

SACRAMENTO COUNTY HEALTH AUTHORITY COMMISSION

General Meeting

June 1, 2026, 3:00 PM

Agenda Review

1. Welcome and Updates
2. Action: Approval of the April 6, 2026 SCHA Meeting Minutes
3. Presentation and Discussion: State May Budget Revise and Policy Updates
4. Presentation and Discussion: Alameda County Safety Net
5. Public Comment
6. Adjourn

Agenda Item 1: Welcome/Opening Remarks & Updates

Agenda Item 2: Approval of the April 6, 2026 SCHA Meeting Minutes

Agenda Item 3: Presentation and Discussion: State May Budget Revise and Policy Updates

Agenda

1. State Budget Update – May Revise
2. Medi-Cal Program Integrity
3. CalAIM Waiver Renewals

State Budget Update – May Revise

Overview of Key State Budget Deadlines

- **January 10th:** Governor must submit budget for the upcoming fiscal year on or before this date
- **February 1st:** Administration must submit trailer bill proposals on or before this date
- **April:** Finance budget letters released for technical budget adjustments
- **May 14th:** Governor must release the May Revision on or before this date
- **June 15th:** Legislature must pass a balanced budget by this date
- **July 1:** State fiscal year begins

Major Medi-Cal 2025 Budget Actions

Immigrant coverage related actions:

- Enrollment freeze for full-scope, state-only Medi-Cal for adults 19 and older who are undocumented, effective January 1, 2026
- **Premiums of \$30 for state-only Medi-Cal for adults 19-59 with Unsatisfactory Immigration Status (UIS)*, effective July 1, 2027**
- Elimination of state-only Prospective Payment System rates for certain health clinics for UIS members, effective July 1, 2026
- Elimination of dental benefits for UIS adults ages 19 and older, effective July 1, 2026

*UIS includes individuals who are undocumented as well as certain legal non-citizens

Major Medi-Cal 2025 Budget Actions Cont.

Other major actions:

- **Partial reinstatement of the Medi-Cal asset test limit**
- Elimination of \$362 million Proposition 56 supplemental dental payments in 2026-27 and ongoing
- Various pharmacy related changes including step therapy, utilization management and prior authorization, and elimination of coverage of certain drugs

