sincerely,

DIANE BURGIS
Chair, Board of Supervisors

Encl.: H.R. 1 Statewide County Budget Request Summary

cc: Honorable Members, Contra Costa County Board of Supervisors
The Honorable Senator Christopher Cabaldon, Senate District 3
The Honorable Senator Jesse Arreguin, Senate District 7
The Honorable Senator Tim Grayson, Senate District 9
The Honorable Assemblymember Lori Wilson, Assembly District 11
The Honorable Assemblymember Buffy Wicks, Assembly District 14
The Honorable Assemblymember Avila Farias, Assembly District 15
The Honorable Assemblymember Rebecca Bauer-Kahan, Assembly District 16
Monica Nino, County Administrator
Jami Morritt, Chief Assistant Clerk of the Board of Supervisors
Michelle Rubalcava & Geoff Neill, Nielsen Merksamer

CALIFORNIA COUNTIES

PROTECT OUR SAFETY NET

FOOD AND HEALTHCARE FOR FAMILIES

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

The Governor's May Revision lacks any meaningful support for counties who must implement the requirements of H.R. 1. The proposal does not include any resources to support county indigent care, public hospital systems, or county behavioral health. While the May Revision includes modest one-time funding to support the county eligibility workforce to help individuals maintain their health care and food assistance benefits, it is far short of what is needed.

H.R. 1 represents a fundamental shift of fiscal responsibility for safety net programs from the federal government to states and counties, with counties facing increased costs ranging from $6 billion to $9.5 billion per year at full implementation. In March 2026, counties released an H.R. 1 Multi-Year Budget Request – $1.9 billion in 2026-27 and $4.5 billion in 2027-28 – to ensure individuals and families continue to have access to medical care, nutrition benefits, and behavioral health services.

The table below outlines California counties' **UPDATED** H.R. 1 Multi-Year Budget Request for the 2026-27 and 2027-28 fiscal years.

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

**All numbers are state General Fund.*

[1]Updated Coalition Budget Request reflects the development of new proposal to preserve access to health care for the indigent care population.

The lack of sufficient state funding to counties to implement H.R. 1 will cause irreparable harm to California's communities. Counties cannot deliver health care and food assistance services on behalf of the state without a significant financial investment from the state. County resources are finite and the more mandated H.R. 1 costs that are shifted to counties by the state without an influx of resources, the less funding that is available for other core services, such as public safety and elections.

Recognizing the significant fiscal challenges facing the State and the difficult decisions before the Legislature, alternative approaches to preserving access to health care may need to be considered. As an alternative to individuals who lose Medi-Cal coverage having to turn to unfunded county indigent care programs, counties recommend the state establish a limited, emergency-only Medi-Cal benefit for two-years. This will preserve health care access for more people while giving the state time to determine a long-term plan for maintaining recent gains in health care coverage.

Key Facts

- As the table above references, the May Revision does not include any General Fund allocations to address the impacts of H.R. 1 on county indigent care programs, public hospital systems, or county behavioral health systems. The May Revision only provides a total of $87.2 million GF in 2026-27 to support the eligibility workforce. This is only 5% of the total 2026-27 county budget request.

- According to the Legislative Analyst's Office, the uninsured rate in California is projected to double by 2030, with more than 2 million people losing health care coverage. The lack of funding in the May Revision to mitigate the impacts of H.R. 1 means this looming health care crisis is not being addressed.

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1021 O Street, Room 8230
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RE: **Oppose May Revision Proposals to Reduce Funding to Critical Services Supporting Older Adults and Adult Victims of Abuse and Neglect, including IHSS and APS**

Dear Chairs Laird, Gabriel, Menjivar, and Jackson:

As Chair of the Contra Costa County Board of Supervisors, I write to express our County's strong opposition to the proposed reductions to the In-Home Supportive Services (IHSS) program and Adult Protective Services (APS) in the Governor's FY 2026–27 Budget. These reductions would significantly weaken essential programs that protect older adults and people with disabilities from abuse, neglect, homelessness, and preventable institutionalization.

The proposals—including shifting the full nonfederal cost of IHSS hour growth to counties, eliminating the Backup Provider System (BUPS), altering CFCO penalty structures, automating IHSS termination when Medi-Cal is discontinued, and raising APS eligibility to age 65—would undermine the State's safety-net infrastructure. Continued support for APS and IHSS is essential to ensuring that older adults and people with disabilities remain safe, stably housed, and connected to community-based care. These programs prevent harm and avoid far costlier institutional care, serving of core pillars of California's long-term services and supports system.

