

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Chief Executive Office

BOARD AGENDA: 7.2
AGENDA DATE: May 5, 2026

SUBJECT:

Approval to Accept an Update on House of Representatives Bill 1 and its Potential Impacts to Health and Human Service Programs in Stanislaus County

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2026-0222

On motion of Supervisor Withrow ----- Seconded by Supervisor B. Condit -----
and approved by the following vote,

Ayes: Supervisors: B. Condit, Withrow, Grewal, C. Condit, and Chairman Chiesa -----

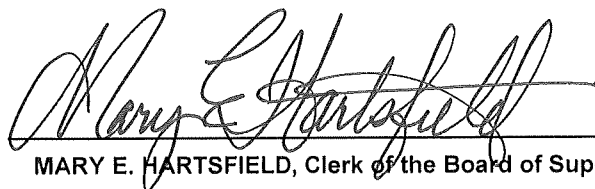
Noes: Supervisors: None -----

Excused or Absent: Supervisors: None -----

Abstaining: Supervisor: None -----

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:



ATTEST: MARY E. HARTSFIELD, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA:7.2
AGENDA DATE: May 5, 2026

CONSENT

CEO CONCURRENCE: YES

4/5 Vote Required: NO

SUBJECT:

Approval to Accept an Update on House of Representatives Bill 1 and its Potential Impacts to Health and Human Service Programs in Stanislaus County

STAFF RECOMMENDATION:

1. Accept an update on House of Representatives Bill 1 and its potential impacts to Health and Human Service programs in Stanislaus County.

DISCUSSION:

House of Representatives Bill 1 (H.R. 1), the "One Big Beautiful Bill Act," introduces sweeping changes to CalFresh, Medi-Cal, and related social safety net programs. These changes will impact not only the Community Services Agency (CSA), Behavioral Health and Recovery Services (BHRS), Health Services Agency (HSA), and their operations, but tens of thousands of Stanislaus County residents who rely on these programs for food security, health coverage, and behavioral health. This narrative report is intended to give the Board of Supervisors and the broader community a clear picture of what these changes mean, why they matter, and how they will affect local systems and vulnerable residents.

H.R. 1 impacts represent a significant share of the county's safety-net system and require substantial administrative coordination to ensure timely compliance with State and federal regulations. Changes introduced by H.R. 1 will affect workload, staffing needs, and service delivery for many programs, as identified in this report.

CalFresh Impacts

In the current fiscal year, the CalFresh program has provided supplemental food benefits to almost 90,000 residents, helping low-income individuals and families maintain nutritional stability.

Restricting Non-Citizen Eligibility

Prior to the passage of H.R. 1, federal SNAP benefits were available to certain lawfully present non-citizens, such as asylees, refugees, immigrant parolees, battered non-citizens, trafficking victims, and others. H.R. 1 will now limit eligibility for the CalFresh program to:

- US Citizens
- Lawfully Permanent Residents (LPR) who have maintained that status for five or more years

- Cuban or Haitian Entrants
- Individuals who reside in the U.S. in accordance with a Compact of Free Association (COFA) agreement

Refugees and those granted asylum, as well as any others not explicitly included in the above, are no longer eligible for CalFresh. All non-eligible, non-citizen financial resources in any CalFresh household must continue to be included in eligibility and benefit determinations, despite not being eligible for benefits.

Beginning April 1, 2026, CalFresh applied the new non-citizen eligibility rules to all new applicants. Current recipients will not be assessed for immigration status until their next renewal, at which time their immigration status must meet the new criteria. May 2026 is the first month that non-eligible non-citizen households may be discontinued from the program. An estimated 72,000 statewide, including 5,051 in Stanislaus County, are expected to be impacted.

Able-Bodied Adults Without Dependents (ABAWD)

ABAWD are CalFresh participants who are between the ages of 18 and 54, are physically able to work, and do not live with or financially support dependent children. federal law places special work requirements on this group to maintain eligibility for food assistance. ABAWDs must work or participate in a qualifying employment/training activity or community service for at least 80 hours per month to continue receiving CalFresh benefits. Without meeting the work requirement, ABAWDs are limited to three months of CalFresh benefits in a 36-month period. Individuals may be exempt if they meet one of several exemptions to the rule.

California has had some form of ABAWD waiver (county or statewide) for these work requirements for several years due to high unemployment in many counties, “insufficient jobs” determinations, the recession (2008–2013), and COVID-19 nationwide suspension (2020–2023).

California’s waiver for work requirements for ABAWD individuals ended effective October 2025. H.R. 1 also made changes to the ABAWD rule, decreasing the number of recipients who will qualify for exemptions going forward. The H.R. 1 changes include:

- Increases the age from 54 to 64 to be subject to the ABAWD rules.
- Eliminates exemptions for people experiencing homelessness, adults under the age of 24 who were in foster care on their 18th birthday, and veterans.
- Reduces the age of a dependent child from 18 to 14 years of age.
- Adds an exemption for Native Americans and those who are eligible for Indian Health Services.
- Removes allowance for State waivers based on a lack of sufficient jobs.

