The Effects of H.R. 1 and State Policy Changes on Healthcare Coverage and Financing

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CONTRA COSTA HEALTH

CONTRA COSTA COUNTY
EMPLOYMENT & HUMAN SERVICES

Contra Costa Board of Supervisors 12/16/25

Goals

- Understand the fiscal effects of H.R. 1 and state changes in Medi-Cal policy and public hospital funding.
- Understand the uncertainty and risks associated with changes.
- Understand the effects of these policies on healthcare coverage.
- Review potential steps to mitigate the effects of these policies.
- Review considerations to provide medical services to people with no coverage.
- Receive direction from the Board regarding next steps for Contra Costa Health (CCH).

Mission Statements

Our mission is to care for and improve the health of all people in Contra Costa County *with special attention to those who are most vulnerable.*

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We partner with the community to deliver quality services to ensure access to resources *that support, protect, and empower individuals and families to achieve self-sufficiency.*

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Effects of Federal and State Changes

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H.R. 1 changes to Medi-Cal:

- Imposes financing restrictions that strip billions in federal support.
- Creates eligibility and access barriers that will make it more difficult for people to get or stay covered.

State changes to Medi-Cal:

- Reduces eligibility, particularly for adults with Unsatisfactory Immigration Status (UIS).
- Reduces reimbursement to Federally Qualified Health Centers for care provided to the adult UIS population.

By the Numbers

- While difficult to predict, EHSD estimates that as many as **93,000** people in Contra Costa County will be subject to the new rules.
- Cumulative CCH state and federal funding will be reduced by an estimated **$307 (287-328) million** through 2029.
  - **$159 (139-180) million** due to Medicaid disenrollment.
  - **$148 million** due to "supplemental" state and federal funding.

Eligibility Changes Timeline

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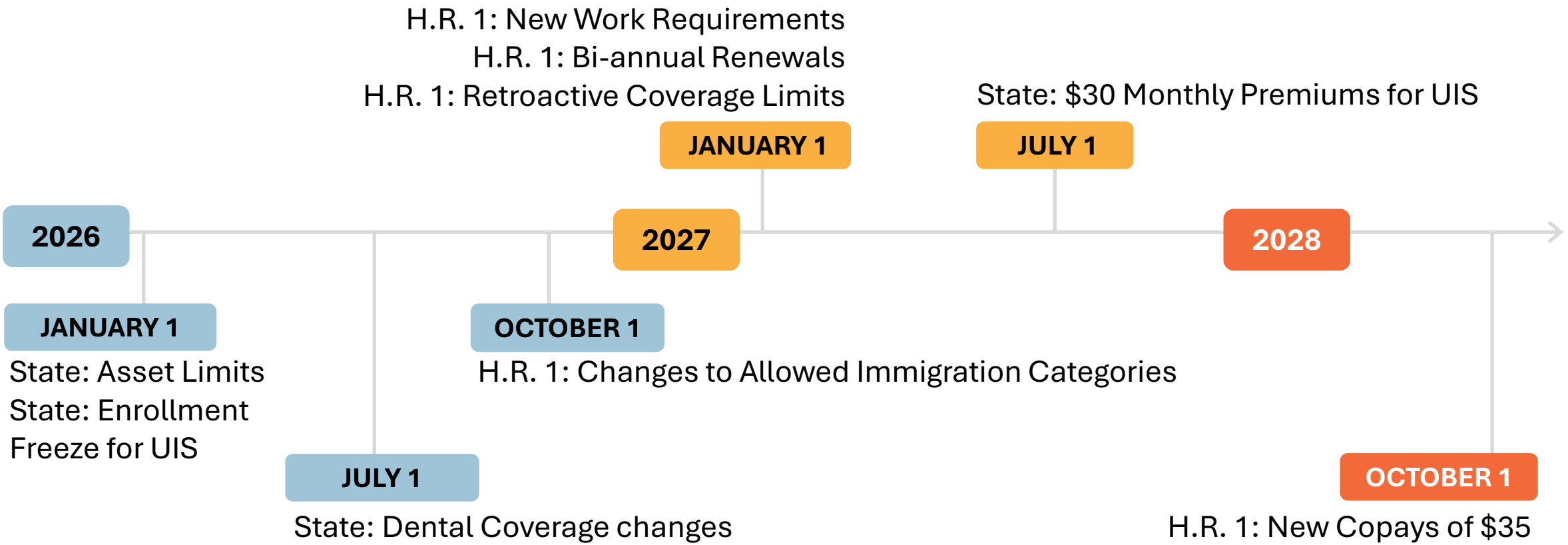
Projected Unduplicated Total Individuals Impacted
Residents ~ 93,000 | CCHP members ~ 83,000



