

# Federal H.R. 1 Impact Mitigation Planning



# Agenda

- Overview of H.R. 1
- Outline expected impacts to the County of Sonoma operations and county residents
- Discuss known-unknowns
- Present mitigation considerations for future Board direction

# H.R. 1 Impact Overview

House Resolution 1 (H.R. 1) was signed into law on July 4, 2025, is a sweeping tax and fiscal legislation that makes permanent key tax cuts, expands deductions and credits, and restructures certain federal programs.

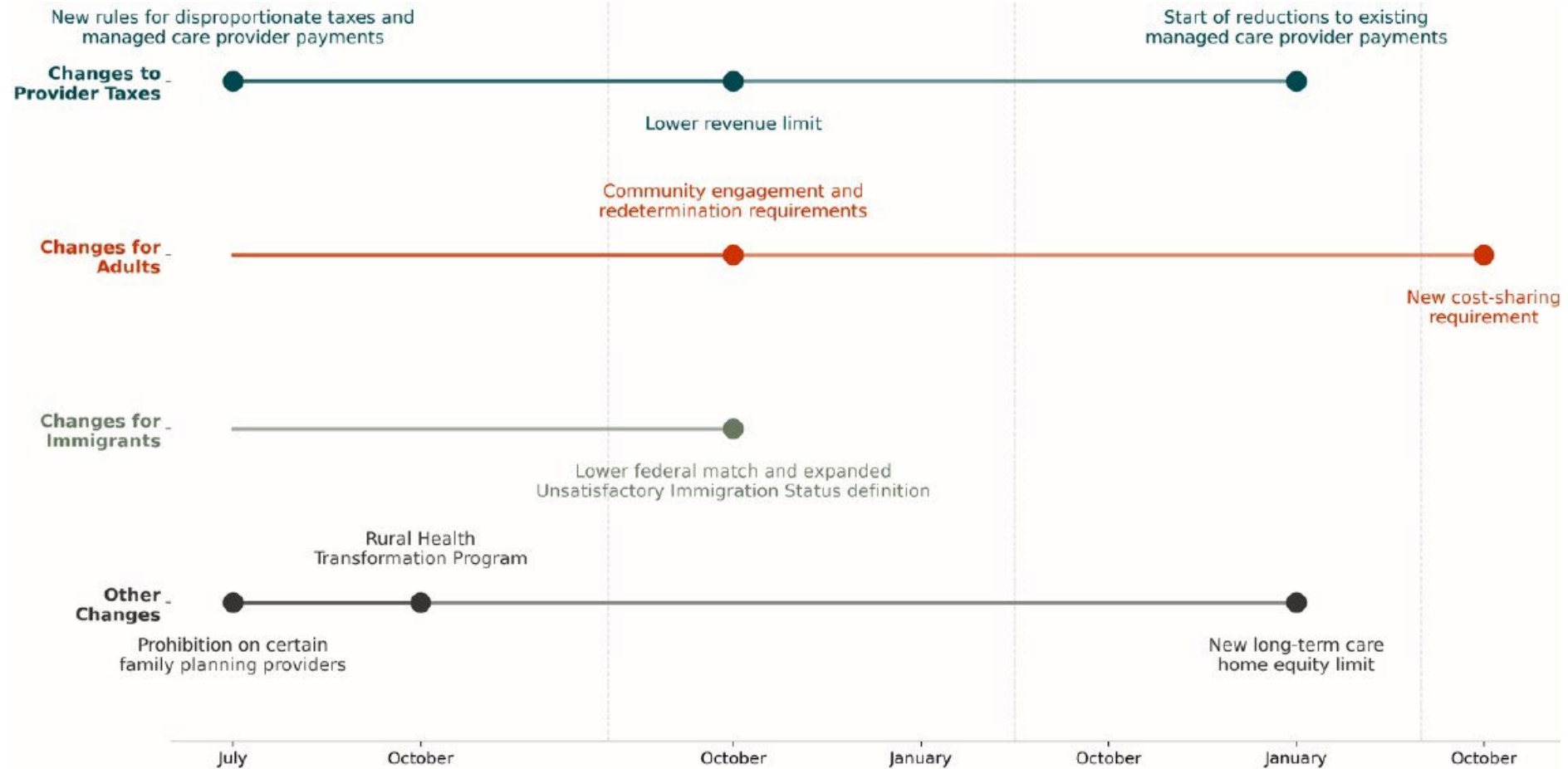
Impacts will be seen in:

- Health care coverage & financing
- Food Assistance
- Higher Education
- Personal and Corporation Taxes
- Clean Energy and Electric Vehicles

County services and operations will be impacted regarding:

- **Health care coverage** (Medi-Cal and Medically-Indigent coverage)
- **Food Assistance** coverage and financing (Supplemental Nutrition Assistance Program (SNAP)/CalFresh)

# Implementation Timeline



Note: Start date of some changes may differ from figure, depending on forthcoming federal guidance.

