



California State  
Association of Counties



May 19, 2026

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

The Honorable Caroline Menjivar  
Chair, Senate Budget & Fiscal Review Subcommittee No. 3  
1021 O Street, Room 6630  
Sacramento, CA 95814

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

Dear Senator Laird and Senator Menjivar,

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*

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

*As signed by*

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

*As signed by*

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

*As signed by*

Beth Malinowski  
Government Relations Advocate  
SEIU California

*As signed by*

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

*As signed by*

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

*As signed by*

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

*As signed by*

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

cc: Honorable Members, Senate Budget & Fiscal Review 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  
Marjorie Swartz, Office of the Senate President pro Tempore  
Elisa Wynne, Senate Budget & Fiscal Review Committee  
Scott Ogus, Senate Budget & Fiscal Review Committee  
Kirk Feely, Senate Republican Caucus

Anthony Archie, Senate Republican Caucus  
Jason Constantouros, Legislative Analyst's Office