APS Program Reduction
The May Revision proposal to revert the APS expansion and raise eligibility from age 60 to 65 would severely compromise the County's ability to protect vulnerable adults. This change would reduce staffing capacity, increase workloads, and place abused and neglected older and dependent adults at heightened risk of continued harm. It would also restrict access to the Home Safe Program, which provides critical housing stabilization services for older adults facing homelessness or unsafe living conditions.

Reversing the APS expansion would erase progress on elder justice and equity and undermine preparations for the state's rapidly aging population, as outlined in California's Master Plan for Aging. It would also hinder county compliance with new federal APS regulations required by May 2028.

The impact on Contra Costa County would be substantial. The 2021 APS expansion has been critical in meeting rising needs, particularly by enabling access to Home Safe, which has proven effective in preventing homelessness and stabilizing high-risk individuals. In 2025, our County served 659 APS clients ages 60 to 64. Eliminating eligibility for this group would immediately cut off services to at-risk adults during a time when older adults are one of the fastest-growing segments of the unhoused population. With demand continuing to rise, these cuts would leave APS without the resources required to meet statutory responsibilities to protect vulnerable adults.

IHSS Program Reductions

The proposed IHSS reductions would further destabilize essential services. In 2025, Contra Costa County served 20,255 IHSS clients who rely on in-home care to remain safely in their homes. County social workers, who conduct assessments and authorize services, carry average caseloads of 357 clients, making timely intakes and reassessments extremely difficult. Any reduction in IHSS funding would impair the County's ability to meet statutory deadlines and maintain service continuity.

Shifting all cost growth for IHSS hours to counties beginning in FY 2027–28 would impose significant new fiscal burdens without additional revenue, while straining 1991 Realignment funds that support IHSS and other safety-net programs. Shifting 100 percent of CFCO penalties to counties would worsen existing administrative challenges. Counties statewide already face at least a $246 million administrative funding shortfall, forcing staff to redirect time away from timely assessments. Contra Costa County supports the CWDA-proposed trailer bill language preserving the current 50/50 cost-sharing structure and improving implementation fairness.

Other IHSS proposals in the May Revision would compound these harms. Eliminating BUPS would remove a crucial safeguard that prevents dangerous gaps in care when regular providers are unavailable. Likewise, automating IHSS terminations when Medi-Cal is discontinued would interrupt essential services and delay provider payment, creating instability for both recipients and workers.

Collectively, the APS and IHSS reductions would weaken protections for vulnerable Californians, increase risks of abuse, neglect, homelessness, and institutionalization, destabilize the IHSS workforce, and shift unsustainable costs onto counties already under significant strain. For these reasons, we respectfully urge the Legislature to reject the proposed reductions, maintain the APS expansion, and preserve the integrity of the IHSS program.

Sincerely,

DIANE BURGIS
Chair, Board of Supervisors

cc: Honorable Members, Contra Costa County Board of Supervisors
Contra Costa County Legislative Delegation
Monica Nino, County Administrator
Jami Morritt, Chief Assistant Clerk of the Board of Supervisors
Dr. Marla Stuart, Director of Employment and Human Services
Michelle Rubalcava & Geoff Neill, Nielsen Merksamer

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Honorable Caroline Menjivar, Chair
Senate Budget & Fiscal Review Sub. 3
1021 O Street, Suite 6630
Sacramento, CA 95814

The Honorable Dawn Addis
Chair, Assembly Budget Sub. 1
1021 O Street, Room 4120
Sacramento, CA 95814

RE: **Maintaining Coverage for Vulnerable Californians: Alternative to Indigent Care Funding**

Dear Chairs Laird, Gabriel, Menjivar, and Addis:

As Chair of the Contra Costa County Board of Supervisors, I write to express our County's strong support for the indigent care alternative proposal brought forward by California State Association of Counties (CSAC), Urban Counties of California (UCC), California Association of Public Hospitals and Health Systems (CAPH), County Health Executives Association of California (CHEAC), County Welfare Directors Association of California (CWDA), and other partners. We are deeply concerned about the impacts of H.R. 1 on the impacts on members of our community who are expected to lose healthcare coverage, California's healthcare system, and the resulting pressures on our own organization—as well as counties across the state—as we work to care for a growing population of people without healthcare coverage without the resources to do so.