2025

2026

2027

2028

# IMPACT – HEALTH CARE COVERAGE

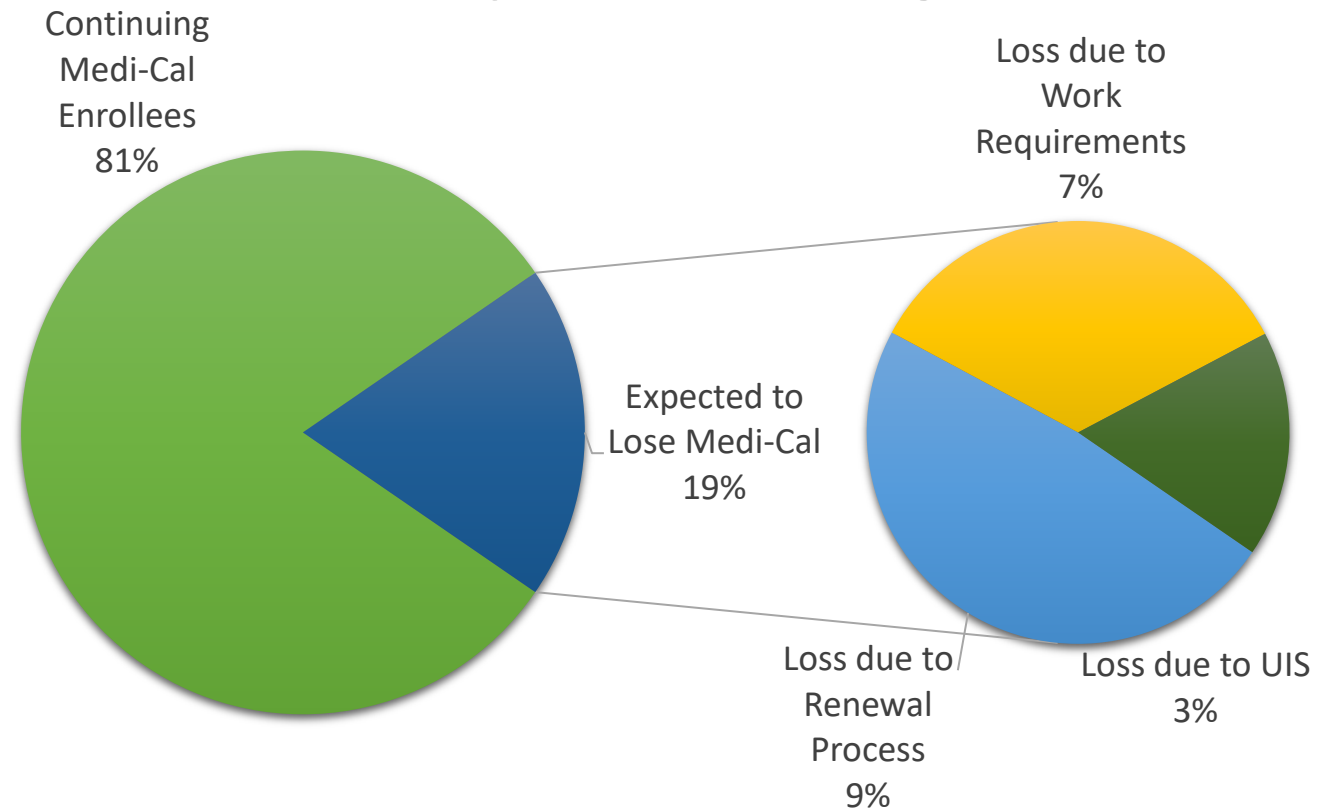
Topic	Description	Starting Date
<b>Adults in Medi-Cal</b>		
Community Engagement	Requires most able-bodied adults to work, study, or complete community service	January 2027
Redetermination Frequency	Increased frequency of eligibility redeterminations for childless adults	January 2027
Cost Sharing	Requires state to impose cost-sharing on higher-income childless adults	October 2028
<b>People with Unsatisfactory Immigration Status in Medi-Cal</b>		
Medicaid eligibility	Narrows eligibility for noncitizens	October 2026
Federal match	Reduces federal match on emergency services	October 2026
<b>People in Covered California</b>		
Premium tax credits	Narrows eligibility for noncitizens	January 2027
Automatic re-enrollment	Eliminates automatic re-enrollment for premium and cost-sharing subsidies	January 2028

