



# SACRAMENTO COUNTY HEALTH AUTHORITY COMMISSION

## General Meeting

June 10<sup>th</sup>, 2025

# **Agenda Item #1:**

## **Welcome/Opening Remarks & Updates**

# Agenda Item #2: Agenda Review

- **Introductions for New Commissioners** – Eddie Kirby, Acting Chair
- **Action: Quality Improvement & Quality Assurance New Member Appointment**  
– Dr. Ravinder Khaira
- **Action: Approval of Meeting Minutes** – Sacramento County Department of Health Services
- **Presentation, Discussion & Action: Strategic Priority 5 Ad-Hoc Committee: Revised Bylaws and Commissioner Expectations** – Eddie Kirby, Acting Chair
- **Presentation & Discussion: Federal & State Budget Updates** – Meredith Wurden
- **Public Comment**

# **Agenda Item #3:**

## **Introductions for New Commissioners**

# **Agenda Item #4**

## **Quality Improvement & Quality Assurance**

### **New Member Appointment**

# **Agenda Item #5**

## **Approval of Meeting Minutes**

# **Agenda Item #6**

## **Strategic Priority 5 Ad-Hoc Committee: Revised Bylaws and Commissioner Expectations**

# **Agenda Item #7**

## **Federal & State Budget Updates – *Meredith Wurden, Sellers Dorsey***



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# Federal and State Budget Updates

*Meredith Wurden, Senior Strategic Advisor, Sellers Dorsey*

June 10, 2025

# Federal Updates

# Key Medicaid Provisions in H.R.1(OBBBA)

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Proposal	Description	CBO Estimated Federal Savings For 2025-2034 (in billions)*	Potential Changes Before Enactment
<b>Community Engagement (Work) Requirements</b>	Condition Medicaid eligibility on work or community engagement, with exemptions for children, seniors, tribal members, medically frail individuals, recent inmates, caregivers, foster youth under 26, and those meeting SNAP or TANF work rules.	<b>\$ 344</b>	<b>Likely to advance with minimal changes</b>
<b>Eligibility &amp; Enrollment Rule, Redeterminations, and Retroactive Coverage</b>	Delays the CMS Eligibility and Enrollment final rule, which streamlines Medicaid and CHIP processes (\$82); requiring redeterminations for expansion populations to at least every six months (\$63.8) ; and limiting retroactive coverage to one month from application (\$6.3).	<b>\$151.3</b> (Total of \$82, \$63.8, \$6.3)	<b>Likely to advance with minimal changes</b>
<b>Requirements Regarding Waiver of Uniform Tax Requirement for Medicaid Provider Tax</b>	Introduces a new redistributive standard that prohibits taxing Medicaid providers at higher rates than non-Medicaid providers, including through indirect methods like tiered rates or selective groupings.	<b>\$34.6</b>	<b>Likely to advance with minimal changes</b>
<b>Moratorium on New or Increased Provider Taxes</b>	No new provider tax programs will be approved nor increases in rate/dollar amount/base for existing provider taxes.	<b>\$89.3</b>	<b>Provision effective date could be modified; could convert to reduction in provider tax threshold; could exclude select provider types/non-expansion states</b>
<b>Moratorium on New Directed Payment Programs that Exceed Medicare</b>	For new SDPs not submitted or approved by enactment date, total payment rates for inpatient/outpatient hospital, nursing facility, and AMC practitioner services would be capped at 110% of published Medicare rate in non-expansion states and 100% in expansion states. Existing programs would be "grandfathered" at current aggregate payment amount.	<b>\$71.7</b>	<b>Provision effective date could be modified; could exclude select provider types/non-expansion states</b>
<b>FMAP Penalty for Coverage of Certain Individuals</b>	Imposes a 10-point penalty to enhanced expansion FMAP each quarter if a state covers undocumented adults with state-only Medicaid funds. Exception added for lawfully residing children and pregnant women.	<b>\$11</b>	<b>Likely to be further modified or face significant State litigation/pushback</b>

The information contained in this document is provided for informational purposes only and should not be construed as legal advice. Please note interpretations and assumptions are based upon currently available information and are subject to change.