California has long been a national leader in reducing the uninsured rate and expanding access to care under the Affordable Care Act. However, key provisions of H.R. 1 threaten to reverse that progress. More than one million Californians risk losing health coverage, driving significant numbers of residents to rely on county indigent care programs that are not resourced to absorb such an influx.

Counties serve as the health care provider of last resort, offering essential, often time-limited medical services as part of our indigent care obligations. When the state expanded Medi-Cal coverage and launched Covered California, it simultaneously enacted AB 85 (Chapter 24, Statutes of 2013). AB 85 reduced 1991 health realignment funding by slowing revenue growth and redirecting substantial county resources to offset General Fund costs. While these changes supported statewide reforms, they also left counties with limited financial capacity to respond to a major increase in uninsured residents without additional state assistance.

To responsibly plan for the potential impacts of H.R. 1, a county coalition has developed a comprehensive budget request addressing several areas of anticipated need. These include increased demand for county indigent care services, higher county eligibility and enrollment workload associated with Medi-Cal and CalFresh changes, fiscal pressures on public hospitals, and significant effects on county behavioral health systems as individuals lose Medi-Cal coverage. Based on these impacts, counties requested $761 million in 2026-27 and $2.4 billion in 2027-28 to rebuild service capacity and ensure continued access to care.

We recognize that the State faces extraordinary fiscal challenges and must make difficult budget decisions. With this reality in mind, counties have explored alternative approaches that could help preserve access to care while reducing state General Fund pressures.

As a practical and cost-effective alternative to state funding of county indigent care costs, we support the creation of a limited, emergency-only Medi-Cal benefit for individuals who lose coverage due to H.R. 1 community engagement requirements. This temporary, two-year benefit would ensure access to emergency and stabilizing services while preventing individuals from becoming entirely uninsured. The coalition estimates that the cost of the benefit would be up to $40 million in 2026-27 and $415 million in 2027-28, with associated county administrative costs of $10 million and $48 million, respectively.

This approach would help ensure access to critical, life-saving emergency care, while allowing the State to maximize federal funding available for in-patient emergency services, which are exempt from H.R. 1 work requirements. This proposal would provide a two-year stabilization period to fully assess the real-world impacts of H.R. 1 and develop longer-term policy solutions.

Rather than allowing individuals to lose coverage through Medi-Cal entirely, this temporary benefit would maintain a basic coverage floor and avoid the costly reconstruction of indigent care capacity across the state.

We share the goal of providing full-scope health coverage for all Californians and would strongly support any opportunity to expand beyond emergency-only services as resources allow. Thank you for your leadership and partnership as we work together to protect access to care and support the health and well-being of California's most vulnerable residents.

Sincerely,

DIANE BURGIS
Chair, Board of Supervisors

encl: PATH Indigent Care Pilot Project Proposal
cc: Honorable Members, Contra Costa County Board of Supervisors
Contra Costa County Legislative Delegation
Monica Nino, County Administrator
Jami Morritt, Chief Assistant Clerk of the Board of Supervisors
Dr. Grant Colfax, Director of Contra Costa Health Services
Dr. Marla Stuart, Director of Employment and Human Services
Michelle Rubalcava & Geoff Neill, Nielsen Merksamer

PROPOSAL: Establish a 2-Year Pilot Project to Protect California's Historic Health Coverage Gains, Protect Access to Healthcare (PATH), Provide a Foundation for Long-Term Solutions, and Minimize Impacts on County Healthcare Systems

Through a 2-year pilot project, establish a "fail-safe" Emergency Services Only Medi-Cal benefit for Californians who lose Medi-Cal eligibility due to new federal H.R. 1 Community Engagement requirements, but who otherwise qualify for Medi-Cal coverage. This fail-safe benefit would be intended to "Protect Access to Healthcare (PATH)" for the affected Medi-Cal members and Medi-Cal applicants and provide them the opportunity for full-scope coverage at a future time. It would be a State investment in maintaining California's historic health coverage gains.