Estimated Enrollment Impacts

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	UIS Enrollment Freeze	$30 Premium	Work Requirements		Illustration of Potential Unduplicated Enrollment Losses			
			UIS	SIS	100%	75%	50%	25%
CCHP Only	28,000	25,335	7,858	54,717	82,717	62,038	41,359	20,679
CCHP + Kaiser	28,821	26,041	8,107	64,311	93,132	69,849	46,566	23,283

Note: UIS = Unsatisfactory Immigration Status | SIS = Satisfactory Immigration Status | CCHP = Contra Costa Health Plan

Keeping People Enrolled in Medi-Cal

- Engaging with California Welfare Directors Association (CWDA).
- EHSD employee training.
- Direct recipient communications.
- Tabling at community events.
- Health provider hotline.
- Data-sharing MOUs and operational workgroups.
- Multilingual and multi-platform messaging.
- 2026 expanded Community Based Organization (CBO) enrollment support.

We Must be Flexible and Adaptable

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Uncertainty Escalates Over Time

FY 2025-26 Low	FY 2026-27 Medium	FY 2027-28 High	FY 2028-29 High
H.R. 1 enacted, guidance pending. Timing, enforcement, scope, phase-in plans unclear. Unknowns: Local impact of federal safety-net cuts, including how the state will allocate reduced dollars, provider tax rules, program changes.	Cuts begin: • Disproportionate Share Hospital • Global Payment Program • Federal Medical Assistance Percentage • Prospective Payment System Legal and legislative challenges may delay or soften impacts.	Work, redetermination requirements begin. Implementation and enforcement standards undefined. State responses to coverage loss unknown.	State Directed Payment reductions begin (10%/yr). Future administrations or waivers may alter course. Long-term reforms could amplify or reverse cuts.

Immediate CCH Priorities

- Determine fiscal effects on Contra Costa Regional Medical Center (CCRMC) and CCH Clinics.
- Institute performance improvement activities to optimize operational efficiency and cost savings.
- Collaborate with EHSD and community partners to enroll and keep people enrolled in Medi-Cal.
- Review and update Basic Healthcare program that provides services to people with no healthcare coverage options.

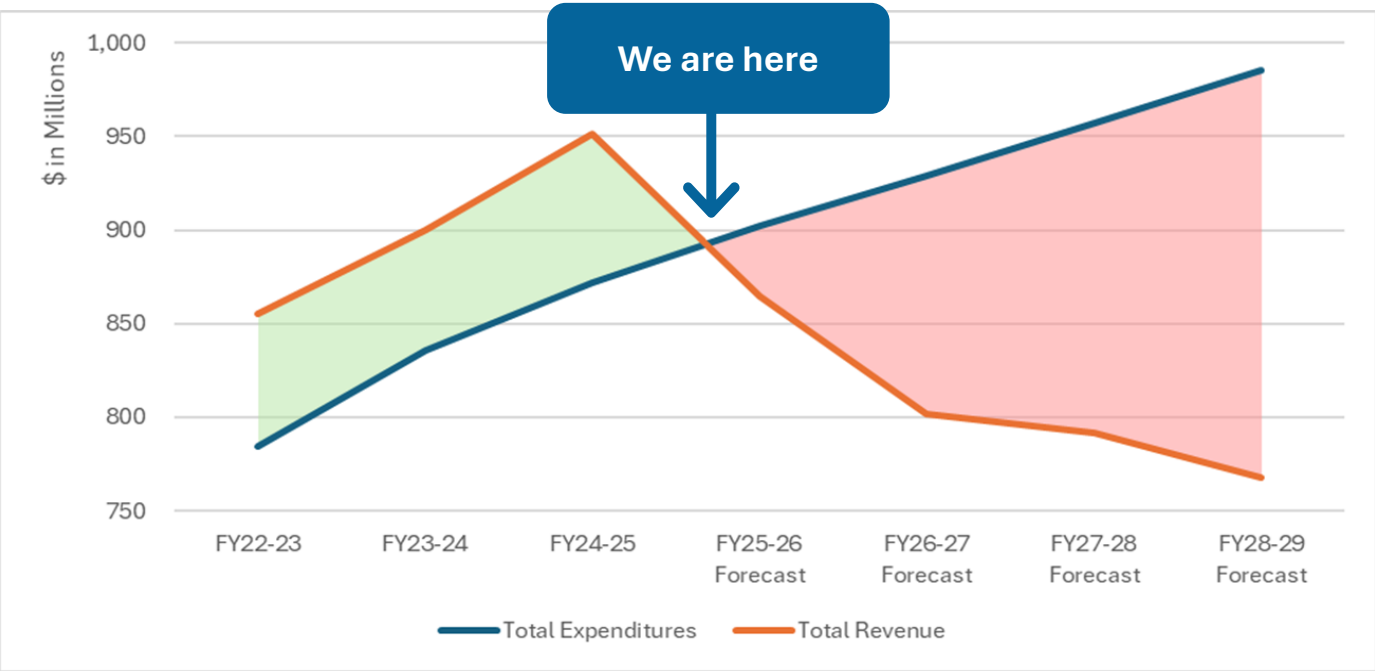
Other potential steps to mitigate effects of these policies