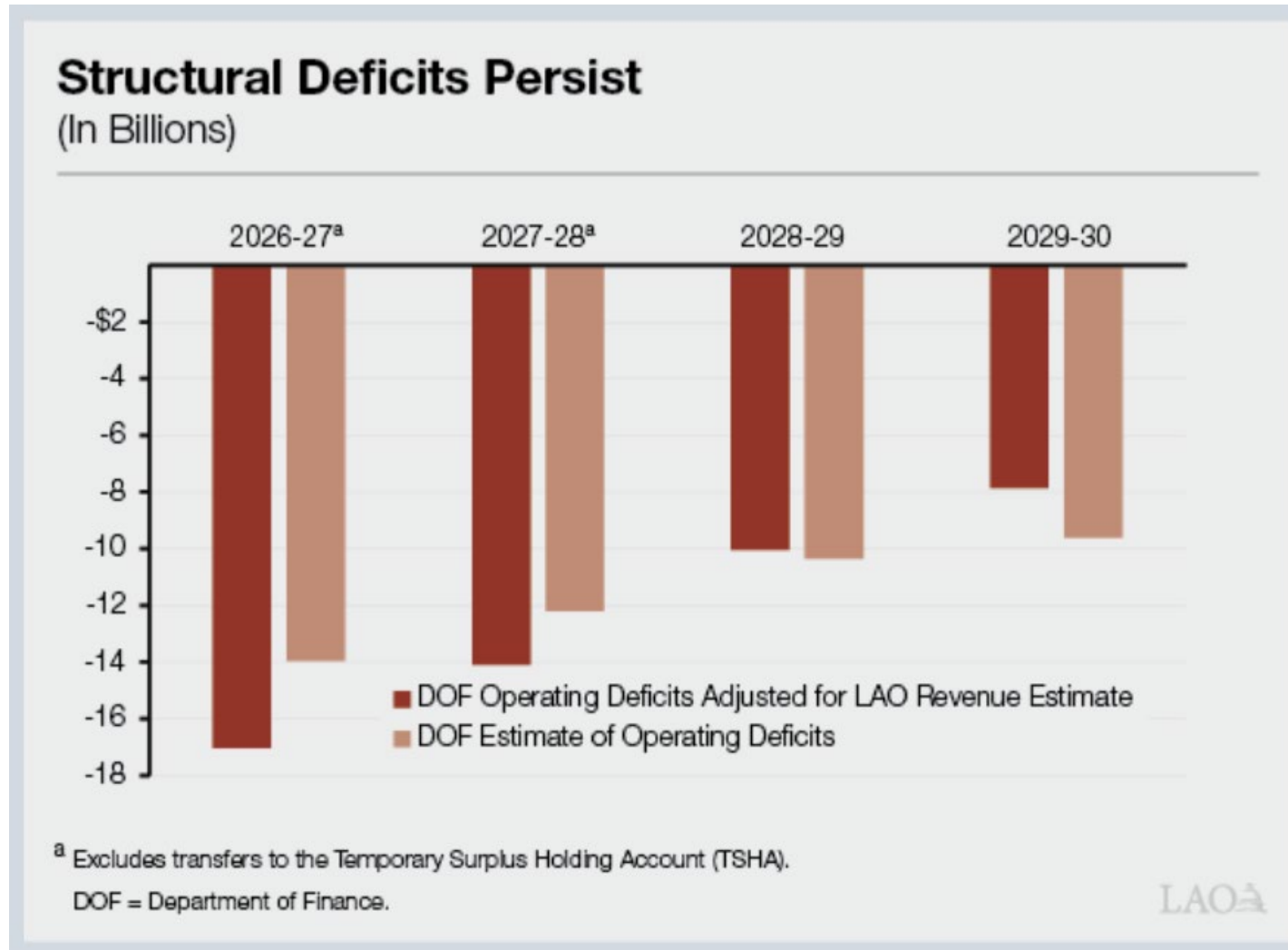
May Revise Budget Summary

- Over the three-year budget window, revenue projections are **\$16.5 billion higher** than projected in January
- Budget includes **\$14 billion in budget solutions**
 - \$2 billion in revenue proposals
 - \$3 billion in spending solutions (reductions and fund shifts)
 - \$4 billion in borrowing
 - \$5 billion in suspended reserve deposits
- State General Fund (GF) **spending is \$1.8 billion lower** than estimated in January after accounting for budget solutions
- **\$334.2 billion (\$90.4 billion GF) for health and human services programs in 2026-27**

Budget Outlook

- Despite an even stronger revenue picture, the budget **relies on \$20 billion in reserve funding and \$4 billion in borrowing** to balance the budget
- Revenue gains fueled by AI companies and related stock market increases
- Out-year shortfalls **roughly \$10 billion annually**, smaller than previously estimated in January
- **Major budget risk** due to potential stock market decline

Budget Outlook



Source: Legislative Analyst's Office
<https://lao.ca.gov/Publications/Report/5187>

Medi-Cal Overview

- The DHCS Medi-Cal local assistance budget includes **\$216.7 billion total funds*** (**\$44.9 billion GF**) in **2026-27**
- Enrollment projected at approximately **14 million members**
- Includes **updated impacts from H.R. 1** - \$1.5 billion GF costs in 2026-27
- The May Revision proposes **significant new revenue and spending solutions** for Medi-Cal

Full details: [2026-27 May Revision Department of Health Care Services Highlights May 14, 2026](#)

H.R.1 Implementation

- **Federal Match Reduction for Emergency Services** for Affordable Care Act (ACA) adult expansion individuals with UIS from 90 to 50 percent effective October 1, 2026, resulting net savings of \$51.5 million annually beginning 2026-27
- **Work and Community Engagement Requirements** for ACA adult expansion individuals effective January 1, 2027, resulting in savings of \$357.6 million total funds in 2026-27 with projected disenrollments of 43,000
- **ACA Adult Expansion Six-Month Redetermination** requirements effective six months from March 2027 due to updated federal guidance, resulting in a reduction of \$747.3 million in 2027-28 (no disenrollment assumed for 2026-27)

H.R.1 Implementation Cont.

- **Reduced Retroactive Medi-Cal Eligibility Timeframes** effective January 1, 2027, resulting in budget savings of \$34.6 million total funds in 2026-27
- **Transitioning certain legal non-citizen immigrants* from full scope to restricted scope Medi-Cal** effective July 1, 2027, due to eligibility changes that eliminate federal funding assistance for this population
 - Delayed nine months from January proposal resulting in GF cost of \$668.1 million in 2026-27 and savings of \$294 million in 2029-30 and ongoing)
 - If the state were to provide full scope coverage for this population, it would cost an additional \$1.3 billion GF