# Anticipated Sonoma County Impacts

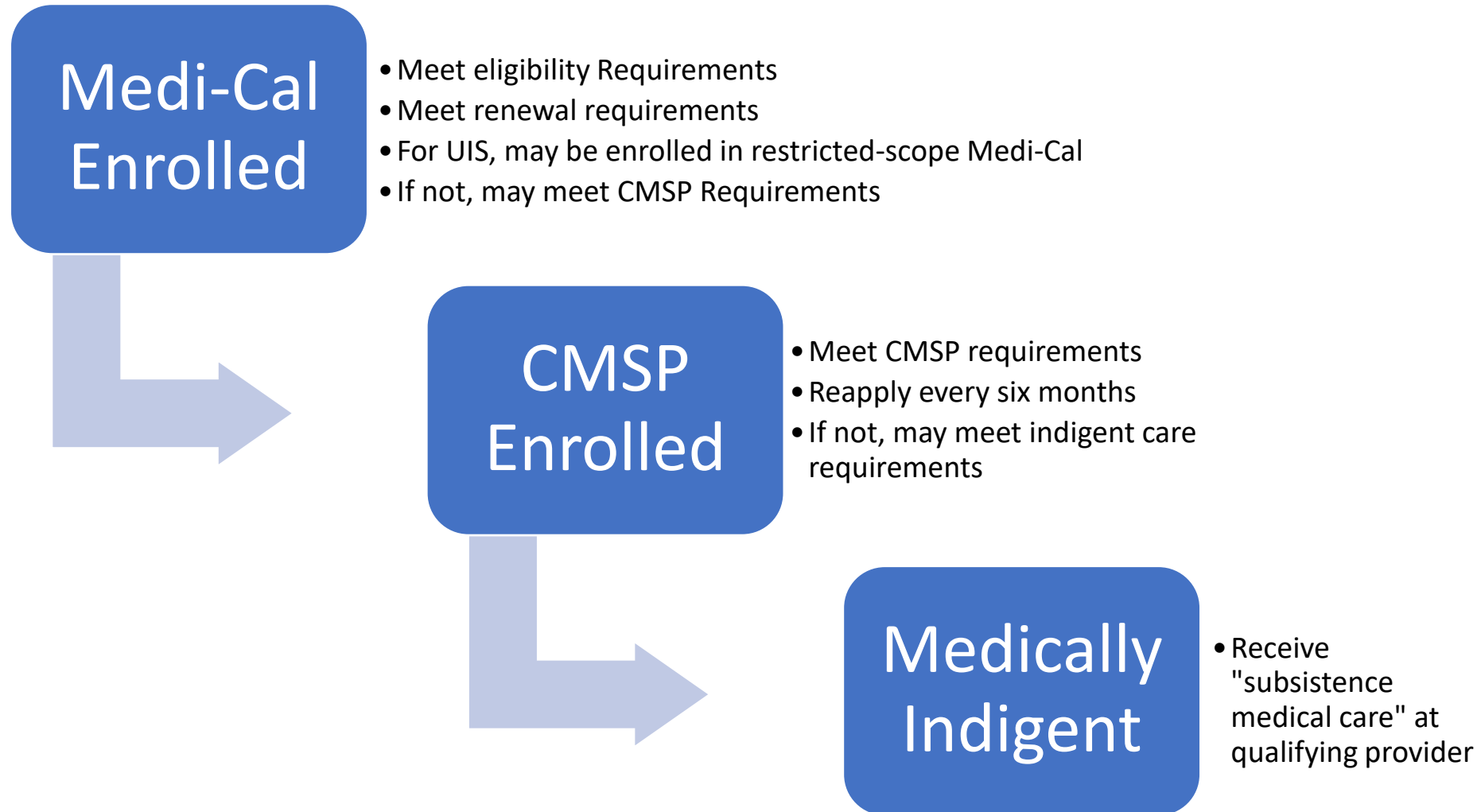
H.R. 1 changes eligibility requirements for Medi-Cal:

- Increased work requirements
- Increased eligibility redetermination frequency (6 months vs annually)
- Narrowed eligibility for noncitizens

## Expected Impacts of H.R. 1 on Sonoma County Medi-Cal Coverage



# Waterfall of Medical Coverage



# County Responsibility – Indigent Care

Welfare and Institutions Code (WIC) Section 17000:

"Every county and every city and county shall relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident, lawfully resident therein, when such persons are not supported and relieved by their relatives and friends, by their own means, or by state hospitals or other state or private institutions."