- Delay or reverse state and federal changes.
- Identify other sources of revenue to fill gaps.

Estimated Budget Impacts

CCRMC and Clinic System Forecast

($ in Millions)



Year	FY22-23	FY23-24	FY24-25	FY25-26 Forecast	FY26-27 Forecast	FY27-28 Forecast	FY28-29 Forecast
Revenue Baseline	$ 855	$ 900	$ 952	$ 878	$ 878	$ 878	$ 878
Legislative Impacts- State					(36)	(38)	(38)
Legislative Impacts- Federal				(13)	(41)	(49)	(73)
Total Revenues	855	900	952	865	801	792	768
Total Expenditures	784	836	872	902	929	957	986
Difference	71	64	80	(37)	(128)	(165)	(218)
Estimated Ending Fund Balance	$ 299	$ 364	$ 443	$ 406	$ 279	$ 113	$ (104)

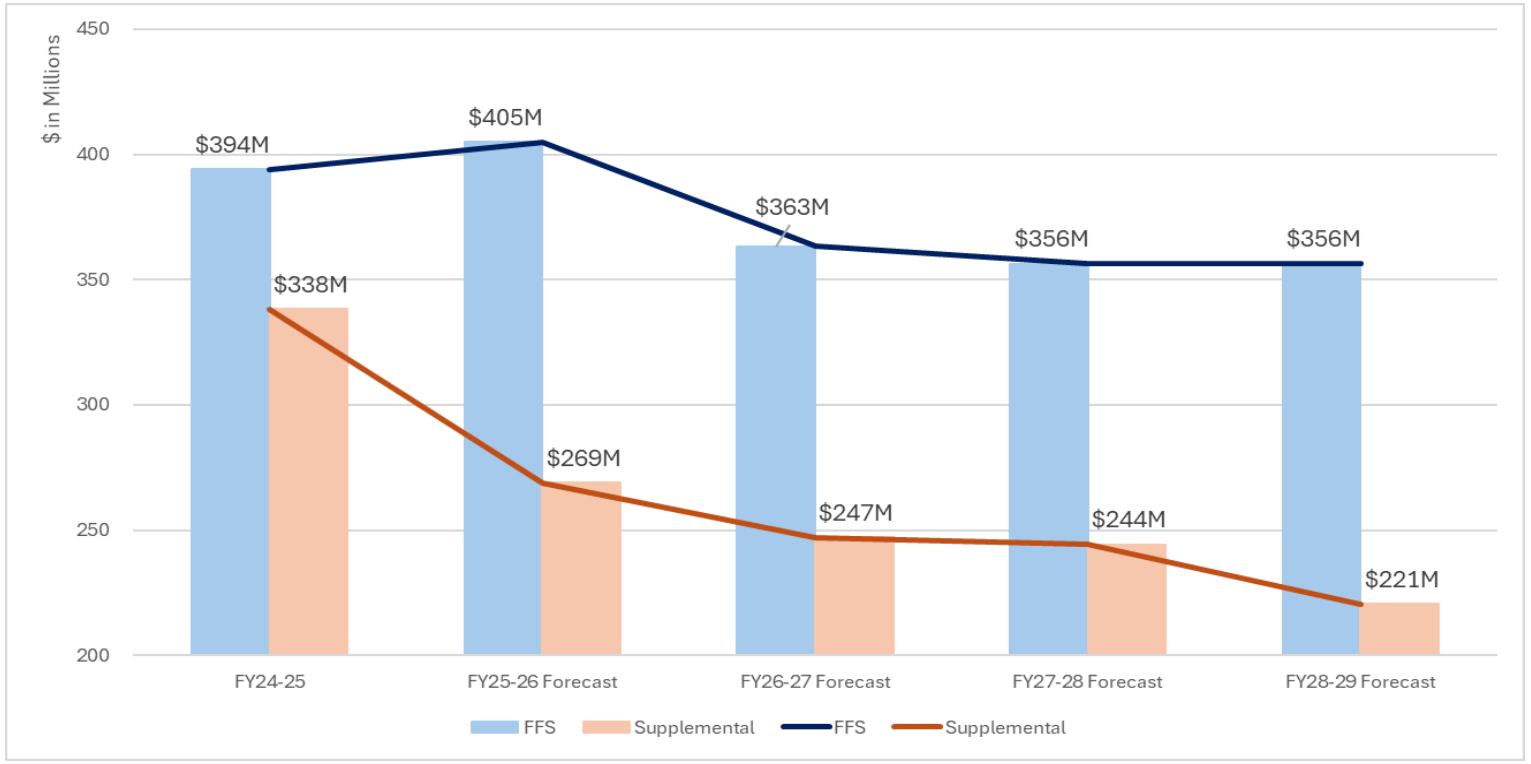
Assumptions

- Revenue assumes baseline of FY25-26 impacted by projected funding reductions.
- Expenditures assume FY25-26 baseline with 3% YOY growth.
- Total Revenue includes County subsidy and interest income.