* Includes asylees, victims of human trafficking, most refugees, and others

County Administration & Hospital Fee

- **Support for County Administration** – one-time funding of \$262 million in 2026-27 and \$33 million in each of 2027-28 and 2028-29 proposed to support H.R. 1 implementation
 - Includes optional surge staffing capacity to provide additional support to counties such as for call center, work requirements, and application renewals
- **Updated Hospital Quality Assurance Fee** – budget reflects updated costs and revenues from submitting an updated waiver request to the federal government in March 2026 (pending)
 - Includes \$84.7 million in 2025-26 and \$1.7 billion in 2026-27 to support children’s coverage
 - GF costs of \$1.2 billion in 2025-26 and savings of \$286.8 million in 2026-27 compared to January
 - Estimated \$5.5 billion in net benefit payments to hospitals

2027 Managed Care Organization (MCO) Tax Proposal

- Historical MCO tax generated \$7-8 billion annually; expires 12/31/2026
- Changes in federal rules on provider taxes make **historical structure impermissible**– tax cannot be disproportionate on commercial MCOs and Medi-Cal MCOs
- Proposition 35 requires the State to seek approval for a tax substantially similar to structure of existing tax and **caps the commercial tax liability**
- May Revise proposes a **new 2027 MCO Tax** to provide approximately **\$2 billion annually** effective January 1, 2027

Two components

1. A tax similar authorized by Proposition 35 that meets Proposition 35 requirements
2. Additional federally compliant component not subject to Proposition 35

MCO Tax Revenues and Spending

- **Proposed 2027 MCO Tax provides for the Medi-Cal program and maintains rate increases** for primary, maternal, and non-specialty mental health care implemented on January 1, 2024:
 - \$575 million in 2026-27
 - \$2.3 billion each in 2027-28 and 2028-29
 - \$1.7 billion in 2029-30
- **May Revise updates revenues for existing tax and proposes \$1.9 billion in excess revenues from CY 2025 and CY 2026 to support increased payments for Medi-Cal services** upon fulfillment of Core Spending Plan obligations

Additional Details: <https://www.dhcs.ca.gov/wp-content/uploads/2026/05/5-28-26-PAHCA-SAC-Meeting-Deck.pdf>

Transition of UIS Members to Fee-For-Service

- The Centers for Medicare & Medicaid Services (CMS) notified states in September of 2025 that members with UIS enrolled in managed care for emergency services **must be disenrolled to FFS** effective January 1, 2027
- Impacts approximately **2 million individuals**
- \$583.8 million (\$471.6 million GF) reduction in 2026-27 and \$1.5 billion (\$1.2 billion GF) ongoing
- If the state were to provide emergency Medi-Cal services in a state-only managed care program, DHCS estimates the cost to be about \$6 billion GF annually

Medi-Cal Budget Solutions

- **Increased Monthly Premiums for Adults with UIS** – increase monthly premiums for adults with UIS from \$30 to \$50 for individuals aged 19-59 effective July 1, 2027, resulting in a GF reduction of \$427.3 million in 2027-28 decreasing to \$314.3 million annually in 2029-30
- **Fully Reinstate Medi-Cal Asset Limit Test for seniors and disabled adults** – GF reduction of \$278.3 million in 2026-27 and \$495.6 million ongoing effective no sooner than January 1, 2027 (includes IHSS)
- **Program of All-Inclusive Care for the Elderly (PACE) rate cap** – GF reduction of \$33.7 million in 2026-27 and \$80.9 million ongoing to implement rate cap for PACE except for new entrants in their first two years effective January 1, 2027 (lower bound of actuarial rate)

Medi-Cal Budget Solutions Continued

- **Redirect Medical Loss Ratio (MLR) Remittances** – redirects MLR remittances from the Medi-Cal Loan Repayment Program for physicians and dentists to the GF estimated at \$25 million beginning 2027-28
- **Eliminates Optional Adult Acupuncture Benefit** – GF savings of approximately \$5.4 million in 2026-27 and \$13.1 million ongoing from eliminating the optional adult acupuncture benefit effective January 1, 2027

ECM and Community Supports Solutions

- **Enhanced Care Management (ECM)** – refine eligibility criteria, utilization management criteria, service definitions and payment adjustments effective January 1, 2027, with estimated GF savings of \$41.4 million in 2026-27 and \$99.2 million ongoing
 - Includes: driving service model fidelity, reducing care management overlap, and strengthening graduation and duration criteria
- **Community Supports (CS)** – refine referral pathways, eligibility criteria, services definitions and utilization management for CS effective January 1, 2027, with estimated GF savings of \$26.9 million in 2026-27, \$58.8 million in 2027-28, and \$51 million ongoing
 - Includes: establishing minimum provider enrollment requirements as well as targeted changes for select CS

