



## OFFICE OF THE COUNTY EXECUTIVE

### County of Sonoma

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**DATE:** May 29, 2026

**TO:** Members of the Board of Supervisors and Board of Directors

**FROM:** David Guhin, County Executive

**SUBJECT:** HR 1 Impacts Update

This memo provides updates about estimated residents impacted by HR 1, how the Governor's May Budget Revision proposes to fund, or not fund, the impacts, and a summary of staff's recommended strategies to mitigate the impacts on our affected communities, and associated Program Change Requests (PCRs).

### Updated Resident Impacts

The Human Services Department (HSD) has been working to refine their estimates of how many current Medi-Cal and CalFresh enrollees may be impacted by HR 1 requirements. An audit of enrollees shows that a significant number could be excused from meeting the work requirements due to eligible exemptions, slightly reducing the estimates from those shared in April during the Budget Workshop.

Of the 21,035 **CalFresh** enrollees who could be subject to work requirements, HSD estimates that 15,046 would be eligible for exemptions. The remaining **5,989 would be subject to meeting the work requirements.**

Of the 36,937 **Medi-Cal** enrollees who could be subject to work requirements, HSD estimates that 15,983 are either currently exempted or are meeting the work requirements. The remaining **20,954 would be subject to meeting the work requirements.** All enrollees would be subject to six month redeterminations.

The California Department of Health Care Services is working on automation to be able to exempt more people from the work requirements using data HSD does not have access to in the CalSAWS database. The number of exemptions may be higher than listed above but the full impact of the automation is unknown at this time.

## State Budget and Timeline

The Governor's May Budget Revision did not include any significant funding to address the anticipated increase to counties resulting from HR 1, with an increase of \$104 million allocated to eligibility staffing statewide in FY 26-27, in contrast to the \$373 million counties requested. Sonoma County's proposed share of this allocation is not yet clear. No funding was included in the Revision for indigent healthcare, public hospital systems, or county Behavioral Health. However, the Revision does propose a nine-month delay in shifting certain lawfully present immigrants from full-scope Medi-Cal to limited-scope Medi-Cal, from October 1, 2026, to July 1, 2027.

With the release of the Governor's May Revision, the Assembly Budget Committee and Budget Subcommittee will hold hearings on the Revision and the 2026-27 state budget package through the end of May. Assembly and Senate discussions and budget proposals will continue through early June in preparation for the vote on the legislative budget bill on June 15. The Governor must sign or veto this budget bill, expected by June 29. Trailer bills to implement the policies in the state budget will continue to be proposed and voted on through the Fall.

## Summary of HR 1 Mitigation Strategies

As described in the [HR 1 Mitigation Plan](#) shared during the Budget Workshop, staff have parallel strategies to address the likely impacts of HR 1 to community members in the areas of healthcare and food security. A summary of the costs listed below can be found in Attachment 1. The cost are shown as time-limited, 3 year costs, through FY 2028/2029. As discussed in Workshops, staff recommends reserving currently available one-time fund balance to potentially fund these mitigation strategies for the next three fiscal years. Staff will adjust these cost needs are more information is known about actual community impacts as HR1 is fully implemented over the next fiscal year.

### ❖ Keep as many eligible people enrolled in Medi-Cal and CalFresh as possible.

- Healthcare and CalFresh
  - Eligibility Staffing
    - HSD-PCR-01 – 38 FTE Eligibility Staff to address increased eligibility renewal administrative processes; combination of dual-fill and time-limited; (\$18,419,400 3-year total, General Fund)
    - FY 26/27 Funding Recommendation: \$5,744,600
  - Work Case Managers
    - HSD-PCR-04 - Add 7.0 FTE in the Employment and Training unit to support community members in meeting work requirements through connection to eligible volunteer, education, and work assignments; - time-limited; (\$4,069,500 3-year total, \$3,822,581 General Fund + \$246,919 Graton Tribal Mitigation Fund)
    - FY 26/27 Funding Recommendation: \$989,281 General Fund and \$246,919 Graton Fund.