Implementation of the federal policy change begins on June 1, 2026.

Local Funding Impacts

CalFresh administrative costs have been shared evenly by the Federal Government (50%) and the State of California (50%). Under California statute, 70% of the non-federal share is paid by the State and 30% by counties. This results in a federal share of 50%, a state share of 35%, and a county share of 15%.

Beginning October 1, 2026, of Federal Fiscal Year 2027, the Federal share will

decrease to 25%, increasing the State share to 75%. The legislatively mandated sharing ratio between the State (70%) and counties (30%) remains unchanged, resulting in a new sharing ratio of 25% Federal, 52.5% State, and 22.5% County.

In addition, starting in Federal Fiscal Year 2028, states will be required to contribute toward CalFresh benefit allotments if their Payment Error Rate (PER) exceeds 6.00%. The PER measures the accuracy of eligibility determinations and benefit issuances, capturing both overpayments (benefits issued above entitlement) and underpayments (benefits issued below entitlement). The error can be caused by a miscalculation in benefits or by the recipient making an error in reporting, whether intentional or due to an oversight. It is unknown at this time how the State of California will implement this penalty and if the costs will be passed to the counties.

Medi-Cal Impacts

Approximately 217,000 residents receive their medical coverage through the Medi-Cal program, including children, older adults, people with disabilities, and working families who rely on it for access to essential health services.

Non-Citizen Eligibility

H.R. 1 significantly narrows the definition of "qualified non-citizen" for the purposes of federally funded Medi-Cal. Beginning October 1, 2026, only the following categories of noncitizens will remain eligible for federally funded full-scope Medi-Cal:

- U.S. Citizens
- Lawful Permanent Residents (LPR) who have maintained that status for five or more years
- Cuban or Haitian Entrants
- Individuals residing in the U.S. under a Compact of Free Association (COFA) agreement

Refugees, asylees, immigrant parolees, battered noncitizens, trafficking victims, and others not explicitly listed above will no longer be eligible for federally funded Medi-Cal. The State plans to transition affected individuals to state-funded, restricted-scope Medi-Cal; however, this change will result in a significant cost shift to the State and a potential reduction in available services for affected individuals. An estimated 200,000 individuals statewide, including 25,075 in Stanislaus County, are expected to be impacted.

Work and Community Engagement Requirements

Medi-Cal currently has no work requirements, but for the Patient Protection and Affordable Care Act (ACA) Adult Expansion population, the passage of H.R. 1 will require them for applicants and recipients, effective January 1, 2027. Medi-Cal work requirements will require some recipients aged 19 to 64 to engage in at least 80 hours per month of qualifying work, training, or community service activities, or qualify for an exemption, to retain benefits.

Individuals who meet the following criteria do not need to demonstrate compliance with work requirements:

- Enrolled in one of the following Medi-Cal eligibility groups:
 - Pregnant or up to 12 months postpartum
 - Foster youth

- Former foster care youth under age 26
- Aged, Blind, or Disabled people (including individuals who receive SSI)
- Children under age 19
- American Indian/Alaska Natives

Examples of classifications of individuals who may be exempt from work requirements include those who:

- Have a medical disability (physical or behavioral health),
- Have Caregiver responsibilities,
- Meet CalWORKS or CalFresh work requirements, or
- Participate in drug/alcohol treatment programs.

These are a few examples of available exemptions. Additional exemptions may also apply based on individual circumstances and program guidelines.

Noncompliance with work requirements will result in a loss of Medi-Cal coverage until the individual either meets the requirements or qualifies for an exemption. Statewide, an estimated 2 million people, including 71,235 in Stanislaus County, are expected to be affected. Early data suggest that approximately 10,067 individuals may qualify for exemptions, though final figures depend on upcoming guidance and updates to the system's automation for identifying eligible individuals.

Increased Renewal Frequency

Effective January 1, 2027, the renewal frequency for the ACA Adult Expansion population will increase from 12 to 6 months. This change will nearly double the administrative workload for this population, which numbers around 4.9 million people statewide. In Stanislaus County, approximately 71,235 individuals will be subject to semi-annual renewals.

Individuals who meet the following criteria will continue with 12-month renewals:

- Enrolled in one of the following Medi-Cal eligibility groups:
 - Pregnant or up to 12 months postpartum
 - Foster youth
 - Former foster care youth under age 26
 - Aged, Blind, or Disabled people (including individuals who receive SSI)
 - Children under age 19
- American Indian/Alaska Natives

Retroactive Coverage Limitations

California currently allows applicants to receive coverage for any of the three months immediately preceding the application month if they were eligible, received services, and weren't previously denied for administrative reasons.

Beginning January 1, 2027, retroactive coverage for adults ages 19 to 64 without disabilities is reduced to one month prior to their application date. For all other applicants, including children, older adults (65+), and individuals with disabilities, retroactive coverage will be reduced to two months prior to their application date.

Cost Sharing and Co-Pays

There will be new monthly premiums and cost-sharing obligations for specific groups

enrolled in Medi-Cal. These changes represent a shift from California's current practice of providing coverage without member premiums or co-pays.