- Additionally, CCRMC will incur $240M of necessary capital expenditures, partially offset by $80M one-time Measure X funding. Inclusion of these items would result in a projected fund balance deficit of $264M in FY29.

Estimated Projected Impacts

CCRMC and Clinic Systems

Fee For Service (FFS) and Supplemental Revenue



Key Takeaway

Over the next four years, we expect reductions to CCRMC of $139M and $148M for FFS and Supplemental revenues respectively, due to state and federal legislative changes.

Performance Improvement Workgroups

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Multiple workgroups to improve operations and optimize care delivery

Facility Optimization
Optimize clinically licensed space. Lower total cost of ownership, reduce risk and improve room utilization.

Informatics and Technology
Optimize CCH's technology investments. Eliminate duplicative systems.

Labor and Workforce
Realize full potential of workforce talents and skillsets.

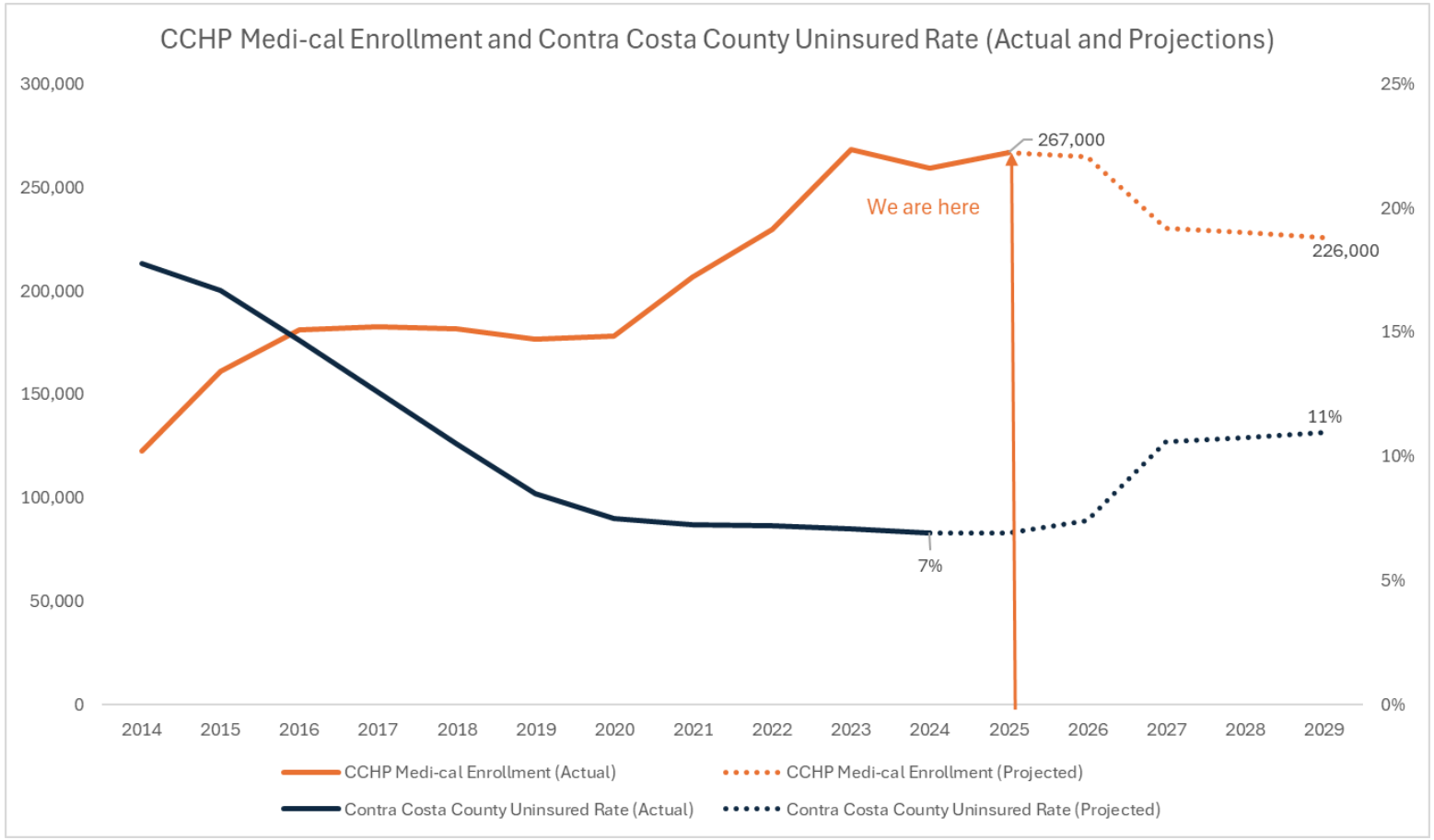
Pharmacy
Reduce medication purchasing costs, maximize reimbursement.