Additional Proposal Details: <https://www.dhcs.ca.gov/wp-content/uploads/2026/05/Refinements-and-Efficiencies-for-Community-Supports-and-ECM-Fact-Sheet.pdf>

Medi-Cal Efficiencies

- **Medi-Cal Efficiencies** – GF reduction of \$68 million in 2026-27 increasing to \$552 million in 2029-30 to:
 - Establish utilization management for non-emergent medical transportation (NEMT) and applied behavioral analysis (BHT)
 - Eliminate the quality incentive component of the quality withhold and incentive program for Medi-Cal managed care
 - Includes placeholder amount for DHCS to identify additional program efficiencies

Additional Proposal Details: <https://www.dhcs.ca.gov/wp-content/uploads/2026/05/Utilization-Management-for-Applied-Behavior-Analysis-BHT-and-Transportation-Services-Fact-Sheet.pdf>

Behavioral Health Proposal Updates

- **Behavioral Health Services Act (BHSA) Fund Offsets** – \$211.9 million BHSA in 2026-27 and \$229.1 million in 2027-28 decreasing to \$226.4 million in 2029 in lieu of GF for workforce, population-based prevention and state directed programs including:
 - Community Based Mobile Crisis in 2026-27; will become optional benefit beginning April 1, 2027
 - Children and Youth Behavioral Health Initiative (CYBHI)
 - CYBHI Services and Platform
 - Drug Medi-Cal-Organized Delivery Systems

Behavioral Health Proposal Updates Cont.

- **Opioid Settlement Fund Offsets** includes \$35.4 million Opioid Settlement Funds for DMC-ODS in 2026-27 in lieu of GF
- **MCO Tax for Behavioral Health** - \$122 million to support behavioral health facility throughputs
- **BHSA State Investments** – for various state departments

In-Home Supportive Services Proposals

The May Revision includes \$33.7 billion (\$12.7 billion GF) for the IHSS program in 2026-27

Budget updates include:

- **Conforming IHSS with Medi-Cal Immigrant Eligibility** – increase of \$30.8 million GF in 2026-27 to conform IHSS to the delayed transition of restricted-scope Medi-Cal for individuals impacted by federal eligibility changes to 7/1/2027
- **Medi-Cal Asset Test Limits** – reduction of \$62.6 million GF effective no sooner than 1/1/2027

Other Selected Health Related Proposals

- **Financial Relief for Distressed Hospitals** – augmentation of up to \$50 million GF in 2026-27 for short-term support to hospitals in immediate and significant financial distress
- **Covered California State Subsidy Program** - \$300 million for Covered California to expand the state premium subsidy program to enrollees up to 200 percent of the federal poverty level (an increase of \$110 million from January)

Next Steps

- Legislature must **pass a budget by June 15th** to meet constitutional deadline
- Legislature and Governor will negotiate to finalize budget
- Once presented with budget bill, the Governor has 12 days to sign, veto, or line-item veto

Medi-Cal Program Integrity

Medi-Cal Program Integrity

- CMS Letter January 27, 2026 – request for action plan and responses to questions, including: fraud, wasted, and abuse; program integrity and infrastructure; eligibility determinations and immigration status controls; and the IHSS program
- DHCS Response for Program Integrity Action Plan
- CMS Deferral Letter Quarter 1 2026 – outlines deferrals including new IHSS related deferral of \$1.18 billion
- DHCS New Release Response on IHSS deferral May 2026

CalAIM Waiver Renewals

CalAIM 1115 and 1915(b) Waiver Renewals

- **CalAIM 1115 Waiver renewal**

- Current waiver expires December 31st
- On May 11th, DHCS submitted to federal Centers for Medicare and Medicaid Services (CMS) [CalAIM 1115 renewal application](#) for another five years

- **CalAIM 1915(b) Waiver renewal**

- Current waiver expires December 31st
- Provides authority for Medi-Cal's managed care delivery systems
- On May 21st, DHCS opened the **public comment period which ends June 20, 2026**
- Summary [overview](#) of the renewal application
 - Continues existing authorities
 - Streamlines behavioral health through a county Behavioral Health Plan (BHP) and integrated contract for specialty mental health and substance use services effective January 1, 2027

