Fiscal Update

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August 25, 2026

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Today's Discussion

01

The Changing Landscape

What is changing and why it matters

02

Our Response

CCH is adapting to the current fiscal environment

03

Focus on CCRMC

Why the care delivery system is most affected

04

Changing for the Future

Modernizing the County's hospital and health clinics to meet future community needs

Takeaways

Near-Term Progress

CCH has identified initiatives to reduce the FY 2026-27 deficit from **$80M to $10M**

Long-Term Pressure

Federal and state changes contribute to a projected **$730M five-year cumulative deficit**

CCRMC Most Affected

The County's hospital and clinic network face the steepest fiscal challenge, requiring long-term planning to **preserve care** for the community

Principles

Prioritize Care

Prioritize direct care and essential community services

Preserve Access

Protect access to care and services, especially for underserved and historically marginalized communities

Manage Efficiently

Manage more efficiently with a smaller workforce while minimizing layoffs

Updated Projections

Approved FY 2026-27 Budget

$80M deficit due to federal and state policy changes reducing healthcare funding

Updated FY 2026-27 Budget Projection

Budget-balancing initiatives identified reduce deficit to **$10M**

Long-Term Fiscal Outlook

Projected **$730M** cumulative structural deficit through FY 2030-31
Closing the long-terp gap will require state and federal policy and funding changes

Previous Fiscal Updates

All-Staff Message (December 2025) | December 2025 Board Presentation | March 2026 Board Update

Balancing the 2026-27 Budget

Revenue & Productivity

Initiative	*Impact*
Improve provider scheduling workflows	$25M
Commercial health plan restructuring	$15M
Coding, billing and credentialling improvements	$5M
Optimize service lines	$3M
CalAIM billing opportunities	$2M
Total FY 2026-27 Revenue Initiatives	**$50M**

Cost Containment

Initiative	*Savings*
CCHP medical cost management	$7M
Hiring prioritization	$6M
IT contract reductions	$6M
Restructure CCHP community supports	$1M
Total FY 2026-27 Cost Containment	**$20M**

$80M
Projected FY2026-27 Budget Deficit

$50M Revenue & Productivity + **$20M** Cost Containment
Approximately $70M in FY2026-27 initiatives

$10M
Remaining Projected Deficit

Timeline of HR1 & State Budget Impacts

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Earlier in 2026

Full-scope Medi-Cal closed to new adult applicants without verified immigration status (UIS)

October 2026

Cuts to federal funding for emergency care

January 2027

Work requirements & 6-month renewals take effect

About 47,500 residents move from managed care to fee-for-service Medi-Cal

July 2027

Routine dental care ends for UIS adults

$30 monthly premium begins for UIS adults 19–59, may rise to $50

Primary care reimbursement for UIS members falls to fee-for-service rates

October 2027

Global Payment Program (GPP) ends, federal funding for uninsured care becomes limited to hospital services

Limits begin on provider taxes that help fund Medi-Cal

January 2028

Supplemental Medi-Cal payments to public hospitals begin declining annually

Federal — H.R. 1

California 2026-27 Budget

What doesn't change: The County hospital remains responsible for screening and stabilizing everyone who comes to the emergency department

Drivers of Structural Deficit through 2030-31

Federal Funding Reductions

Global Payment Program (GPP) – ($180M)

Funding for primary and preventative care provided to uninsured patients

State Directed Payments (QIP & EPP) – ($140M)

Supplemental Medi-Cal funding tied to performance

Federal Support for Emergency Care – ($50M)

Federal funding for emergency care at public hospitals

Medi-Cal Disenrollments – ($20M)

Coverage losses from work requirements and 6-month renewals

$390M

State Funding Changes

Primary Care Reimbursement – ($350M)

People without verified immigration status lose access to managed Medi-Cal (January 1, 2027)

State funding for their primary and preventative care is lost

Managed Medi-Cal – ($100M)

47,500 members move from managed care to fee-for-service Medi-Cal

Medi-Cal Benefit Reductions – ($10M)

Dental and pharmacy benefits cut for affected adults

$460M

Federal law requires the County hospital and clinic network to screen and treat anyone who visits the emergency department — **with less federal support to do so**

Impacts on People's Healthcare

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Managed Care Medi-Cal

~300,000 today

Comprehensive coverage
Capitated payment
Predictable reimbursement

Fee-For-Service Medi-Cal

~47,500 beginning Jan. 1, 2027

Less care coordination
Up to $50 monthly premium
Payment per service
~90% lower reimbursement