Beginning July 1, 2027, adults with an unsatisfactory immigration status who wish to maintain Medi-Cal coverage will be required to pay a \$30 monthly premium.

Beginning January 1, 2028, States are required to implement cost-sharing for adults without children and incomes above 100% of the federal Poverty Level. States may charge co-pays of up to \$35 per service.

California currently imposes no cost-sharing on Medi-Cal beneficiaries. The introduction of premiums and co-pays is expected to increase financial barriers to care for low-income adults and may reduce access to needed services.

Program Financing Impacts

In addition to eligibility changes, significant changes to the Medi-Cal program financing will shift substantial fiscal responsibility to the State. Financial impacts are still being determined, and information will be provided at a later date.

CalFresh and Medi-Cal Implications for Stanislaus County

H.R. 1 changes will significantly increase administrative demands by increasing procedural and documentation requirements for both customers and county eligibility staff. Many cases cannot be verified automatically, creating labor-intensive, manual work for staff. For CalFresh, it is estimated that, on average, 4 additional hours of work per newly impacted CalFresh recipient will be added to the eligibility staff workload annually. In Medi-Cal, it is estimated that 3.5 hours per client per year are added to the eligibility workload to screen for exemptions and to review and support enrollees in compliance. In addition, there will be an additional 1.2 hours per client per year due to the doubling of required redeterminations (every six months versus once a year).

The Governor's 2026-27 January Proposed Budget did not include additional administrative funding for counties to implement changes brought on by H.R. 1, nor assistance for counties to assume local costs of the CalFresh program. There are legislative proposals that seek additional funding to support hiring, training, customer outreach, compliance monitoring, and six-month redeterminations. Counties will have more information with the Governor's 2026-27 May Revised Budget, released in mid-May, and the Final Budget, released in mid-June.

Without targeted investment, H.R. 1 will result in widespread loss of medical coverage, access to food, and significant fiscal and operational strain on counties and the broader health care system. These changes are expected to reduce or terminate benefits for some residents, placing added pressure on the county's health and social safety net, including community health centers, emergency departments, county indigent care programs, food resources, and non-profits.

Current Efforts

The Community Services Agency's (CSA) primary focus is to ensure eligible residents can retain their CalFresh and/or Medi-Cal benefits. CSA has adopted a proactive approach to communicate changes to the CalFresh and Medi-Cal programs, including community outreach events and coordination with County Departments such as the Health Services Agency, Medi-Cal health plan providers, and community-based

organizations. Outreach will be critical in helping affected residents understand and navigate these program shifts.

Behavioral Health Medi-Cal Revenue Loss

The California Behavioral Health Directors Association has conducted a statewide analysis to assess the potential fiscal and programmatic impacts of H.R. 1 on county behavioral health systems. Utilizing this methodology, BHRS developed localized estimates specific to Stanislaus County. To ensure consistency with statewide assumptions and maintain proportional alignment with impacts communicated at the State level, the Department's projected number of individuals impacted is based on state-level projections and applied proportionally to the County's Medi-Cal population and service utilization patterns.

Based on this analysis, BHRS estimates a potential Medi-Cal revenue reduction of approximately \$2.3 million in Fiscal Year 2027. As Medi-Cal revenue typically funds 40% to 50% of program costs, this would result in a reduction in treatment service costs of approximately \$4.6 million to \$5.8 million. The total treatment service cost reflects the full cost of services, inclusive of both Medi-Cal revenue and the required local matching funds used to support and draw down federal reimbursement. This initial impact on revenue reflects a partial-year effect of the policy changes and represents approximately 1.1% of the Department's total budgeted revenue as of the 2026 Adopted Budget.

In Fiscal Year 2028, when these changes are fully implemented for an entire fiscal year, the associated reduction in Medi-Cal revenue would range from approximately \$4.8 million to \$6.0 million annually, or approximately 2.3% to 2.9% of the Department's total budgeted revenue as of the 2026 Adopted Budget. This would result in a potential impact on total treatment service costs of approximately \$9.6 million to \$15 million, representing approximately 4% to 6.2% of the Department's total budgeted appropriations as of the 2026 Adopted Budget.

A significant portion of the projected revenue loss is associated with individuals who are currently receiving behavioral health treatment services and are expected to lose Medi-Cal coverage due to work or community engagement requirements. Under the current financing structure, BHRS is able to offset a portion of the cost of care for these individuals through Medi-Cal reimbursement. If coverage is lost, this reimbursement would no longer be available, even though the need for treatment services may continue.

Beyond this direct impact, there are broader system-level implications for both access and revenue. Individuals who are disenrolled due to work or administrative requirements may still seek services through BHRS; however, they may present for care during periods when they are not actively enrolled in Medi-Cal. In these situations, services may be delivered at a reduced reimbursement level or without Medi-Cal coverage altogether. Although some individuals may subsequently requalify, interruptions in coverage at the point of service reduce the Department's ability to draw down Medi-Cal revenue, resulting in lower overall revenue recovery and increased reliance on limited alternative funding sources.