Rather than allowing Medi-Cal members to disenroll and "fall off" of Medi-Cal, become uninsured, and turn to unprepared county indigent health care systems, the proposed limited Emergency Services only benefit would serve as a **2-year stabilization tool** designed to achieve specific policy goals:

- Maintain Medi-Cal coverage for otherwise eligible adults that prevents their immediate loss of coverage and sudden uninsured status;
- Prevent inundation of newly uninsured on unprepared county indigent programs;
- Avoid costly rebuilding of county indigent health care systems before the full scope of federal H.R.1 impacts is understood;
- Maintain individuals' connection to county Medi-Cal eligibility workers and the opportunity for full-scope coverage;
- Collect real-world data on coverage losses, exemptions, churn, and reenrollment;
- Identify which front-end interventions most effectively help coverage retention;
- Provide the next Governor and Legislature time to develop real world experience with H.R.1 and develop long-term solutions informed by data rather than projections.
- Provide a practical 2-year bridge to a future statewide policy solution based on concrete information.

Projected Cost

- Projected benefit costs of up to $40 million for FY 2026-27 and up to $415 million for FY 2027-28.
- Projected eligibility administration cost of up to $10 million in FY 2026-27 and up to $48 million for FY 2027-28.

The proposed funding amount is substantially less than the cost of rebuilding county indigent healthcare programs statewide, estimated to be $761 million in FY 2026-27 and $2.4 billion in FY 2027-28.

“Prevent the Cliff to Major Health Coverage Losses”
PATH would prevent a sudden healthcare coverage cliff for more than one million Californians who would otherwise be forced to seek care from unprepared county indigent care programs. PATH would provide emergency-only coverage while the state and counties work to:

- Reconnect individuals to full-scope Medi-Cal,
- Identify exemptions,
- Reduce procedural terminations,
- Improve front-end intervention tools, and
- Understand long-term enrollment trends.

PATH is fundamentally a ***risk mitigation and transition management tool*** that provides time to evaluate options and implement longer-term policy solutions that align with California’s long-held vision of expanded health coverage.

Key Policy Arguments for a PATH Rollout

- Keeps People Connected to Medi-Cal Coverage
- Uses Existing “on the shelf” Medi-Cal Infrastructure for benefit delivery
- Creates Real-World Data and 2-Year Program Testing Window to determine best long-term approach
- Minimizes impacts on unprepared county indigent healthcare programs and the associated devastating fiscal impact to counties
- Less Expensive Than Rebuilding County Indigent Healthcare Programs

The Board of Supervisors

County Administration Building
1025 Escobar St., 4th floor
Martinez, California 94553

John Gioia, 1st District
Candace Andersen, 2nd District
Diane Burgis, 3rd District
Ken Carlson, 4th District
Shanelle Scales-Preston, 5th District

Contra Costa County

Monica Nino
Clerk of the Board
and
County Administrator
(925) 655-2075

June 4, 2026

The Honorable Monique Limón
Senate President Pro Tempore
1021 O Street, Suite 8518
Sacramento CA, 95814

The Honorable Robert Rivas
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento CA, 95814

The Honorable John Laird
Chair, Senate Committee on Budget and Fiscal Review
1021 O Street, Suite 8720
Sacramento CA, 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento CA, 95814

The Honorable Caroline Menjivar
Chair, Senate Budget Sub. 3
1021 O Street, Suite 6630
Sacramento, CA 95814

The Honorable Dawn Addis
Chair, Assembly Budget Sub. 1
1021 O Street, Suite 4120
Sacramento, CA 95814

RE: **Support for Alternative Solution to Retain Coordinated Care for Medi-Cal Members with Unsatisfactory Immigration Status**

Dear Pro Tem Limón, Speaker Rivas, Budget Chair Laird, Budget Chair Gabriel, Chair Menjivar, and Chair Addis:

As Chair of the Contra Costa County Board of Supervisors, I urge the Legislature to reject the proposal to move Medi-Cal beneficiaries with Unsatisfactory Immigration Status (UIS) out of managed care and into the Fee-For-Service (FFS) system, and support an alternative proposal to ensure access to care for Californians with UIS.

Contra Costa County operates a public hospital, nine community clinics, and a local health plan, and administers Medi-Cal eligibility and enrollment. Accordingly, are deeply concerned about the significant disruptions the Administration's proposal would create for UIS beneficiaries and for the safety-net system. Instead, we strongly support an alternative approach that complies with federal guidance while preserving coordinated, accessible care for UIS members.

