



Indigent Care Bridge Funding

As California counties begin to grapple with the impacts of H.R. 1, we appreciate that the 2026 State Budget Act includes critical investments in public hospital systems and eligibility work. However, there was no funding provided for California's indigent care system to provide basic health care to those who lose Medi-Cal coverage in the state's communities.

Indigent Care Bridge Funding is Critically Needed

Counties are mandated by the State to provide indigent health care services to eligible individuals. However, in many counties, indigent care programs no longer exist after the implementation of the Affordable Care Act and the redirection of county realignment funding to the State for other purposes.

The cost of indigent care in the budget year is uncertain. Because H.R. 1 Community Engagement requirements are new, there is a lack of clarity about how many people will lose coverage because they either do not meet the requirements or their compliance cannot be verified. However, a number of counties have no capacity nor means to serve even a modest need for indigent care. Bridge funding is critically needed to avoid devastating impacts on those being disenrolled from Medi-Cal due to federal actions.

While there is uncertainty about how many people will seek and be eligible for indigent care, counties must still be ready to deliver these state-mandated services to communities.

Communities in the Greatest Need

Given the lack of funding for indigent health care services in the Final 2026 Budget Agreement and the uncertainty about demand in the budget year, CSAC is focused on securing one-time, funding in August budget action to provide a bridge until next year, when more will be known about the demand for indigent health care services. Public Hospital and Article 13 counties have the greatest need for funding to restart or expand existing indigent care programs.



Proposal

- *Provide \$100 million as one-time bridge funding to counties* – Given uncertainty about demand for services and the absence of an ongoing commitment for funding, counties are requesting this measured, initial investment to help counties address the growing demand for indigent care services.
- *Focus on Public Hospital and Article 13 Counties* – currently there are twelve Public Hospital counties and eleven Article 13 counties that will need assistance to meet the increased demand for indigent care services. Because CMSP has an existing fund balance, CMSP counties can delay requesting additional state support for one year, but their need will become equally critical in future years.
- *Other Important Non-Funding Technical Changes Needed.* As the Affordable Care Act expansion is undermined by the changes in H.R. 1, counties must have flexibility to respond to changing demands as a result of state and federal requirements. The following technical changes to the existing AB 85 realignment redirection language will provide critical flexibility as counties implement the changes made by H.R. 1.
 - Ensure that AB 85 redirections for formula counties become permanent percentages only at the county's discretion, and that there is a mechanism to restart annual determination of a county's redirected amount if fiscal circumstances materially change in the future. This will prevent existing redirections from becoming fixed despite demand for services increasing. Instead, redirections will continue to be based on actual experience as originally intended.
 - Secure language restoring accurate references for petitioning the Health Care Funding Resolution Committee. This will allow counties the option to change their redirection methodology, given the changes from H.R. 1.



Indigent Care Types by County

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, & Yuba

Public hospital and health system counties – Alameda, Contra Costa, Kern, Los Angeles, Monterey, Riverside, San Bernardino, San Francisco, San Joaquin, San Mateo, Santa Clara, & Ventura

Article 13 counties (direct services and contracted services) – Fresno, Merced, Orange, Placer, Sacramento, San Diego, San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, & Tulare



**The Following counties are eligible for CMSP, but do not currently participate: Merced, Placer, San Luis Obispo, & Santa Cruz*