A potential mitigating factor is ongoing state clarification regarding exemptions for individuals with significant health needs. The State has indicated that individuals with

serious mental illness and substance use disorders, particularly those actively engaged in treatment, may qualify for exemption or exclusion categories that could reduce the likelihood of disenrollment from the Medi-Cal program.

However, detailed guidance regarding the criteria, documentation requirements, and operational implementation of these exemptions remains limited at this time. As a result, while this policy direction may help mitigate some coverage loss within the BHRS population, the extent to which these protections will be realized in practice remains unknown.

Indigent Health Care Program (IHCP) Impacts

Under Welfare and Institutions Code (WIC) §17000, counties are required to provide healthcare services to medically indigent adults and have flexibility in program design within statutory limits. Stanislaus County has historically fulfilled this obligation through the Health Services Agency's (HSA) IHCP, which serves as the provider of last resort for uninsured, low-income residents.

Prior to the implementation of the ACA in 2014, IHCP operated as a health coverage program with an average annual budget of \$14 million and approximately 55 staff. The program provided eligibility determination, enrollment, provider network management, utilization review, claims processing, and health care and care coordination, serving approximately 7,800 enrollees annually.

Following ACA implementation, most individuals previously eligible for IHCP transitioned to Medi-Cal or Covered California. The ACA Medicaid (Medi-Cal) expansion allowed states to cover adults ages 19-64 with incomes up to 138% of the federal poverty level, regardless of disability or parental status. Additionally, Assembly Bill 85 (AB85), passed in 2013, redirected county indigent care funding to the State due to the elimination of the IHCP caseload. Over the past decade, there have been no eligible applicants; however, the County's obligation under WIC §17000 remains in effect.

H.R. 1 has altered the eligibility criteria for coverage, leading many individuals to likely lose Medi-Cal benefits. This will create considerable financial challenges for counties, including additional expenses for providing healthcare to those in need. Losing coverage is expected to limit access to preventive and routine care, causing delays in treatment and a rise in demand for higher-acuity and uncompensated services, which counties are legally required to provide without dedicated funding.

Revitalization of IHCP

To meet WIC §17000 requirements, HSA will need to re-establish the IHCP infrastructure. Currently, no operational framework exists due to over a decade of inactivity and prior funding realignment.

Key implementation considerations include:

- Review eligibility criteria specific to newly impacted populations.
- Development of hospital, primary, and specialty care provider networks.
- Identification of sustainable funding sources.
- Procurement of eligibility, utilization, and claims management systems.
- Establishment of staffing and administrative structure.
- Review and update the County ordinances governing IHCP to align with policy

direction

Significant financial investment and operational planning will be required to re-establish this program.

Conclusion

As H.R. 1 rolls out, continuous demographic analysis will be crucial for evaluating local effects and directing equitable outreach efforts. This policy may disproportionately impact seniors, people with disabilities, immigrants, and single-adult households, highlighting the importance of targeted support for the most vulnerable populations. County leaders are working with statewide partners, such as the California State Association of Counties, to advocate for multi-year State funding to help counties fulfill their indigent care obligations. On April 7, 2026, the Chairman of the Board sent a letter in support of CSAC's County H.R. 1 Budget Request to Governor Newsom and other State representatives consistent with the Board Adopted Legislative Platform. More clarity should emerge after the Governor's May Revision and ongoing data review. The County Staff plans to present updated projections and policy suggestions to the Board of Supervisors. Ongoing State and Federal policy decisions, including details of implementation and possible mitigation strategies, could continue to affect enrollment figures and fiscal impacts. The County staff will keep a close watch on these developments and adjust projections as new information comes in.

POLICY ISSUE:

Departments provide periodic program updates to the Board of Supervisors to ensure the public remains informed about changes. This update highlights H.R. 1 and the changes to programs administered by County departments, thereby increasing public awareness and addressing community needs.

Pursuant to WIC §17000, counties are required to provide a subsistence level of healthcare to medically indigent adults. Stanislaus County Code of Ordinances Chapter 9.60 outlines the County's responsibility to administer the IHCP.

FISCAL IMPACT:

CalFresh

CalFresh administrative funding supports direct service and clerical full-time positions as well as operational and overhead costs. Beginning October 1, 2026, counties are responsible for 22.5% of the administrative costs for CalFresh. CSA anticipates an increase in the County's share of costs of approximately \$2.1 million to \$2.7 million. Additional workload requirements, as detailed above, will also have an additional financial cost, but the Department has not completed the full analysis of the impact of those requirements. CSA uses 1991 Realignment revenue to cover the County's share of cost. Should 1991 Realignment revenue be insufficient to cover the County's share of costs, the Department will work with the Chief Executive Office to identify potential funding options.

Medi-Cal

CSA has not completed a full analysis of the impact of the additional workload requirements because the Federal Government and the California Department of Health

Care Services have not yet developed final policies. The County Welfare Directors Association of California estimates that counties across the State are facing increased costs of \$231 million in Fiscal Year 2027 for the increased Medi-Cal county workload, with an estimated local impact of \$1.6 million based on the County’s allocation percentage when compared to the total for all counties.