\* Updated CBO scores released June 4, 2025; accessible at: [One Big Beautiful Bill Act – House Passed Estimates](#)



# Federal Budget Reconciliation Timeline

*Gray = Anticipated Timeline*



# Federal Budget Reconciliation

- The date of enactment, which functions as the effective date for several provisions, could be as early as July 4, 2025
- Other key provisions have effective dates after enactment
  - Increasing frequency of eligibility redeterminations and limiting retroactive coverage effective dates December 31, 2026
  - Work requirements must be implemented by December 31, 2026
  - Reducing expansion FMAP effective date October 1, 2026
- Estimates shared by the Governor state that proposed changes could result in up to \$30 billion in lost federal funding and up to 3.4 million could lose Medi-Cal coverage

# Other Federal Policy

- On May 15<sup>th</sup>, CMS published a proposed rule on provider taxes that generally mirrors the budget reconciliation bill with some minor differences tied to the transition period allowed for taxes that would be impermissible
- On May 27<sup>th</sup>, CMS released a statement about increased state oversight of federal Medicaid funds covering individuals who are undocumented

# State Budget Update

# State Budget Overview

- The Governor's 2025-26 May Revision presents a distinctly weakened state fiscal outlook compared to January, with an estimated \$12 billion budget year shortfall and ongoing deficits projected in future years
- To address this shortfall, the Governor proposes:
  - \$5 billion in spending reductions, primarily in the Medi-Cal program
  - \$5.3 billion in revenue and borrowing
  - \$1.7 billion in fund shifts
- The May Revision proposes spending \$321.9 billion in total state funds (\$226.4 billion General Fund, \$89 billion special funds, and \$6.5 billion bond funds) for 2025 -26
  - Health and Human Services programs make up about 40.7 percent of this spending
  - The Medi-Cal budget includes \$179 billion (\$37.4 billion General Fund) in 2024 -25 and \$194.5 billion (\$44.6 billion General Fund) in 2025 -26



# State Budget Overview Cont.

- May revision assumes a projected “growth recession” characterized by slower economic and job growth and higher unemployment
- Biggest downside risk to state budget is federal policy uncertainty
- State budget does NOT include any assumptions related to potential impacts of proposed federal cuts to Medicaid or other programs
- Medi-Cal spending has increased significantly and exceeded budget levels
  - Key drivers included higher than expected enrollment, pharmacy costs and higher managed care costs
  - In March, Medi-Cal required a cash flow loan of \$3.4 billion
  - In April, Medi-Cal required an additional appropriation of \$2.8 billion

# Governor's Proposed Medi-Cal Reductions

## Selected proposed reductions

- Proposals impacting recent expansions to individuals with unsatisfactory immigration status (UIS):
  - Enrollment freeze for full scope Medi-Cal expansion for adults 19 and older effective no sooner than January 1, 2026
  - Implement \$100 monthly premiums for adults 19 and older effective no sooner than January 1, 2027
  - Eliminate long term care services effective January 1, 2026, and dental benefits for adults 19 and older beginning July 1, 2026
  - Eliminate In-Home Supportive Services for adults 19 and older
  - Eliminate state only per visit rates to FQHCs and rural health clinics effective no sooner than January 1, 2026

Source: [2025-26 May Revision. Department of Health Care Services Highlights. May 14, 2025.](#)

# Proposed Medi-Cal Reductions Cont.

Selected proposed reductions include:

- Reinstating the Medi-Cal asset limit effective no sooner than January 1, 2026
- Eliminating Proposition 56 supplemental payments and suspending the Proposition 56 loan repayment program
- Increasing the minimum medical loss ratio (MLR) for managed care plans to 90 percent effective January 1, 2026
- Shifting Proposition 35 Managed Care Organization (MCO) tax revenues supporting provider increases to support base Medi-Cal costs
- Behavioral Health Services Fund General Fund Offset – replaces General Fund spending in the Behavioral Health Bridge Housing Program and Behavioral Health Transformation County Funding with BHSF funds
- Various pharmacy related changes including additional state rebates, elimination of over-the-counter coverage for certain drugs, implementation of utilization management, step therapy and prior authorization, and elimination of coverage for certain weight loss drugs