# Indigent Care – Other Considerations



- Impact on current serious mental illness treatment Behavioral Health clients who lose Medi-Cal coverage



- Increased impact to the local hospital systems, included utilization of uncompensated care, and potential downstream impacts on employer health insurance rates

# Staff Identified Impact Mitigation Strategies

## Strategy 1: Keep those who meet eligibility requirements on Medi-Cal

The County's primary strategy to meeting the majority of the County's indigent care responsibilities is to ensure that those who are Medi-Cal eligible remain enrolled.

TACTIC 1: Increase County eligibility staffing

### Resources Needed:

- HSD-PCR-01 - **\$18,419,400 total for three (3) years** – Add 38.0 Dual Fill or Time-limited Eligibility staff allocations through 6/30/2029 to carry out new eligibility requirements for Medi-Cal and CalFresh as a result of HR 1
- HSD-PCR-04 - **\$3,963,300 for three (3) years** – Add 7.0 FTE Time-Limited staff positions to the JobLink team to provide case management support for residents to meet work requirements, including paid work, training, volunteering, and educational program enrollment



# Staff Identified Impact Mitigation Strategies

## Strategy 2: Support Scalability of County Medical Service Providers (CMSP)

Due to H.R. 1 changes, CMPS estimates that up to 11,560 individuals will be eligible for their coverage. The full costs of services to these individuals would be \$102,490,960.



**TACTIC 1:** Advocate with State for funding for CMSP to scale services up as need grows

**Resources Needed:** In process; no additional resources needed at this time

**TACTIC 2:** Identify and set aside potential available County funding sources to address expected CMSP costs. Re-evaluate pending CMSP program changes and final costs, and final State budget impacts

**Resources Needed:** During June Budget Hearings, review available discretionary fund balance sources which could be reallocated to cover this and other H.R. 1 costs and impacts for the next 3 years.

# CMSP – Proposed Eligibility Changes

Topic	Current	Board Approved
Age Limit	21-64	No change
Income Limit	138% - 300% Federal Poverty Level (FLP) <138% FLP with certain deductions	138% - 200% Federal Poverty Level <138% FLP with certain deductions
Asset Limit	\$20,000 individual, \$30,000 couple No asset test <138% FLP	\$10,000 individual, \$20,000 couple No asset test <138% FLP
Enrollment Term	Up to 6 months with 1 month retroactive	No change
Share of Cost (SOC)	Under 138% FLP< no SOC 138% - 300% FLP, monthly SOC	Under 138% FLP< no SOC 138% - 200% FLP, monthly SOC
Scope of Benefit Coverage	Full Scope: Resident of CMPS County	Full Scope: Verified citizen & resident of CMPS County Restricted Scope: Undocumented & resident of CMSP County

# CMSP – Proposed Service Changes

Topic	Current	Board Approved
Substance Use Disorder Treatment Services and Mental Health Services	Individual Counseling for Alcohol and/or Drug Abuse Treatment Services; Group Counseling or Alcohol and/or Drug Abuse Treatment Services; Individual and group mental health evaluation and treatment (psychotherapy); Psychological testing; and Outpatient services for the purpose of monitoring medication therapy	No coverage for specified Outpatient Alcohol, Drug, and Mental Health services
Coverage for Vision, Audiology, and Selective Dental Services	Eye Exams; Contact Lens Testing; Low Vision Testing; Prescription Glasses; Artificial Eye Services and Materials; Audiometry Assessments; Tympanometry Assessments; Hearing Aid Evaluations; Evoked Response testing; Electronystagmography; Cochlear Implants; Prosthetics, Implants, & Prosthodontics	No coverage for Visual, Audiology, and Non-Emergency Dental services

# Staff Identified Impact Mitigation Strategies

## Strategy 3: Support Community Health Center (CHC) network

*The network of CHCs in the county are anticipating 14,677 more individuals (a 95% increase) will attend their clinics without any medical coverage.*

**TACTIC 1:** Provide general funding support to the CHCs in order to provide increased services as required through WIC 17000 to support the County's health care obligation.