Behavioral Health Medi-Cal Revenue Loss

BHRS performed an analysis of the potential Medi-Cal revenue loss due to an increase in the number of uninsured members starting in Fiscal Year 2027 by increasing the uninsured population by 35% and using the H.R. 1 impact tool provided by the California Behavioral Health Directors’ Association to calculate the impact of HR on Medi-Cal revenue in Fiscal Year 2027. BHRS is estimating a reduction in Medi-Cal revenue of \$2.3 to \$4.9 million in Fiscal Year 2027 due to providing services to BHRS members who are no longer covered by Medi-Cal. The Department is estimated to have sufficient revenue sources and fund balance to absorb the estimated revenue loss of \$2.3 to \$4.9 million in Fiscal Year 2027.

IHCP

Prior to the passage of AB85, HSA IHCP operations were primarily funded through 1991 Health Realignment funding, which is an allocation of state-collected vehicle license fees and sales tax revenue. The County had historically allocated Health Realignment in the following manner through Fiscal Year 2014:

County Program Budget	Percentage of Allocation
HSA IHCP	64%
HSA Public Health	26%
HSA Clinics & Ancillary	4%
Department of Environmental Resources	6%

Health Realignment funding provided to IHCP averaged approximately \$10.4 million annually, serving as the core of the program’s financing. In addition, the County General Fund contributed roughly \$2.2 million per year to support ongoing operations and service delivery. IHCP was further supported by a mix of supplemental revenue sources, including patient share-of-cost collections, interfund transfers, and federal Title XIX reimbursements received through the Medi-Cal Administrative Activities program. Together, these funding streams sustained program activities and offset the cost of care for indigent populations.

With the January 2014 implementation of the Medi-Cal Expansion component of the ACA, a significant portion of the medically indigent adult population gained eligibility for Medi-Cal, prompting the State to redirect Health Realignment away from counties to two new State subaccounts: Family Support and Child Poverty and Family Supplemental Support.

In determining the redirection options, each county was categorized into one of the following:

- County Medical Services Program (WIC 16809)
- Public Hospital Counties (WIC 17612.1-17612.8)
- Article 13 Counties (WIC 17613.1-17613.4)

Stanislaus County falls under the Article 13 Counties category, and was provided with two options to choose from for the redirection calculation pursuant to AB85:

- Revenue/cost savings formula
- 60% State/40% county split formula

On September 10, 2013, the Stanislaus County Board of Supervisors approved the selection of the 60% State/40% County formula option (Board Resolution 2013-455).

Effective July 2014, the allocation of Health Realignment within the County was updated to align with the impacts of the Medi-Cal Expansion, decrease in IHCP enrollees, and forecasted reduction in program expenditures.

County Program Budget	Percentage of Allocation
HSA Public Health	72.22%
HSA Clinics & Ancillary	11.11%
Department of Environmental Resources	16.67%

The allocation of Health Realignment funding within the County was subsequently revised in July 2019 to eliminate distributions to the HSA Clinics & Ancillary budget. This change redirected resources to more fully support the Public Health budget and better align the use of funds with the original intent of Health Realignment. This updated distribution methodology, reflected in the table below, remains in effect today.

County Program Budget	Percentage of Allocation
HSA Public Health	83.33%
Department of Environmental Resources	16.67%

Over the past three fiscal years, approximately \$12.1 million in Health Realignment revenues annually have been redirected from the County due to AB85.

Key fiscal considerations include:

- **Program Re-establishment Costs:** One-time investments for system procurement (eligibility, claims processing, and utilization management), policy development, and ordinance updates.
- **Staffing Costs:** Potential need to rebuild program infrastructure comparable to prior IHCP operations, which historically included approximately 55 staff and a \$14 million annual budget.
- **Service Delivery Costs:** Increased expenditures for uncompensated health care, including hospital services, specialty care, pharmaceuticals, and care coordination for an estimated 20,000 newly uninsured individuals.
- **Provider Network Development:** Contracting costs to re-establish agreements with hospitals, clinics, and specialty providers.
- **Administrative and Operational Costs:** Ongoing program management, eligibility determination, and compliance requirements.

The HSA IHCP fund balance is approximately \$2.6 million as of March 2026. Financial activity within the fund is minimal and limited to revenue recovery efforts, including collections on property liens associated with historical IHCP activity, as well as related countywide allocation plan charges for administering these services. The IHCP fund does not currently receive any General Fund contributions.

The full fiscal impact of H.R. 1 remains uncertain and will depend on final State policy decisions, implementation timelines, and actual enrollment impacts. However, preliminary analysis indicates HSA will incur significant new costs associated with re-establishing and operating the IHCP. Initial analysis by HSA and the department's consultant, Health Management Associates (HMA), estimates re-establishment of the IHCP program would cost approximately \$12 million for Fiscal Year 2027, \$20 million in Fiscal Year 2028 and \$34 million in Fiscal Year 2029. Establishing a program that meets only the minimum legal requirements is estimated at \$8 million in Fiscal Year 2027, \$11 million in Fiscal Year 2028, and \$18 million in Fiscal Year 2029. The population impacts are estimated to begin in January 2027 which effects only half of the Fiscal Year and increase through Fiscal Year 2029 as the full impacts are implemented. County Staff and HMA will further refine these estimates as population impacts are better understood.