Uninsured

Up to 93,000 by 2031

No health coverage
County-funded care
No Medi-Cal reimbursement

As people lose coverage…

- **Access to Care** ↓
- **Reimbursement for services** ↓
- **Care Coordination** ↓
- **Preventable Illness & Death** ↑
- **County Financial Exposure** ↑

What doesn't change: the emergency department remains open to everyone as a last resort — **often when patients are sicker and care is more expensive**

Contra Costa Health Five-Year Outlook

($ millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	TOTAL
Previous Budget Projection	($370)	($330)	($370)	($420)	($480)	($1,970)
Updated Projection	($290)	($330)	($400)	($460)	($530)	($2,010)
County General Fund Support	$280	$250	$250	$250	$250	$1,280
Surplus / (Deficit)	**($10)**	**($80)**	**($150)**	**($210)**	**($280)**	**($730)**
Projected Fund Balance	**$520**	**$440**	**$290**	**$80**	**($200)**	

FY2027-28 planning will focus on closing the near-term deficit while preparing for long-term structural change, **particularly at the County's hospital and clinic network**

Five-Year Outlook Assumptions

Revenue Assumptions

Patient Volume
No primary care visit growth assumed

1% annual growth assumed in inpatient and emergency department volume

County Funding
County funding remains flat, with flexibility to redirect funds to the County hospital and clinics

Medi-Cal Rates
Medi-Cal managed care rates increase only with inflation beginning 2026-27

Expense Assumptions

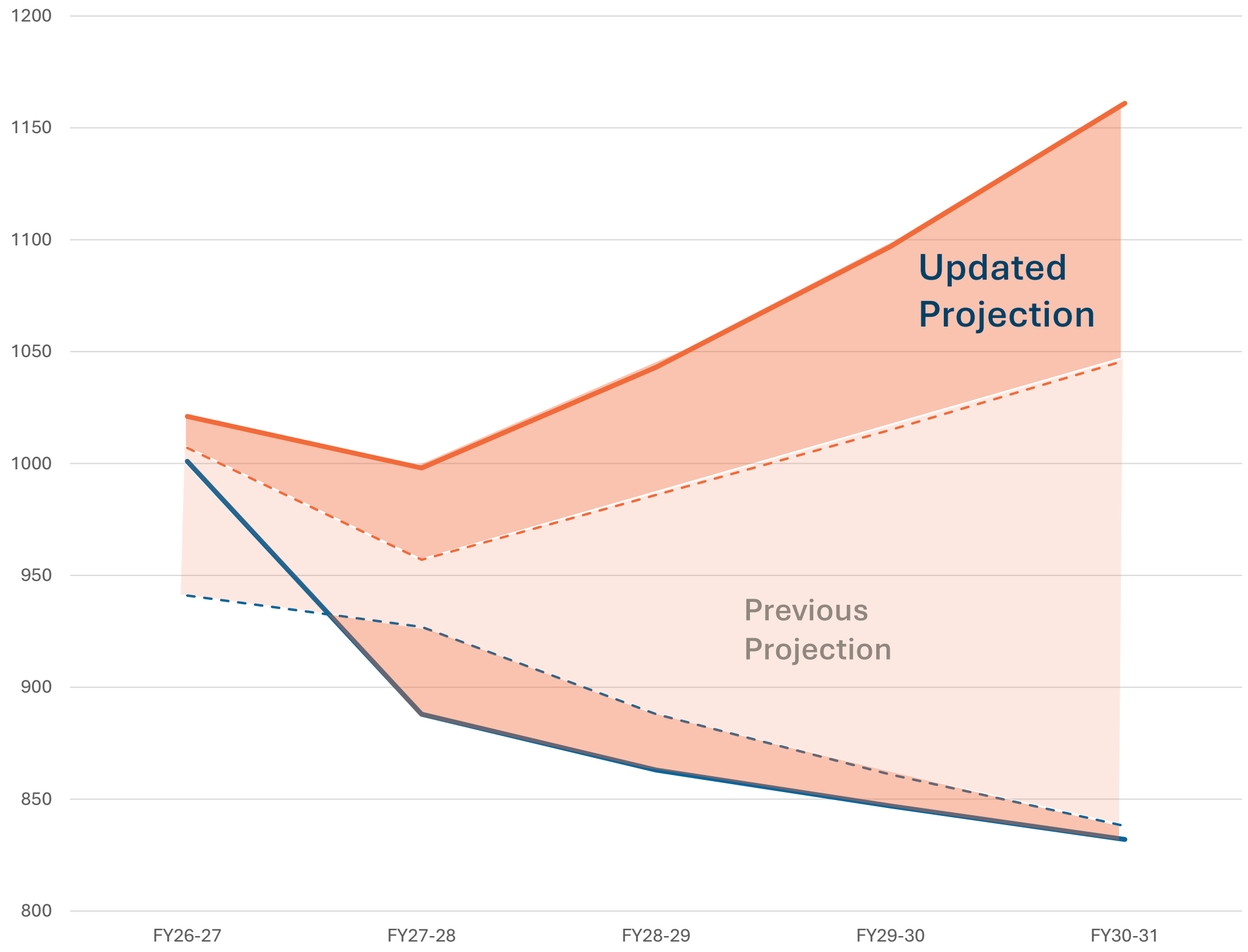
Labor Costs
Labor costs reflect negotiated agreements where available and inflation where agreements remain open

