



May 19, 2026

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

The Honorable Dawn Addis
Chair, Assembly Budget Subcommittee No. 1
1021 O Street, Room 4120
Sacramento, CA 95814

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

Dear Assembly Member Gabriel and Assembly Member Addis,

The California State Association of Counties (CSAC), Urban Counties of California (UCC), Rural County Representatives of California (RCRC), County Medical Services Program (CMSP), California Association of Public Hospitals and Health Systems (CAPH), County Health Executives Association of California (CHEAC), County Welfare Directors Association of California (CWDA), County Behavioral Health Directors Association of California (CBHDA), and the Service Employees International Union-California (SEIU California) write to request your leadership and partnership in addressing anticipated coverage losses resulting from federal work requirements and their impact on Medi-Cal eligible populations and county indigent care programs.

California has been a national leader in reducing the uninsured rate and expanding access to care following implementation of the Affordable Care Act. However, provisions in H.R. 1 threaten to reverse this progress. These changes put coverage at risk for more than one million Californians and will significantly increase the number of individuals who may turn to county indigent care programs which lack the resources to absorb this demand.

Counties serve as providers of last resort, delivering basic, often time-limited, medical care under their indigent care obligations. As Medi-Cal and Covered California expanded coverage, the state enacted AB 85 (Chapter 24, Statutes of 2013), which reduced available 1991 health realignment funding by slowing revenue growth and redirecting substantial funding to offset General Fund

costs. As a result, counties do not have the financial capacity to respond to a large-scale shift of newly uninsured residents without additional support.

Counties have developed a comprehensive budget request to address the impact of H.R. 1 – including the need for funding for indigent care programs, county eligibility workload associated with changes to Medi-Cal and CalFresh, impacts of H.R. 1 on public hospital finances, and impacts on county behavioral health programs from people losing Medi-Cal coverage. Due to increased demand for county indigent care services under H.R. 1, counties have requested state funding of \$761 million in 2026-27 and \$2.4 billion in 2027-28 to rebuild the infrastructure and deliver indigent care services.

Recognizing the significant fiscal challenges facing the state and the difficult decisions before the Legislature, we acknowledge that alternative approaches to preserving access to care may need to be considered.

As an alternative to the state funding county costs to provide indigent care to those losing Medi-Cal coverage due to H.R. 1 community engagement requirements, we recommend the state establish a limited, emergency-only Medi-Cal benefit for two years. We estimate the benefit cost of this approach to be up to \$40 million in 2026-27 and \$415 million in 2027-28 and the county administrative cost to be \$10 million in 2026-27 and \$48 million in 2027-28.

This approach would:

- Ensure access to critical, life-saving care and stabilization services
- Prevent individuals from becoming fully uninsured and immediately shifting into unprepared county indigent care systems
- Allow the state to more easily access allowed federal funding when individuals are admitted for in-patient emergency services, which provides an exemption from H.R. 1 work requirements.
- Provide the State with a two-year stabilization period to assess the real-world impacts of H.R. 1 and develop longer-term policy solutions

Rather than allowing individuals to “fall off” Medi-Cal entirely, this limited benefit would maintain a basic coverage floor while avoiding the costly and complex need to rebuild indigent care infrastructure.

Our shared north star remains full-scope coverage for all Californians. Counties would strongly support any expansion beyond emergency-only services as resources allow.

Thank you for your leadership and partnership as we work together to identify pragmatic, fiscally responsible solutions that preserve access to care and maintain coverage for California’s most vulnerable residents.

Sincerely,

As signed by

Brendan McCarthy, Sr. Legislative Advocate
California State Association of Counties
(CSAC)

As signed by

Kelly Brooks-Lindsey, Legislative Advocate
Urban Counties of California (UCC)

As signed by

Sarah Dukett, Policy Advocate
Rural County Representatives of California
(RCRC)

As signed by

Katie Rodriguez, Interim President & CEO
California Association of Public Hospitals and
Health Systems (CAPH)

As signed by

Kari Brownstein, Executive Director
County Medical Services Program (CMSP)

As signed by

Michelle Gibbons, Executive Director
County Health Executives Association of
California (CHEAC)

As signed by

Michelle Doty Cabrera, Executive Director
County Behavioral Health Directors
Association of California (CBHDA)

As signed by

Carlos Marquez, III, Executive Director
County Welfare Directors Association of
California (CWDA)

As signed by

Beth Malinowski
Government Relations Advocate
SEIU California

cc: Honorable Members, Assembly Budget Committee
Joe Stephenshaw, Director, California Department of Finance
Kim Johnson, Secretary, California Health and Human Services Agency
Michelle Baass, Director, California Department of Health Care Services
Erica Pan, Director and State Public Health Officer, California Department of Public Health
Richard Figueroa, Office of Governor Gavin Newsom
Paula Villescaz, Office of Governor Gavin Newsom
Rosielyn Pulmano, Office of the Assembly Speaker
Christian Griffith, Assembly Budget Committee
Patrick Le, Assembly Budget Committee
Joe Shinstock, Assembly Republican Caucus
Eric Dietz, Assembly Republican Caucus
Jason Constantouros, Legislative Analyst's Office