In the 2026 Midyear Budget Cycle, the Board of Supervisors approved the return of approximately \$20.5 million in General Fund support from the Clinics & Ancillary budget. These funds are intended to help address anticipated costs associated with IHCP. However, absent additional State or Federal funding, these obligations are expected to place significant pressure on the County General Fund. County Staff continue to collaborate with statewide partners to advocate for dedicated, ongoing funding to mitigate these fiscal impacts.

HSA Clinics & Ancillary

The anticipated disruption to Medi-Cal enrollment is expected to negatively affect revenues within the HSA Clinics & Ancillary budget. Approximately 90% of clinic billable visits are reimbursed through Medi-Cal prospective payment system (PPS) rates, making the department highly dependent on these payments. Any decline in PPS-eligible visits will therefore significantly impact departmental revenues, potentially reducing resources available for patient care, staffing, and essential operations. HSA is expanding its work with HMA to better understand potential impacts to the clinic system.

HSA Public Health

Following the passage and enactment of H.R. 1, mandatory funding for the United States Department of Agriculture (USDA) Nutrition Education and Obesity Prevention Program (SNAP-Ed), known as CalFresh Healthy Living in California, used to help low income families make healthy food choices and lead active lives, was set to be eliminated after Federal Fiscal Year (FFY) 2025. However, USDA guidance allowed states to use unexpended FFY 2025 funds during FFY 2026, the second year of the allocation period. The California Department of Public Health (CDPH) has provided Stanislaus County with an FFY 2026 allocation of approximately \$325,000 in unexpended funds to carry out close-out and sustainability activities. Absent the funding termination, the annual base allocation would have been approximately \$895,000.

Fiscal Impact Conclusion

There is no fiscal impact associated with the recommended action. H.R. 1 impacts will be brought before the Board as more information becomes available. More refined fiscal estimates will be presented following additional data analysis and the Governor's May Revision.

BOARD OF SUPERVISORS' PRIORITY:

The recommended actions are consistent with the Board of Supervisors' priority of *Supporting a Healthy Community and Delivering Efficient Public Services* by bringing awareness to the impacts of H.R. 1 on the community for further consideration and collaboration.

STAFFING IMPACT:

There are no immediate staffing impacts associated with the recommended actions. Existing staff will continue to develop analysis and recommendations for future Board consideration. Future program implementation may have additional staffing impacts.

CONTACT PERSON:

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**H.R. 1 Potential Impacts to
Health and Human Service
Programs in Stanislaus
County**

Key Policy Changes Introduced by H.R. 1

Raul Mendez, Assistant Executive Officer

House of Representatives 1 (H.R. 1) is a federal law signed on July 4, 2025, that makes major changes to programs many residents rely on every day.

These changes affect:

- Medi-Cal (health coverage)
- CalFresh (food assistance)
- Work and reporting requirements
- Program funding responsibilities

Most changes will happen between **2026 and 2028.**



Statewide Context – CSAC

Raul Mendez, Assistant Executive Officer

The California State Association of Counties (CSAC) is working with counties across the state to understand the full impact of H.R. 1.

Early statewide concerns include:

- Loss of coverage for residents
- Increased County workload
- Increased County costs
- Need for State funding support

Counties are advocating for **Multi-year State funding support.**

On April 7, 2026, the Chairman of the Board sent a letter in support of CSAC's County H.R. 1 Budget Request to Governor Newsom and State representatives.



Local Impacts to Stanislaus County

Raul Mendez, Assistant Executive Officer

H.R.1 will affect multiple County departments.

Today's update includes impacts from Community Services Agency (CSA), Behavioral Health and Recovery Services (BHRS), and Health Services Agency (HSA).

These impacts affect residents, services, County operations, and County finances.

These changes require significant administrative coordination across County departments to maintain compliance and service delivery.



Who This Impacts in our County

Raul Mendez, Assistant Executive Officer

These programs support many local families.

- Nearly **90,000 residents** receive CalFresh
- About **217,000 residents** receive Medi-Cal
- Many are children, seniors, people with disabilities, and working families

H.R. 1 adds new rules that many residents must follow, including:

- New work requirements
- More frequent renewals
- Shorter coverage periods
- Changes to who qualifies
- New paperwork requirements



CalFresh

Christine Huber, Director, *Community Services Agency*

Prior to H.R. 1, federal SNAP benefits were available to certain lawfully present non-citizens, such as asylees, refugees, immigrant parolees, battered non-citizens, trafficking victims, and others. H.R. 1 will now limit eligibility to:

- U.S. Citizens
- Lawful Permanent Residents who have maintained status for 5 or more years
- Cuban or Haitian Entrants
- Individuals residing in the U.S. under a Compact of Free Association Agreement

May 2026 is the first month that non-eligible non-citizen households may be discontinued from the program. An estimated **72,000 statewide**, including **5,051 in Stanislaus County**, are expected to be impacted.