**Resources Needed: FY 26/27 \$12.8 million; \$39.6 million total through FY 28/29**



SONOMA COUNTY  
INDIAN HEALTH PROJECT



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# IMPACT – FOOD ASSISTANCE

Topic	Description	Starting Date
CalFresh eligibility	Expands work requirements for able-bodied adults with dependents	Immediate, pending federal guidance
CalFresh eligibility	Limits eligibility for noncitizens	Immediate, pending federal guidance
CalFresh eligibility	Limits allowable utility and internet deductions	Immediate, pending federal guidance
Administrative Cost Share	Increases state and county shares of administrative costs	October 2026
Benefit Cost Share	Increases state share of benefits costs	October 2027, depending on error rate

# County Responsibility – Eligibility Determination

- CalFresh is federally mandated and in California, is state-supervised and county-operated. Counties are responsible for eligibility determination and enrollment.
- Unlike indigent health coverage, the county does not have statutory responsibility to meet a minimum level of food provision.



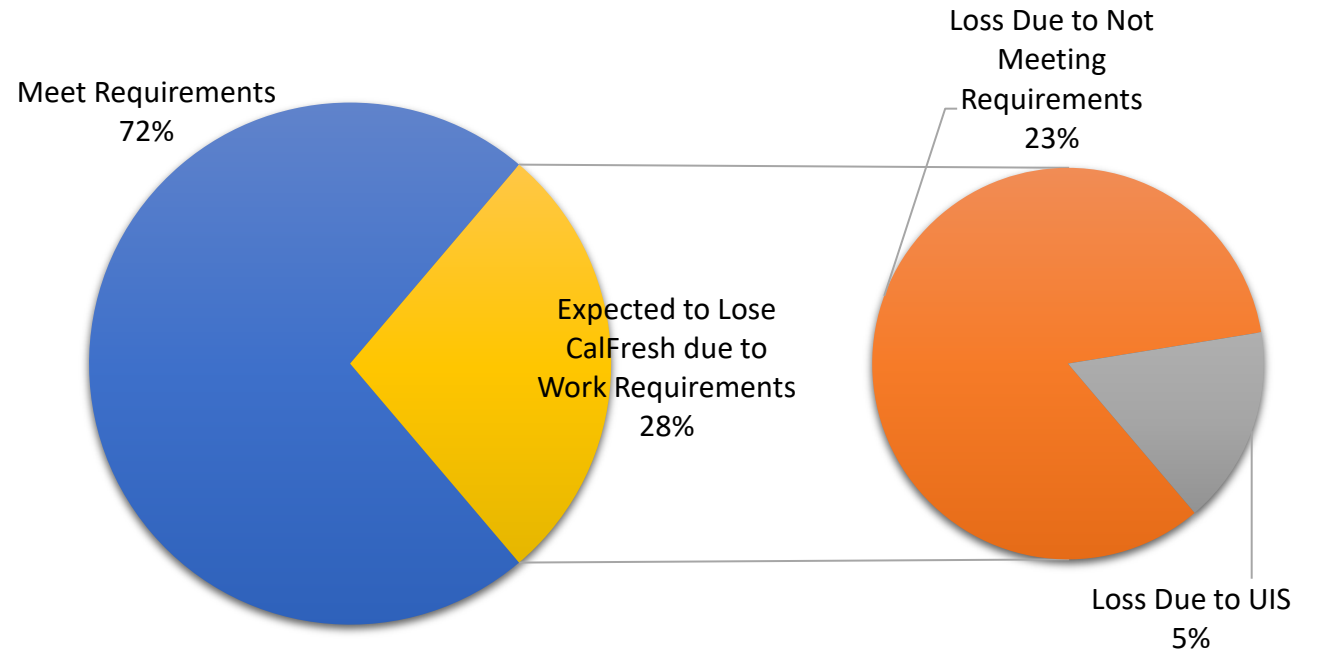
# Anticipated Sonoma County Impacts

H.R. 1 changes eligibility requirements for Medi-Cal:

- Increased work requirements
- Increased eligibility redetermination frequency
- Narrowed eligibility for noncitizens
- Increases County's share of Administrative Costs

Total loss of coverage expected:  
\$1,440,000 monthly

Expected Impacts of H.R. 1 Work Requirements on CalFresh Coverage



# Staff Identified Impact Mitigation Strategies

## Strategy 1: Keep those who meet eligibility requirements on CalFresh

The County's primary strategy to support community food security is to ensure that those who are eligible for CalFresh remain enrolled.