A coalition of the Local Health Plans of California, the California Association of Public Hospitals, and other partners has put forward a solution that meets federal requirements, preserves most of the Administration's assumed savings, and can be implemented by January 1, 2027.

The Administration's proposal would dismantle the coordinated care model that UIS members currently rely on and replace it with a fragmented system offering minimal care management, narrower provider networks, and higher long-term costs. The results would be immediate: reduced access to primary and specialty care, increased emergency room use, interruptions in preventive and chronic care, and substantial strain on hospitals, clinics, and counties. These effects would not

reduce overall costs; they would shift costs into more acute settings and create avoidable crises for families and community providers.

The coalition's proposal is straightforward: maintain continuity of care, preserve managed care provider reimbursement, and avoid disrupting services for nearly 2 million Californians. Under this model, UIS members would remain connected to their existing health plans, provider networks, care coordination teams, and member supports. The state would directly pay for federally sensitive carve-out services through FFS, while plans would continue managing outpatient, preventive, and specialty care, complex case management, and community health worker services. Maintaining these care pathways avoids the projected 12% increase in emergency room use and 16% increase in inpatient utilization built into the Administration's own assumptions. Medi-Cal plans statewide are not attempting to maintain the status quo. They have agreed to contribute roughly $224 million in savings through reduced administrative costs, underwriting concessions, and rate adjustments where UIS medical loss ratios are below 85%. The alternative proposal achieves nearly two-thirds of the Administration's estimated savings while preventing far larger downstream costs for providers, counties, and members, and maintaining physician reimbursement for managed care services.

We urge the Legislature to invest approximately $190 million to sustain the safety net and direct the Department of Health Care Services to implement this compliant alternative by January 1, 2027. California can meet federal expectations without eliminating access to comprehensive, coordinated care for nearly 2 million residents. The May Revision does not address the limited capacity of the FFS system to absorb such a large influx of members, nor the additional resources the state would need to prevent serious access barriers. Lower reimbursement rates and limited provider participation would impose untenable pressure on the FFS system. The coalition's model offers a compliant, viable solution, but sustained support for community health centers and FQHCs will remain essential to ensure long-term stability in the Medi-Cal delivery system.

While we recognize the need to comply with federal policies, compliance does not require adopting the Administration's proposal, which would harm access to care. We urge the Legislature to reject the proposed carve-out and instead adopt a solution that preserves coordinated care for all Californians, regardless of immigration status. Contra Costa County stands ready to work with you on solutions that ensure meaningful, equitable access to care.

Sincerely,

DIANE BURGIS
Chair, Board of Supervisors

Encl.: Coalition letter, dated June 1, 2026

cc: Honorable Members, Contra Costa County Board of Supervisors
Honorable Members, Contra Costa County Legislative Delegation
Monica Nino, County Administrator
Dr. Grant Colfax, Director of Contra Costa Health Services
Michelle Rubalcava & Geoff Neill, Nielsen Merksamer

June 1, 2026

Michelle Baass
Director
Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

Re: Alternative Solution to Retain Coordinated Care for Medi-Cal Members with Unsatisfactory Immigration Status

Dear Director Baass,

Our organizations strongly urge the Administration to adopt our proposal to retain coordinated and accessible Medi-Cal coverage for UIS Medi-Cal members as an alternative to the proposal in the Governor's May Revision to move Medi-Cal beneficiaries with Unsatisfactory Immigration Status (UIS) out of managed care and into the Fee-For-Service (FFS) delivery system. Our proposal is compliant with federal guidance, maintains a large portion of the Administration's assumed savings, and is achievable by January 1, 2027.

The Administration's proposed shift would dismantle the coordinated care infrastructure that UIS beneficiaries rely on and **replace it with a fragmented system offering limited care management, reduced provider options, and significantly higher long-term costs.** The consequences would be immediate and severe. Reduced access to managed care providers will drive increased emergency room utilization, disrupt preventive and chronic care, and overwhelm the already strained safety net system. Far from reducing expenses, these proposals simply shift costs to more acute and expensive settings, thereby creating avoidable crises for families and greater financial pressure on counties, hospitals and community providers. These outcomes are not theoretical; they are baked into the savings and cost assumptions in the Administration's budget proposal.