# Proposed MCO Tax Spending Changes

**Table 1: CY 2025 & CY 2026 Allocation Overview**

Domain	\$ Millions
Medi-Cal Program Support	\$2,000
Primary Care	\$691
Specialty Care	\$575
Emergency Department Facilities and Physicians	\$355
Community and Outpatient Procedures	\$245
Reproductive Health	\$90
Designated Public Hospitals	\$150
Services and Supports for Primary Care	\$50
Ground Emergency Medical Transportation	\$50
Behavioral Health Facility Throughputs	\$300
Graduate Medical Education	\$75
Medi-Cal Workforce	\$75
<b>TOTAL:</b>	<b>\$4,656</b>

Source: [DHCS Proposed Proposition 35 Spending Plan – 2025 & 2026](#)

# Legislative Budget Agreement

## Notable Health budget solutions:

- Changes related to the Governor's UIS proposals:
  - Modifies the Governor's Medi-Cal enrollment freeze proposal, applying it to those with unsatisfactory immigration status (UIS) 19 years of age and older beginning January 1, 2026, specifying that there is no "age out", and establishing a 6 month re-enrollment grace period for those that fall off the rolls
  - Modifies the Governor's proposal to establish Medi-Cal premiums for UIS by lowering the Governor's proposal from \$100 per month to \$30 per month, limiting the age range from 19-59, and starting January 1, 2027
  - Delays the Governor's proposal to eliminate dental benefits from UIS populations until July 1, 2027
  - Delays the Governor's proposed to cut \$1.1 billion ongoing from Health Centers and Rural Health Clinics until July 1, 2027
- Restores the Medi-Cal Asset Limit at \$130,000, rather than the Governor's \$2,000 proposal
- Delays the Governor's proposal to eliminate supplemental payments for dental from Proposition 56 funds, until July 1, 2027

# Legislative Budget Agreement Cont.

## Notable Health budget solutions:

- Adjusts the Governor's planned rebate aggregator to receive rebates on prescription drugs utilized by individuals in the undocumented expansion
- Approves Governor's proposal to exclude specialty drug coverage for weight loss
- Delays the Governor's proposal to eliminate \$362 million in supplemental payments for dental from Proposition 56 funds, until July 1, 2027
- Approves the Governor's proposal to increase General Fund offsets from the MCO Tax implemented by Proposition 35
- Eliminates \$130 million expenditure for Behavioral Health Services and Supports Platform, including mental health apps Soluna and Brightlife Kids
- Reduces the current year Medi-Cal adjustment adopted in Early Action, and adds to the Governor's proposed \$3.4 billion loan payment delay by an additional \$2.8 billion.
- The Senate will begin work on developing a large employer contribution requirement for employers with employees enrolled in Medi-Cal, beginning as early as 2027-28

# Legislative Budget Agreement Cont.

Notable proposed solutions not included:

- Rejects the Governor's proposal to eliminate \$172 million Proposition 56 supplemental payments for family planning, and women's health services, including funding that receives as high as a 90 percent federal match
- Rejects the Governor's proposal to eliminate long-term care and in-homesupportive-services for adults with unsatisfactory immigration status
- Rejects Governor's proposal to cancel nearly \$60 million of unspent public health funding, including for the California Reducing Disparities Project, support for LGBTQ+ Foster Youth, LBTQ Women's Health Equity grants, Reproductive Health Justice grants, STD/HepC prevention programs, and public health workforce programs

# Next Steps

- Legislature must pass a budget by June 15<sup>th</sup> to meet constitutional deadline
- Senate budget subcommittee hearings are scheduled for June 10<sup>th</sup> and the Assembly Budget Committee is scheduled for June 11<sup>th</sup>
- Legislature and Governor will the negotiate to finalize the budget
- Once presented with the budget bill, the Governor has 12 days to sign, veto, or line-item -veto



# Discussion

# **Agenda Item #8:**

## **Public Comment**

# **Agenda Item #9:**

## **Closing Comments & Adjournment**

**Next meeting is on July 8<sup>th</sup>,  
at Sierra Health Foundation**