Revenue Cycle
Optimize scheduling and pre-authorization, improve billing accuracy and reduce operational costs.

Service Optimization
Cut external spend/leakage, eliminate duplication, shift care to the clinically/financially optimal setting.

Supply Chain and Purchased Services
Reduce supply and contracted service costs.

Uninsured Rates Rise as Enrollment Falls



- If 50% of the projected 83,000 impacted individuals lose coverage, the cumulative four-year CCHP membership loss is projected at **41,000 members**.
- Cumulative four-year CCHP loss projected at **$20M ($0 – $41M).**

Data Sources:
Contra Costa County Uninsured Rate: American Community Survey estimates
CCHP Enrollment: Epic/DHCS

Welfare and Institution Code (WIC) Section 17000

Obligates counties to serve as the provider of “last resort” for indigent Californians who have no other means of support.

Welfare and Institutions Code § 17000: “Every county and every city and county shall relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident, lawfully resident therein, when such persons are not supported and relieved by their relatives and friends, by their own means, or by state hospitals or other state or private institutions.”

Source: Section 17000, https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=WIC§ionNum=17000. (updated Jan. 1, 1965; accessed Nov. 17, 2025)

Some Options for Providing Care for the Uninsured

- Provide indigent care as required under WIC section 17000.
- Provide emergent/urgent care for all.
- Consistent with prior Board direction, offer means-tested basic healthcare services to certain residents who are not eligible for insurance.

Current County Basic Health Care Program

- Health program for uninsured people with an income of <300% Federal Poverty Level who live in Contra Costa County regardless of their documentation status and who are not eligible for insurance.
- Care is provided at CCRMC, CCH clinics, or at select community clinics.
- Services generally include office visits, family planning, emergency and urgent care, and limited prescriptions.
- 15 people currently enrolled in county program.
- Governed by Resolution No. 2002/312.
- Distinct from the basic healthcare program at community clinics (CARES 2.0).

Considerations for the Future of the County Basic Health Care Program

- Review costs, feasibility and operational considerations given anticipated increased demand.
- Consider changes in eligibility.
- Consult with community stakeholders.

Strengthening Health Partnerships to Address the Challenges Ahead

- Community Partnerships
- Local hospitals and health systems
- Hospital Council
- California Association of Public Hospitals and Health Systems (CAPH)
- Other local county health departments

Recommendations

- ***CONSIDER*** accepting the report on the impacts of H.R. 1 and State changes to Medicaid policy; and
- ***CONSIDER*** directing the Health Services Director to review and amend eligibility requirements and standards for the Basic Health Care program established by Resolution No. 2002/312; and
- ***DIRECT*** Contra Costa Health to return to the Board in early 2026 with proposed amendments or alternatives to the Basic Health Care program.