Our proposal is straightforward: **maintain continuity, preserve provider rates for managed care services, and avoid the disruption of care for nearly 2 million vulnerable Medi-Cal members.** Under this model, UIS members would remain connected to their existing health plan, provider

network, care coordination infrastructure, member services, and access supports, while the state would directly pay for the federally sensitive carve-out services through their proposed FFS system.

This approach **addresses the federal directive without eliminating meaningful access to care**, through a state-only contract with plans to manage outpatient, preventative and specialty care carved-in services and a targeted FFS carve-out for federally payable services. It also protects the safety net by avoiding the Administration's projected utilization consequences — including the proposed **16% increase in inpatient care and 12% increase in emergency room use** — because plans would continue managing outpatient access, primary and specialty care pathways, complex case management, community health worker services, and local care coordination.

Importantly, we are not asking to preserve the status quo. Plans are agreeing to give up approximately **$224 million** through reduced administrative costs, underwriting gain concessions, and opportunities to right-size rates where UIS medical loss ratios are at or below 85%. The proposal **maintains nearly two-thirds** of the Administration's assumed savings, while avoiding larger downstream costs to hospitals, clinics, physicians, counties, and members. Importantly, it preserves physician rates for managed care services paid now by health plans.

We respectfully urge the Administration to invest the approximately $190 million necessary to preserve the safety net and implement this compliant approach by January 1, 2027. California can address the federal directive and achieve meaningful savings without eliminating access to comprehensive, local, coordinated care for nearly 2 million Medi-Cal members.

While we are not naïve to the operational efforts of health plans, the Department of Health Care Services, and Medi-Cal providers necessary to implement this proposal, **we are confident it is achievable and the tradeoff is untenable.** The May Revision proposal is silent on the current readiness of the FFS system and the additional state resources that would be required to serve an additional 2 million Medi-Cal members in FFS. A dramatic increase in FFS member volume, combined with lower reimbursement rates that discourage provider participation, would place unsustainable strain on the FFS system and create significant access barriers.

Our plan does not fully address providers' need for sustainable payment levels, which will require further attention to support the stability of the broader delivery system. It also does not resolve the long-term financial viability of public hospitals, which remain essential to meeting the healthcare needs of our communities. While our model provides a compliant alternative that enables both hospitals and public health systems to optimize DSH funding, it does not by itself ensure their long-term sustainability. Similarly, there must be solution for sustainable support for community health centers/FQHCs as a core of the Medi-Cal delivery system. Supporting the safety net Medi-Cal providers will be essential to preserving comprehensive access for all populations.

We understand that the state is attempting to respond to federal guidance, but compliance does not require adopting this harmful policy. **We urge the Administration to adopt this alternative solution that allows all populations, regardless of immigration status, to benefit from**

comprehensive and coordinated care. We look forward to working with the Administration and Legislature to identify workable solutions that are both compliant with federal law and ensure true access to care.

Sincerely,

_____

Linnea Koopmans
Chief Executive Officer
Local Health Plans of California

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Dennis Cuevas-Romero, Esq.
Vice President of Government Affairs
California Primary Care Association

_____

Angela Hill
Legislative Advocate
California Medical Association

_____

Katie Rodriguez
Interim, President & Chief Executive Officer

California Association of Public Hospitals

_____

Cástulo de la Rocha, J.D.
President & Chief Executive Officer
AltaMed

cc: Tyler Sadwith
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Ensure Access and Plan Continuity for Unsatisfactory Immigration Status Medi-Cal Members

Legislative Request

1. Reject the Administration's proposal to move Medi-Cal members with unsatisfactory immigration status (UIS) wholesale into fee-for-service.
2. Direct the Department of Healthcare Services (DHCS) to implement a separate state-only contract with Medi-Cal plans that retains coordinated and accessible coverage for Unsatisfactory Immigration Status (UIS) members, with a targeted carve-out of federally payable services to FFS.

Medi-Cal FFS coverage alone is not access. Access requires providers willing to see members, systems that help members navigate care, and accountability for outcomes. Coalition partners have emphasized that few providers, and even fewer specialists, accept FFS Medi-Cal, creating the risk of coverage without meaningful access, particularly for children, older adults, and people with complex needs.

Problem	Solution
Federal Compliance. The state must respond to federal direction regarding federal financial participation for emergency Medicaid services.	DHCS has acknowledged that this solution is compliant.
Budget savings. The state has been directed to identify savings in a constrained budget environment.	Our solution represents nearly 2/3 of the savings assumed by the Administration.
Timing. The solution must be implementable before January 1, 2027.	Preserving existing plan infrastructure is more operationally realistic than moving nearly two million members into FFS.