Agenda Item 4: Presentation and Discussion: Alameda County Safety Net

Alameda County Safety Net

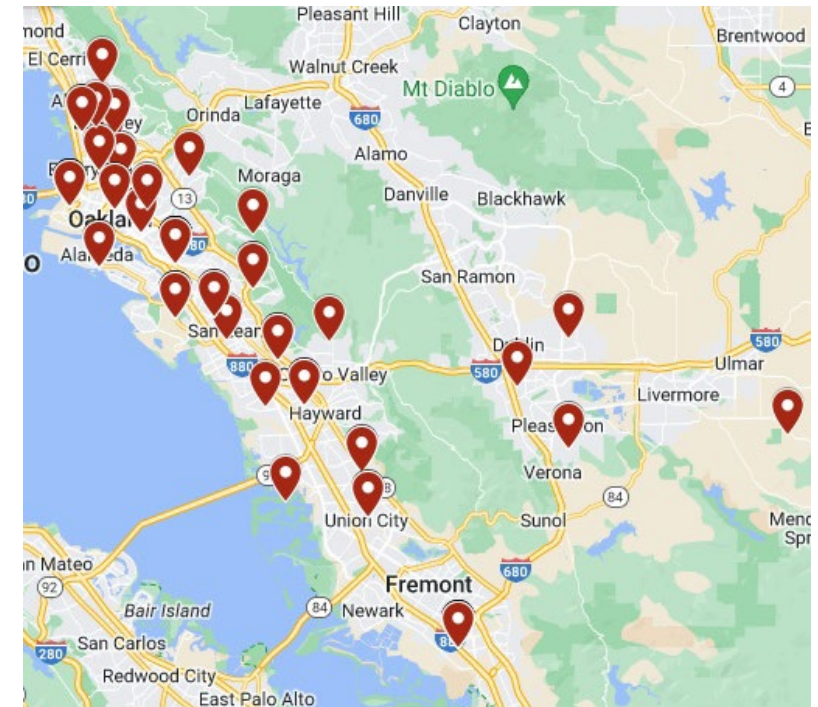
June 2026

Overview

- Single health plan – Alameda Alliance for Health (AAH)
 - Kaiser as secondary, shadow plan
 - Public Hospital- Alameda Health System (22%)
 - And Sutter, Stanford, UCSF
 - FQHC Network- Community Health Center Network (45%)
 - No county safety net delivery infrastructure
 - Alameda County Health Care Services Administration (HCSA) administers HealthPAC- health program of alameda county
 - \$60M+ for AHS and the 8 CHCN FQHCs
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CHCNs Network: Access Points

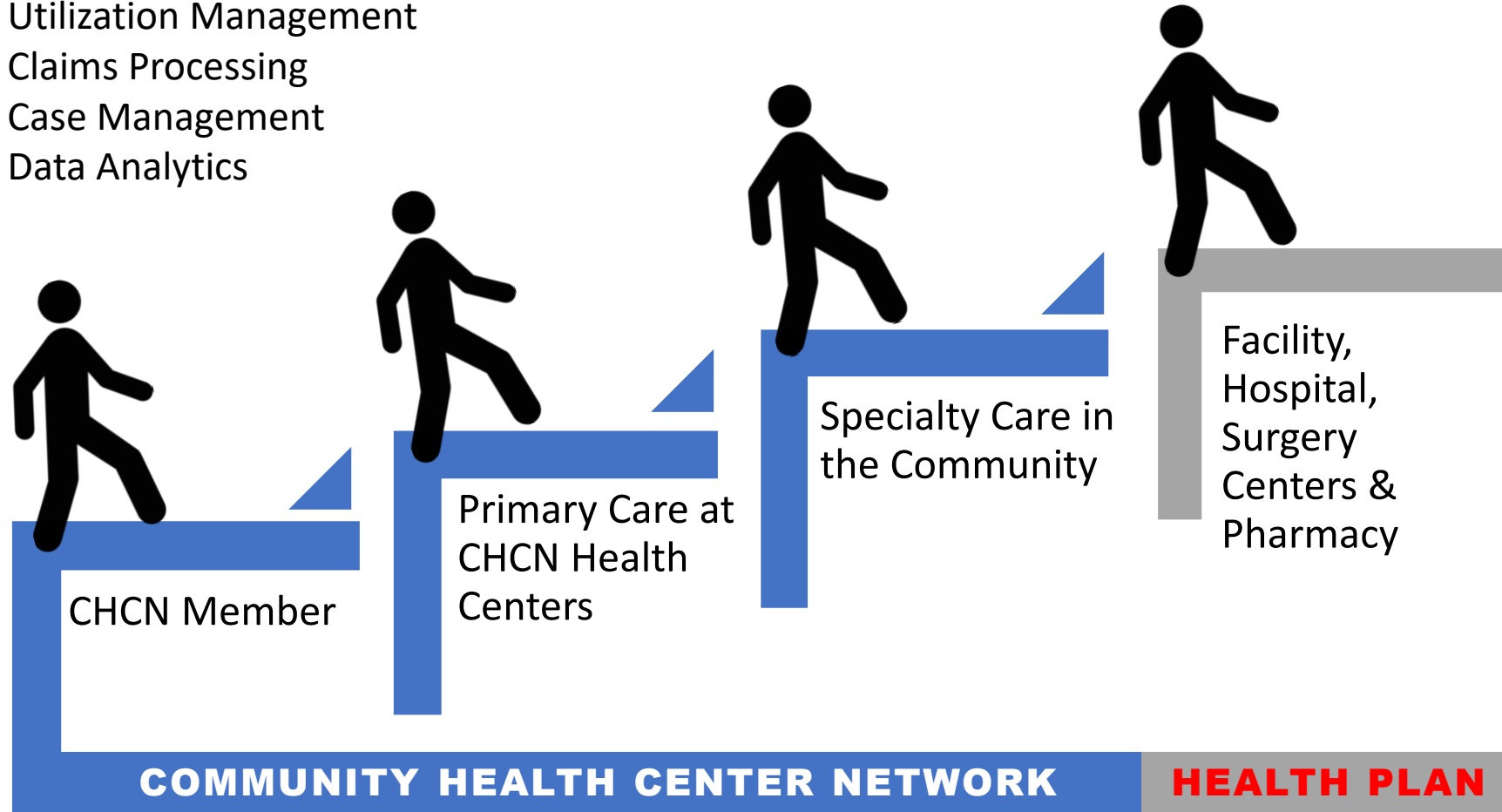
- **AAH Patients Served: as of April 2026 169,000 or about 45% of total enrollment**
 - *Historical Context July 2022: 205K patients*
- FQHCs: 8
- Total Access Points in Alameda: 106
 - 28 of County's 32 school-based health sites- 8 school districts
 - 7 WIC sites
 - 21 mobile units
- Primary Care Providers
 - Medical: 422
 - Dental: 183
 - Behavioral health: 138
 - + acupuncture, vision, chiropractic
- Specialist Network
 - Total providers: 4,452
 - Claims: 716,109