- ❖ Related to the County’s indigent healthcare requirements, instead of creating new County programs, staff recommends **funding the systems already in place to provide support community members who are unenrolled from Medi-Cal.**
  - Healthcare
    - County Medical Services Providers (CMSP)
      - CMSP has recently stated they expect to be able to cover FY 2026-27 costs with available fund balance. Additionally, they will again waive the administration fees for participating counties. For Sonoma County, this is a waiver of \$718,947. Should additional costs be identified by CMSP, staff will return to the Board to appropriate funds. Costs to counties are expected in FY 27-28, as CMSP’s reserves are depleted. Staff recommends reserving currently available 1991 Public Health Realignment Fund Balance for this expense.
    - Community Health Centers (CHCs)
      - DHS-PCR-08 – The local CHCs who serve uninsured and reduced insured populations have requested funding from the County to meet the County’s obligation to provide indigent health care. Currently, the CHCs are requesting \$12.8 million in FY 2026/27. Staff are in active discussions with the clinics at the time of this writing and will return to the Board with a funding recommendation in the fall, closer to the initiation of the January 2027 Medi-Cal impacts that will trigger indigent health care requirements, and after the adjustments to CMSP eligibility are known. Maximum liability over three years is expected to be \$39,600,000. Staff recommends reserving currently available 1991 Public Health Realignment for this future expense.
      - FY 2026/27 Expense Estimated to be \$4-12 million.
  - Food Security
    - The County has no responsibility to backfill or provide minimum level of food-related funding, unlike the obligation related to indigent healthcare. However, the County is interested in understanding the impact on the local food security network, and will be hosting a Food Convening on June 19, 2026 to hear from local providers regarding expected impacts, potential resource needs, and how the County may support the system in the future.

❖ **Increase available support to the last-resort safety-net General Assistance (GA) program** serving the County’s most vulnerable residents

- Food Security
  - Case Managers

HSD-PCR-03 - 3.0 FTE Employment and Training Specialists and 1.0 FTE Senior Employment and Training Specialist to meet current increased and expected demands related to General Assistance eligibility and case management (\$659,100 annual ongoing, General Fund)

**Known Costs**

Staffing Type	PCR	Focus of Request	Funding Source	# of FTEs	FY 27-28 Costs	FY 28-29 Costs	FY29-20 Costs	Total Cost
Eligibility Staff	HSD-PCT-01	Manage increased eligibility redetermination frequency	GF	38.0	\$ 5,744,600	\$ 6,244,400	\$ 6,430,400	\$ 18,419,400
Work Requirement Case Managers	HSD-PCR-04	Support clients to meet work requirements	GF	7.0	\$ 1,236,200	\$ 1,343,200	\$ 1,383,900	\$ 3,963,300
General Assistance Case Managers	HSD-PCR-03	Manage increased need for General Assistance support	GF	4.0	\$ 470,700	\$ 484,800	\$ 499,500	\$ 1,455,000
<b>Staffing SubTotal</b>				<b>49.0</b>	<b>\$ 7,451,500</b>	<b>\$ 8,072,400</b>	<b>\$ 8,313,800</b>	<b>\$ 23,837,700</b>
<b>Programs &amp; Partners</b>								
Community Health Clinics	DHS-PCR-08	Indigent Healthcare provided through CHCs	1991 PH RA		\$ 12,800,000	\$ 12,800,000	\$ 12,800,000	\$ 38,400,000
<b>Programs &amp; Partners SubTotal</b>					<b>\$ 12,800,000</b>	<b>\$ 12,800,000</b>	<b>\$ 12,800,000</b>	<b>\$ 38,400,000</b>
<b>Total</b>					<b>\$ 20,251,500</b>	<b>\$ 20,872,400</b>	<b>\$ 21,113,800</b>	<b>\$ 62,237,700</b>

**Items to be Brought to the Board at a Later Date**

Staffing Type	PCR	Focus of Request	Funding Source	# of FTEs	FY 27-28 Costs	FY 28-29 Costs	FY29-20 Costs	Total Cost
County Medical Services Provider*	n/a	Indigent Healthcare provided through CMSP	1991 PH RA	n/a	Unknown	Unknown	Unknown	Unknown