CalFresh (Continued)

Christine Huber, Director, *Community Services Agency*

Able-Bodied Adults Without Dependents (ABAWD) work requirements added:

- Work rules expanded to ages **18 - 64**
- Eliminates exemptions for people who have qualified in the past
- Requires 80 hours per month of work, school or community service activity
- If requirement is not met, recipient can receive CalFresh for 3 months in a 36-month period
- CSA workload increase is estimated at **4 additional staff hours** per newly impacted recipient

June 1, 2026, is the implementation date for ABAWD. An estimated **955,000 statewide**, including **39,000 in Stanislaus County** could be impacted.



CalFresh (Continued)

Christine Huber, Director, *Community Services Agency*

Federal administrative funding share will decrease from **50% to 25%** **beginning October 1, 2026**, increasing County cost responsibility.

- Local match requirement increases from 15% to 22.5%
- These changes will increase County costs by **\$2.1 million to \$2.7 million** annually.

Payment Error Rate measures the accuracy of eligibility determinations

- If California is over 6%, they must contribute toward benefit allotment
- It is unknown if California will pass any of the costs to Counties
- The error rate is being measured now for FY 2028 outcomes



Medi-Cal

Christine Huber, Director, *Community Services Agency*

H.R. 1 narrows the definition of “qualified non-citizen” for federally funded Medi-Cal. Beginning **October 1, 2026**, only the following categories of noncitizens will remain eligible for federally funded full-scope Medi-Cal:

- U.S. Citizens
- Lawful Permanent Residents who have maintained status for 5 or more years
- Cuban or Haitian Entrants
- Individuals residing in the U.S. under a Compact of Free Association Agreement

An estimated **200,000 statewide**, including **25,000 in Stanislaus County**, are expected to be impacted.



Medi-Cal (Continued)

Christine Huber, Director, *Community Services Agency*

Work & Community Engagement requirements for Medi-Cal Recipients beginning **January 1, 2027:**

- Affordable Care Act (ACA) Adult Expansion population must work, train or volunteer **80 hours per month**
- Requires some recipients 19 - 64 years of age to engage in qualifying activities
- Exemptions to this work requirement are possible
- New applicants must meet this requirement prior to qualifying
- Coverage for past medical visits will be reduced to **1 month** (19 - 64 with no disabilities) or **2 months** (children, 65 years and older, those with disabilities)
- About **3.5 additional hours per client** per year

Estimated impacts to **2,000,000 statewide, 71,000 in Stanislaus County**



Medi-Cal (Continued)

Christine Huber, Director, *Community Services Agency*

Semi Annual Renewals increasing from every 12 months to every 6 months

- Applicable to ACA Adult Expansion population
- California working to increase automation
- Workload increase estimated at **1.2 additional hours** for renewals

An estimated **4.9 million statewide**, including **71,000 in Stanislaus County**, are expected to be impacted.

Medi-Cal (Continued)

Christine Huber, Director, *Community Services Agency*

Co-Pays and Cost Sharing obligations to be implemented:

- Beginning **July 1, 2027**, adults with unsatisfactory immigration status will be required to pay a \$30 premium (California State law change)
- Beginning **January 1, 2028**, States are required to implement cost sharing for adults without children and income above 100% of the Federal Poverty Level. States may charge co-pays of up to \$35 per service.

Policies are still being developed in California and impacts are being researched.

Behavioral Health and Recovery Services

Ruben Imperial, Director, *Behavioral Health and Recovery Services*

BHRS is the County's Medi-Cal Behavioral Health Plan

Medi-Cal revenue funds a large percentage of BHRS behavioral health services

Estimated revenue impacts:

- Estimated **\$2.3 million Medi-Cal revenue loss in FY 2027**
- Up to **\$12 million total treatment cost impact annually** once fully implemented (4% to 6.2% of total budgeted appropriations)

Exemptions for behavioral health populations with serious mental illness/substance use disorders



Health Services Agency

Heather Duvall, Managing Director, *Health Services Agency*

HSA Clinics & Ancillary

- 90% of patients are enrolled in Medi-Cal
- Fewer reimbursable visits and increased uncompensated care
- Ongoing work to assess this fiscal impact

HSA Public Health

- Nutrition Education and Obesity Prevention Program (SNAP-Ed), known as CalFresh Healthy Living in California ended
- Annual base allocation \$895,000



Health Services Agency (Continued)

Heather Duvall, Managing Director, *Health Services Agency*

Under California Code, Welfare and Institutions Code – WIC § 17000.5 counties are legally required to provide care for medically indigent residents.

Indigent Health Care Program (IHCP)

- Served approximately **7,800 residents per year**
- Annual Budget: averaged **\$14 M** with **55 staff**

Patient Protection and Affordable Care Act (ACA) 2014

- Expanded Medi-Cal coverage to more low-income adults
- Transitioned residents from IHCP to Medi-Cal
- IHCP operations became inactive, but the legal requirement remained
- Funding Redirected - Realignment and AB 85



Health Services Agency (Continued)

Heather Duvall, Managing Director, *Health Services Agency*

Re-establish IHCP

- Review eligibility criteria specific to newly impacted populations.
- Development of provider care networks - hospital, specialty, primary care, etc.
- Procurement of eligibility, utilization, and claims management systems.
- Establishment of staffing and administrative structure.