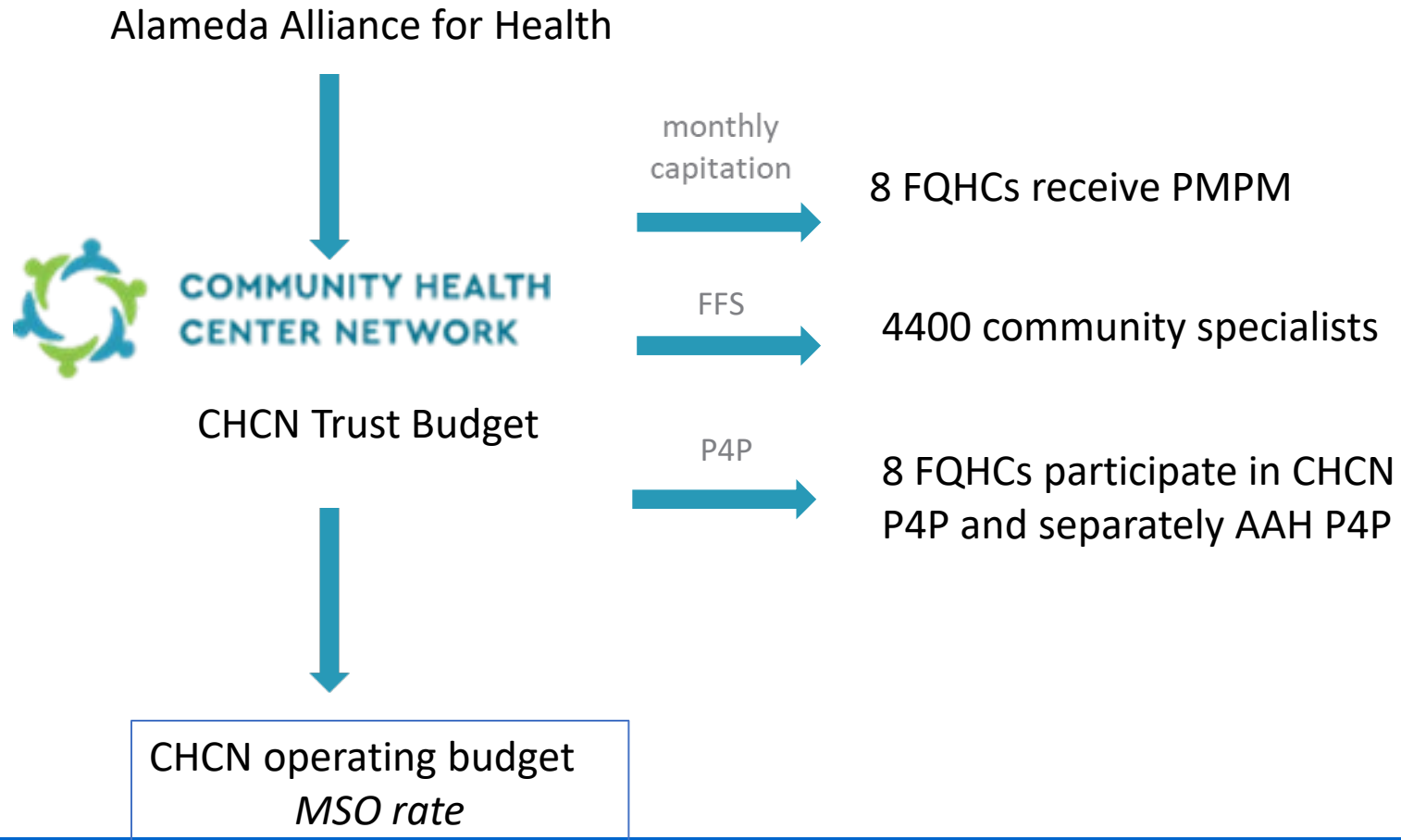
CHCN as a Delegated Group

for Medi-Cal Managed Care serves as an independent practice association (IPA) and managed services organization (MSO) which means:

- ❖ Provider Contracting
- ❖ Utilization Management
- ❖ Claims Processing
- ❖ Case Management
- ❖ Data Analytics



How it works



CHCN Case Management & Care Coordination Services

AAH rates

Enhanced Care Management (Care Neighborhood Program)

Intensive care management serving 11 DHCS Populations of Focus

55+ Community Health Workers serve 1,600+ patients annually

AAH rates

Care Transition Registered Nurse (CTRN) Program

Medical case management using RNs estimated to have saved \$1.5M in first year of program (2019)

10,752 hospital discharges in 2023

Sutter grant