UIS members remain in coordinated Medi-Cal coverage under a separate state-only contract, while services that are eligible for federal financial participation are carved out and paid through the State's fee-for service (FFS) system.

Design Element	Proposed Approach
Enrollment	UIS members remain with their existing health plan to deliver carved-in benefits, preserving continuity with their plan, provider network, member services, care coordination infrastructure, and access supports.
State-only contract	DHCS executes a separate state-only contract with Medi-Cal health plans for the UIS population. Plans receive prospective state-only capitation for carved-in services, benefit administration, care coordination and overall population management.
State-paid carve-out	The state assumes the financial risk of and pays fee-for-service for services that may be eligible for federal financial participation or are under federal scrutiny: hospital inpatient and hospital-based outpatient services, and emergency department services, including professional, and OB services, including prenatal care, labor, and delivery.
Plan role	Plans continue to manage and pay for carved-in Medi-Cal services, including non-hospital based outpatient care, preventive care, behavioral health, rehabilitative and habilitative services, laboratory services, LTC, member services, network access, care coordination, utilization management, quality monitoring, and provider payment arrangements.

Quality and oversight	Plans work with DHCS to develop appropriate access and quality metrics for the population.

Fiscal Framework: Reasonable Savings Without an Access Crisis. The LHPC model recognizes the state's budget reality. It is not a request to preserve the status quo without concessions. It maintains nearly 2/3 of the savings scored by the Administration while avoiding larger, less predictable downstream costs, ensures continuity of care, and promotes cost-effective preventative care. We urge the Legislature to fund the $190 million shortfall to avoid major access and care disruptions impacting members and the sustainability of the safety net.

Savings / Cost Issue	May Revision / Risk	LHPC Alternative
ECM and Community Supports	May Revision assumes savings from eliminating ECM and Community Supports for UIS members.	LHPC model maintains those May Revision savings assumptions: **$50.1 million** for ECM and **$39.2 million** for Community Supports.
Emergency / inpatient utilization	Administration assumes increased ED and inpatient utilization, while also relying on lower overall utilization. The risk is that FFS access gaps produce higher acute care costs than assumed.	**Eliminates the $244.7 million GF offset** anticipated for higher IP/ED utilization without adding state-dollar cost. Maintains outpatient access, primary/specialty care pathways, complex case management, CHW services, and overall coordination of care including referral to counties, when appropriate.
Plan administration and underwriting gain	Current proposal removes capitation entirely but requires the state to absorb a major FFS administrative build and operational risk.	Assumes **$187 million savings** by reducing administrative cost paid to plans for a narrower carved-in package, plan concessions such as underwriting gain (profit) reduction **($25 million in savings)**, and creates opportunities to right-size rates where UIS MLR is at or below 85% **($12 million in savings)**.
State administrative burden	FFS transition requires state systems, claims capacity, call center support, provider network build, provider support, authorization processes, dispute resolution, fair hearings support, and member communications for nearly two million people.	Preserves existing plan infrastructure for carved-in services, reducing the operational burden on DHCS and the risk of implementation failure.

Impact on Providers, Counties, and Members

- **Physicians and clinics:** preserves managed care relationships, referral pathways, payment arrangements for carved-in services, care coordination, and utilization support - instead of forcing members to independently find FFS providers willing to accept lower payment rates.
- **Counties:** reduces downstream pressure on behavioral health, public health, housing, eligibility, and indigent care systems.
- **Members:** preserves continuity with the plan they know, the providers they trust, and the local systems that help them navigate care.
- **Hospitals:** provides clarity that carved-out inpatient, hospital-based outpatient, emergency department, emergency professional, and OB services would be paid directly by the state, while managed care continues working to keep members connected to outpatient care before they deteriorate into crisis.
    - Our plan does not fully address hospitals' need for sustainable payment levels, which will require further attention to support the stability of the broader delivery system. It also does not resolve the long-term financial viability of public hospitals, which remain essential to

meeting the healthcare needs of our communities. While our model provides a compliant alternative that enables both hospitals and public health systems to optimize DSH funding, it does not by itself ensure their long-term sustainability. Addressing these needs is critical to preserving comprehensive access for all populations.