Contracted Services
Contracted service costs increase 5% annually

Pharmaceuticals & Supplies
Pharmaceutical and supply costs continue at current growth trends

Capital
Outlook includes the seismic project at the County hospital and ongoing capital costs

Focus on County Hospital & Clinics



Key Financial Impacts

($20M)

FY2026-27 projected hospital & clinics deficit

($890M)

Five-year projected hospital & clinics deficit

$173M

State-mandated capital costs

Partially offset by $80M in one-time Measure X revenue

Care Delivery System Focus

The greatest impact falls on **Contra Costa Regional Medical Center & Health Centers**, the County's hospital and clinic network

Regional Medical Center Matters

The County hospital and health centers are the **cornerstone** of Contra Costa County's healthcare system

These services cannot be replaced without reducing healthcare capacity and limiting access, especially for residents who have fewer options for care

38,000+
emergency visits in 2025-26

1 in 5
Of all Contra Costa residents receive their primary care at our clinics

11
Community health clinics across the county

1
Psychiatric Emergency Services program in Contra Costa

County Hospital & Clinics Today

Hospital Services

167 inpatient beds

Emergency department

Psychiatric emergency services

Labor & delivery

Medical/surgical care

Ambulatory Network

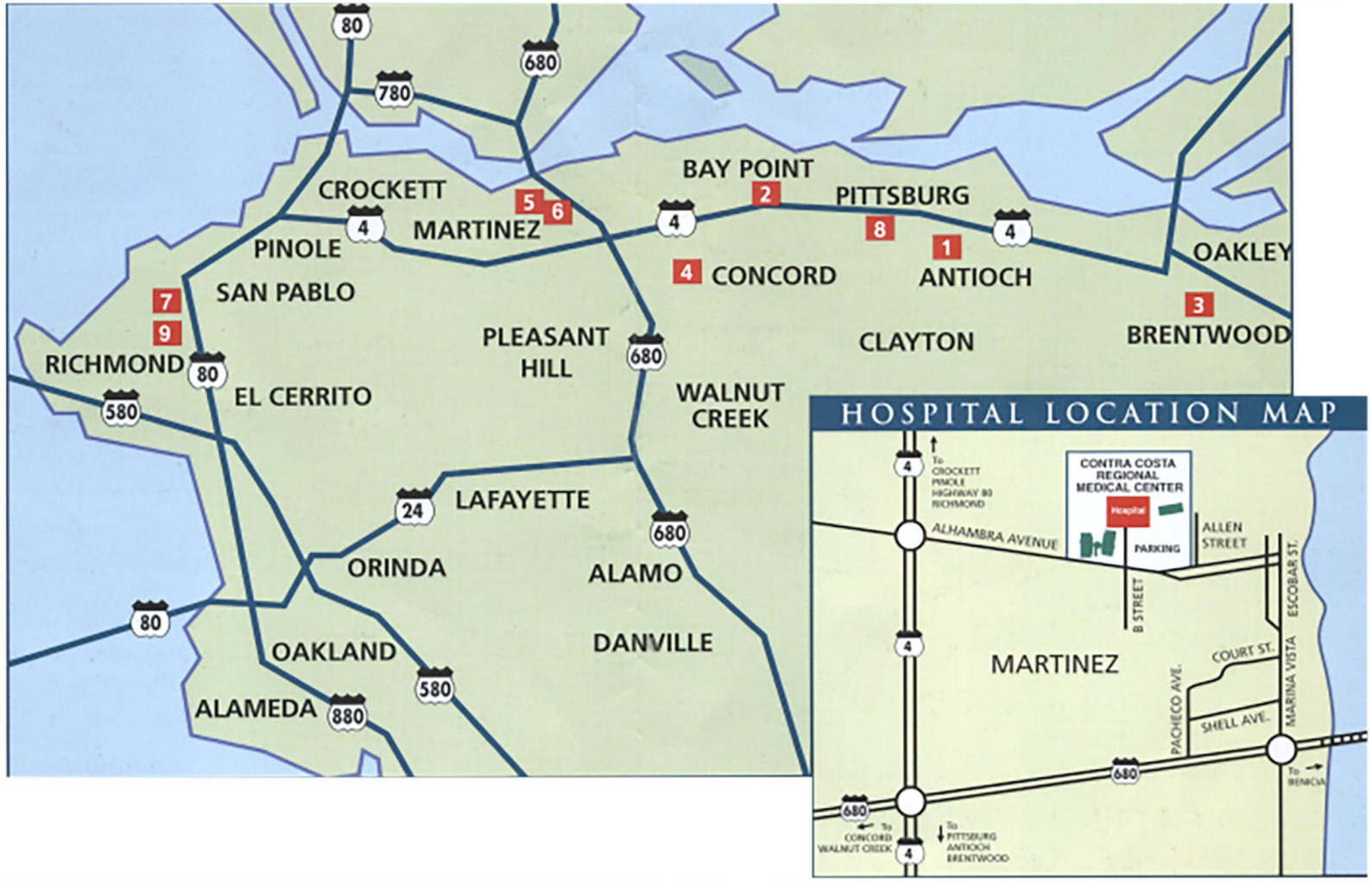
11 clinics across **9** locations

Primary and specialty care

Presence across West, Central and East County

Workforce

2,400+ employees serving County residents



Defining CCRMC's Future

Recommended path will require additional budget-balancing measures

	Status Quo	Single-Specialty (Behavioral Health)	Recommended path forward Multi-Specialty	Close Hospital & Expand Ambulatory Care
Intent / Purpose	Understand the cost of maintaining the current model	Become the County's specialty hospital for behavioral health	Restore services the community currently seeks elsewhere	Understand the costs and consequences of closing the hospital
Description	Continue current operations and planned performance improvements	Focus the hospital on behavioral health services	Restore critical services and invest where community demand supports growth	Wind down hospital services and redirect resources to clinic network
Impact to the Community	**Access continues to decline as financial pressure grows**	**Expands behavioral health access but ends acute and surgical care**	**Restores local access to services residents currently seek outside the County system**	**Eliminates the County's only public hospital to expand ambulatory care**