Advanced Care Transitions Pilot

Start care transition process at bedside in the hospital

KPIs include 30-day readmission rate, ED visit rate, and % PCP follow-up (7-day and 30-day)

MHSA \$

Integrated Behavioral Health Care Coordinators

39,000 care coordination services

Support patients navigate BH delivery system

MHSA \$

Pediatric Care Coordinators

Made 6,330 linkages to care to resources like WIC, Help Me Grow, regional centers, school-based services

Supported 1,300+ patients with positive Adverse Childhood Experiences (ACEs) screen

MHSA \$

School Based Care Coordinators

1,400 young clients and families served by 4 FTE SBCCs

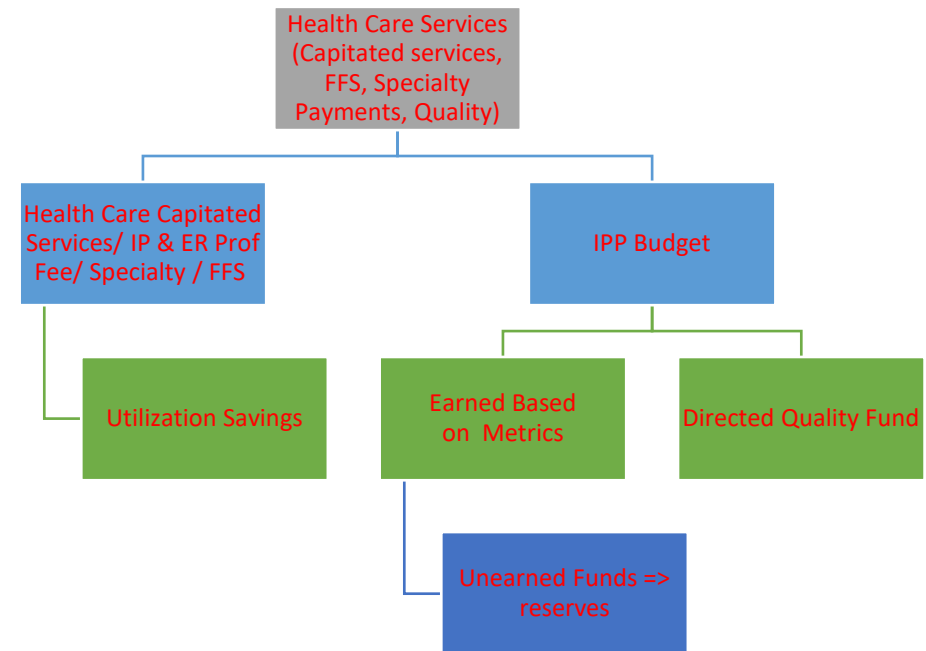
476 young clients and families outreached for enrollment in wrap around preventative services