Estimated Costs

- Current IHCP: \$12 million for Fiscal Year 2027, \$20 million in Fiscal Year 2028 and \$34 million in Fiscal Year 2029.
- Minimum Required Program: \$8 million in Fiscal Year 2027, \$11 million in Fiscal Year 2028, and \$18 million in Fiscal Year 2029



What This Means for Residents

Residents may experience:

- Loss of food assistance
- Loss of health coverage
- Delays in care
- Increased paperwork
- More frequent renewals

Need for services will remain even if coverage decreases.

What This Means for the County

County impacts may include increases to workload, service demand, operational costs, pressure on hospitals, and demand for outreach.

Costs the County May Face:

- \$2.1M–\$2.7M CalFresh administrative cost increase
- About \$1.6M in additional Medi-Cal workload cost
- Behavioral Health revenue losses
- HSA Clinic revenue loss due to reduced Medi-Cal enrollment
- IHCP costs could range from \$8M - \$12M in Fiscal Year 2027

Governor's May Revise – Next Milestone

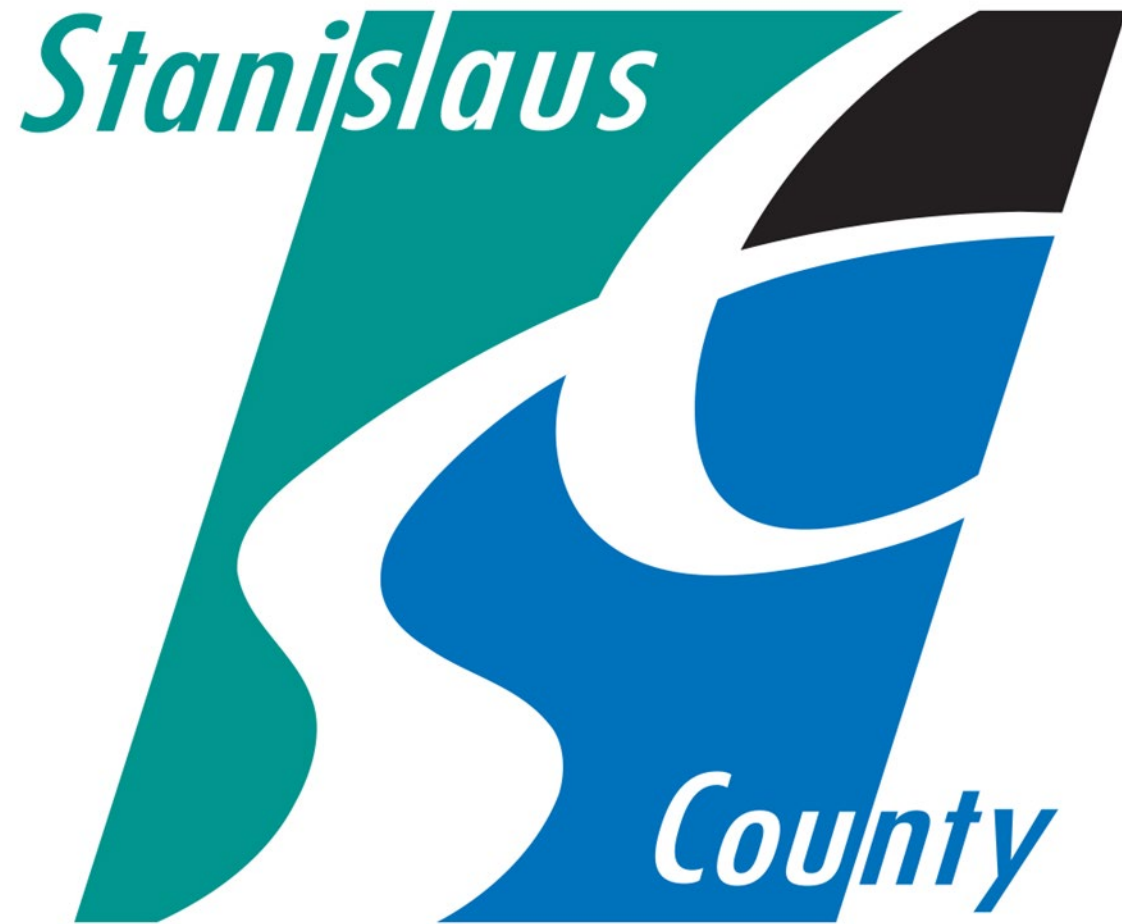
More financial details are expected with the Governor's May Revision.

This will help clarify:

- State funding levels
- County cost responsibilities
- Administrative funding support
- Program implementation details

County staff will:

- Review updated information
- Refine fiscal estimates
- Return to the Board with updates



Questions?