Building a Sustainable Future

Advocate for Policy & Funding Solutions

Policy: Work with elected officials to minimize or reverse harmful effects of H.R. 1

Funding: Pursue sustainable state and federal funding for County healthcare

Focus on Clinical Services

Hospital: Grow strategically to restore essential services (acute primary care, psychiatry)

Clinics: Improve access to meet patient demand as H.R. 1 takes effect

Improve Financial Performance

Revenue: Improve how we capture and collect patient revenue

Expenses: Align staffing and supply costs with patient volume

OUR EFFORTS ALONE WILL NOT BE ENOUGH

Even with major clinical and financial improvements, changes in state and federal policy and funding will be necessary to sustain the County hospital and clinic system

Planning Future Clinical Services

What We’re Analyzing

Patient referrals within and outside the County system

Contra Costa Health Plan claims

Current and future hospital and clinic capacity

What We Want to Learn

Where patient demand exceeds available services

Where capacity exceeds demand

Which services should grow, change or be reduced

What It Will Inform

Service priorities

Implementation timelines

Capital investment

Expected clinical and financial impacts

Next Steps

Advance the Plan

Execute the FY 2026-27 balancing plan and continue refining the long-term delivery system strategy

Monitor Progress

Return regularly to the Board with financial and implementation updates

Board Partnership

Work with the Board and CAO to evaluate options and make key policy decisions

Stakeholder Engagement

Engage employees, providers and community partners as implementation continues

Thank you

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Key Terms

COVERAGE & POLICY

H.R. 1	House Resolution 1. Federal law changing healthcare eligibility and financing.
UIS	Unsatisfactory Immigration Status. Medi-Cal eligibility category based on federal immigration requirements.
Managed Medi-Cal	Medi-Cal coverage provided through a managed care health plan, such as Contra Costa Health Plan (CCHP).
Fee-For-Service Medi-Cal	Medi-Cal coverage that pays healthcare providers directly for covered services.

FUNDING

QIP	Quality Incentive Pool. Medi-Cal funding tied to quality improvement and performance.
GPP	Global Payment Program. Supplemental funding for care provided to uninsured patients.
EPP	Enhanced Payment Program supplemental funding program incentivizing certain cost containment measures.
PPS	Prospective Payment System. Payment system that reimburses providers using predetermined rates.