**TACTIC 1:** Increase County eligibility staffing.

**Resources Needed:** Same as those identified to mitigate medical converge impacts, PCRs cover both needs.



# Staff Identified Impact Mitigation Strategies

## Strategy 2: Support robust and responsive food distribution system

As a result of loses of CalFresh benefits, the Redwood Empire Food Bank anticipates and increased annual need of \$2.6 to \$5 million, adding 150,000 more meals per year to their distribution.

**TACTIC 1:** Host Food Convening to inventory what services are offered across the county, and identify gaps and redundancies

**Resources Needed:** Will be determined after Food Convening



# Staff Identified Impact Mitigation Strategies

## Strategy 3: Expand General Assistance Program

The County of Sonoma fund a General Assistance (GA) program, which provides temporary (90 days in a 12-month period) cash assistance for individuals who have little or no money.

**TACTIC 1:** Increase County investment in GA program due to current and anticipated increased need.

### Resources Needed:

- **\$470,700** (ongoing) - 4.0 FTE GA staff to support current and expected increased caseloads
- **Optional Investment** - Consider increase in GA maximum award to support potential increased community needs. \$412,700 - \$676,800 (ongoing), depending on % increase.



# Known Unknowns



## Future of the Indigent Care and CMSP Program

- CMSP Governing Board will consider eligibility and service reductions to reduce costs (May 2026)
- Education ongoing with Legislators regarding indigent health, CMSP, and counties' WIC 17000 responsibilities.
  - The Governor's January Budget did not include funding to CMSP/counties for indigent care
  - CSAC and other associations are optimistic that the budget will include some support (June 2026)

# Resources Needed - Staffing

FTEs	Position	Time Period	Request
38.0 FTE	Dual-Fill & Time-Limited Eligibility staff (3-year total: \$18,419,400)	Dual-Fill & Time-Limited	FY 26-27: \$5,744,600 FY 27-28: \$6,244,400 FY 28-20: \$6,430,400
7.0 FTE	Work Requirement Case Managers (3-year total: \$3,963,300)	Time-Limited	FY 26-27: \$1,236,200 FY 27-28: \$1,343,200 FY 28-20: \$1,383,900
4.0 FTE	General Assistance Case Managers	Ongoing	FY 26-27: \$470,700 FY 27-28: \$484,800 FY 28-29: \$499,500
		<b>Staffing Subtotal</b>	<b>\$23,837,700</b>
		FY 26-27 Total	\$7,451,500
		FY 27-28 Total	\$8,072,400
		FY 28-29 Total	\$8,313,800

# Resources Needed – Partners & Programs

Focus	Recurrence	Request
Community Health Clinic Funding	Annual	\$12,800,000
Food System Support*	Annual	\$1,000,000
<i>Optional: General Assistance Award Increase (maximum increase allowed)</i>	Annual	\$676,800
CMSP Program Costs – <i>Maximum-As-Is</i>	Annual	\$102,490,960
	<b>Partners &amp; Programs Subtotal</b>	<b>\$116,967,760</b>
	FY 26-27 Maximum	\$124,419,260
	FY 27-28 Maximum	\$125,040,160
	FY 28-29 Maximum	\$125,281,560

\*Placeholder - Amount to be determined following Food Convening

# Funding Sources

Ongoing	Annual Capacity
Various Programmed Initiatives/Set-Asides	\$15,523,406
Public Health Realignment Funds (CMSP & CHCs)	\$5,690,000
<b>Total Ongoing Funding Capacity</b>	<b>\$21,213,406</b>
One-Time	Fund Balance
Designated Fund Balances	\$16,338,000
Programmed Initiatives	\$121,221,541
Human Services Realignment Fund Balance ( <i>Staffing</i> )	\$33,035,978
Public Health Realignment Fund Balance ( <i>CMSP &amp; CHCs</i> )	\$62,964,549
<b>Total One-Time Fund Balance</b>	<b>\$233,560,068</b>

# Next Steps

## Indigent Health Care

- Continue discussions with Aliados and CHCs
- Track CMSP program changes
- Track State Budget

## CalFresh

- Host Food Convening in Summer 2026
- Continue Discussions with Food Distribution Partners and Volunteer program managers

## County Budget

- Return to the Board following State budget and final cost determinations, to request specific funding sources
- Board may want to consider delaying significant FY 26-27 budget decisions until the fall, following these actions

**Questions?**