CHCN Quality HEDIS Support

- Monthly forum for QI and QI-adjacent team members (DREAM Team)
 - Quarterly 1:1 meetings with health centers
 - TA as needed for new measures (FUM)
 - Health center PDSA support
 - Programmatic grant management
 - Measure-specific workgroups (IHA, CRC, CBP)
 - Dashboard builds using EHR, claims and other data sources to track measures and GIC
 - Tableau/data training for new staff members
 - QI fundamentals/PDSA training for staff and annual HEDIS Palooza event
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Incentive Payment Program (IPP)

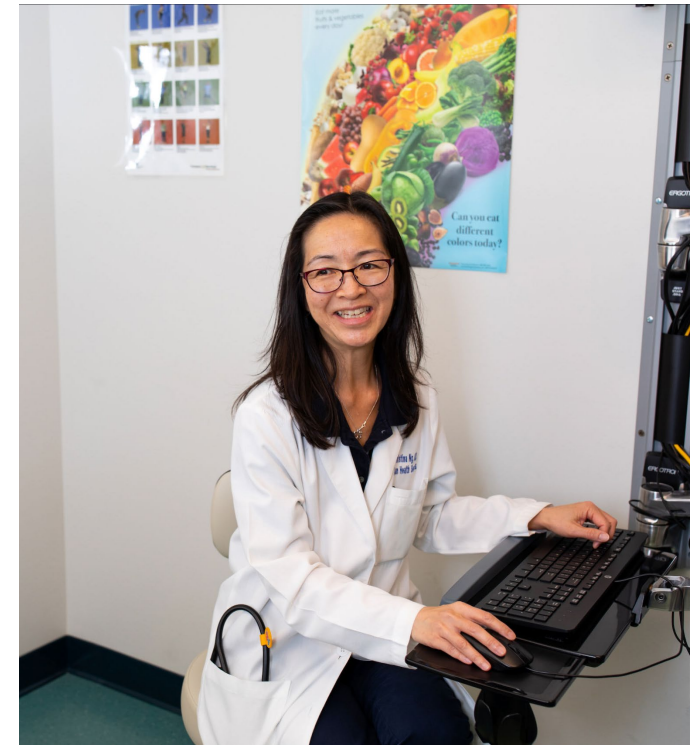
- A portion of total cap dollars are budgeted for an annual incentive program to improve quality outcomes and support quality infrastructure building.
- A portion of shared savings, if any, are also distributed to health centers that meet minimum quality performance goals



HealthPAC has been essential for community health centers' ability to provide quality care and to drive system transformations

Network of 8 federally qualified health centers leverages HealthPAC to deliver primary care at the highest standard. AHC & CHCN provide administrative coordination, training and data analysis. Successes include:

- ✓ Partially offsetting costs of care for uninsured families in Alameda County
- ✓ Building capacity to improve clinical outcomes – success story: Hepatitis C Virus (HCV) screening and treatment
- ✓ Increasing the capacity to treat patients for opioid dependence;
- ✓ Improving performance of the 30-day primary care follow-up after hospital discharge;
- ✓ Consistent investment in capacity & infrastructure allowed pivot for COVID – supporting elimination of vaccine disparities among Latinx
- ✓ Promoting food security, including scaling Recipe4Health
- ✓ Increased utilization of health care services by men through Fathers Corps



Partially offset costs of care for uninsured families in Alameda County

Point in Time Snapshot: CFY2021–2022

- Based on average Medi-Cal PPS rates across our health centers in FY2021–2022, **the total cost of care for uninsured patients was \$37,684,770. HealthPAC contracts totaled \$23.2M**, including funding to support system transformation deliverables.
- **HealthPAC offset costs of care for 12,515 health center patients.** Among HealthPAC patients:
 - 92% were Latinx
 - They were more likely to be male than Medi-Cal population (47% vs. 39%)
 - Visit types included:
 - 38,985 primary care visits
 - 2,437 optometry visits
 - 206 behavioral health visits
- An **additional 37,771 uninsured patients who were not enrolled in HealthPAC received 104,435 visits.** Among this population, 88% were Asian or Latinx



Agenda Item 5: Public Comment

Agenda Item 6: Adjourn