

AB 85 (Chapter 24, Statutes of 2013)

Background. With the implementation of the Affordable Care Act, the State anticipated county costs for providing indigent care would decrease as people gained health care coverage through Medi-Cal and Covered California. AB 85 made two key changes to how much 1991 health realignment revenues were received by the county:

1. Annual Redirection: Created a mechanism for the State to annually redirect 1991 health realignment funding that the county would have otherwise received.
2. Reduced Growth Allocation: Lowered the share of growth funding allocated to the health subaccount from 52 percent to 18.45 percent, significantly slowing the growth of revenues dedicated to support county public health and indigent health care services.

Redirection Options. The redirected amounts were calculated based on two options:

- 60/40 Option. 60 percent of 1991 Health Realignment revenues are redirected to the State while counties retain 40 percent.
- Formula Option. A formula calculates savings as the difference between revenues and costs, then redirects 80 percent (70% in FY 13-14) of those savings, if any, to the State. Cost growth in this formula is capped at certain limits, with some exceptions. The total redirection is capped at the historical realignment amount.

The option applied depends on the county type, as shown in the chart below.

CMSP Counties <i>WIC 16809</i>	Public Hospital Counties <i>WIC 17612</i>	Article 13 Counties <i>WIC 17613</i>
<ul style="list-style-type: none">• 35 counties• 60% Health Realignment redirected<ul style="list-style-type: none">○ A portion of that is redirected from the CMSP Board and a portion is redirected from counties• 60% of Health Realignment is also redirected from the CMSP Board revenues	<ul style="list-style-type: none">• 12 counties• Option between 60% Health Realignment redirected OR Formula• All counties opted to use the formula• Formula accounts for county cost and revenues	<ul style="list-style-type: none">• 11 counties• Option between 60% Health Realignment redirected OR Formula• Formula accounts for county cost and revenues• Four counties opted to redirect 60%

- **CMSP Counties:** Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Imperial, Inyo, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Modoc, Mono, Napa, Nevada, Plumas, San Benito, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Tuolumne, Yolo (as of 2019), and Yuba.
- **The Public Hospital Counties:** Alameda, Contra Costa, Kern, Los Angeles, Monterey, Riverside, San Bernardino, San Francisco, San Joaquin, San Mateo, Santa Clara, and Ventura. Note: Los Angeles County, although a public hospital county, has a distinct formula-based approach.
- **The Article 13 Counties:** Fresno, Merced, Orange, Placer*, Sacramento*, San Diego, San Luis Obispo*, Santa Barbara, Santa Cruz, Stanislaus*, Tulare and Yolo (prior to 2019). *Counties with an asterisk opted to redirect 60 percent of their health realignment.

While Article 13 and Public Hospital counties had the option to select either the 60/40 option or formula option, these selections were made in 2013 and may not be altered. However, statute may allow counties to submit a petition to the County Health Care Funding Resolution Committee under specified circumstances, including “federal law [changes] that have a material impact on the provision of health care services to indigent adults.”

Redirected Amounts. The Governor’s 2025 May Revision estimates \$336 million would be redirected from the CMSP Board and CMSP counties, roughly \$184 million from public hospital counties, and roughly \$204 million from Article 13 counties, estimating a total redirection realignment funding of roughly \$725 million in FY 2025-26.

Note: Under SB 1371 (2019), CMSP no longer receives any 1991 health realignment revenue until a specified reserve level is achieved. The redirection amounts for the CMSP Board reflect revenues that would have otherwise been allocated to it.

Use of Redirected Funds. Funds redirected under AB 85, along with the reduced growth allocation from the health subaccount, are used by the state to support CalWORKs grant increases.