San Francisco
Department of Public Health

SAN FRANCISCO
HUMAN SERVICES AGENCY

Impact of HR.1 (One Big Beautiful Bill) and State FY 2025-26 Budget

Reduced access to health care and food, decreased funding and increased administrative costs

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Health Commission Meeting
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Federal and State Policy Changes to Medicaid and Supplemental Nutrition Assistance Program (SNAP)

Federal
H.R. 1 Budget Reconciliation Bill ("One Big Beautiful Bill") *July 4, 2025*
State
S.B. 101, FY2025-26 State Budget *June 27, 2025*

Key Provisions of H.R.1 and State FY 2025-26 Budget

Eligibility/Access Requirements

- Work requirements for CalFresh and Medi-Cal
- 6-month Medi-Cal renewal requirement
- Cost sharing for Medi-Cal (premiums and copays)
- Enrollment freeze for State-only Medi-Cal for undocumented adults

Financing Restrictions and Penalties

- Managed care and provider tax limitations
- Cuts to federal funding for providing uncompensated health care
- CalFresh admin. cut from 50% to 25% of costs
- Substantial new penalties for CalFresh payment errors

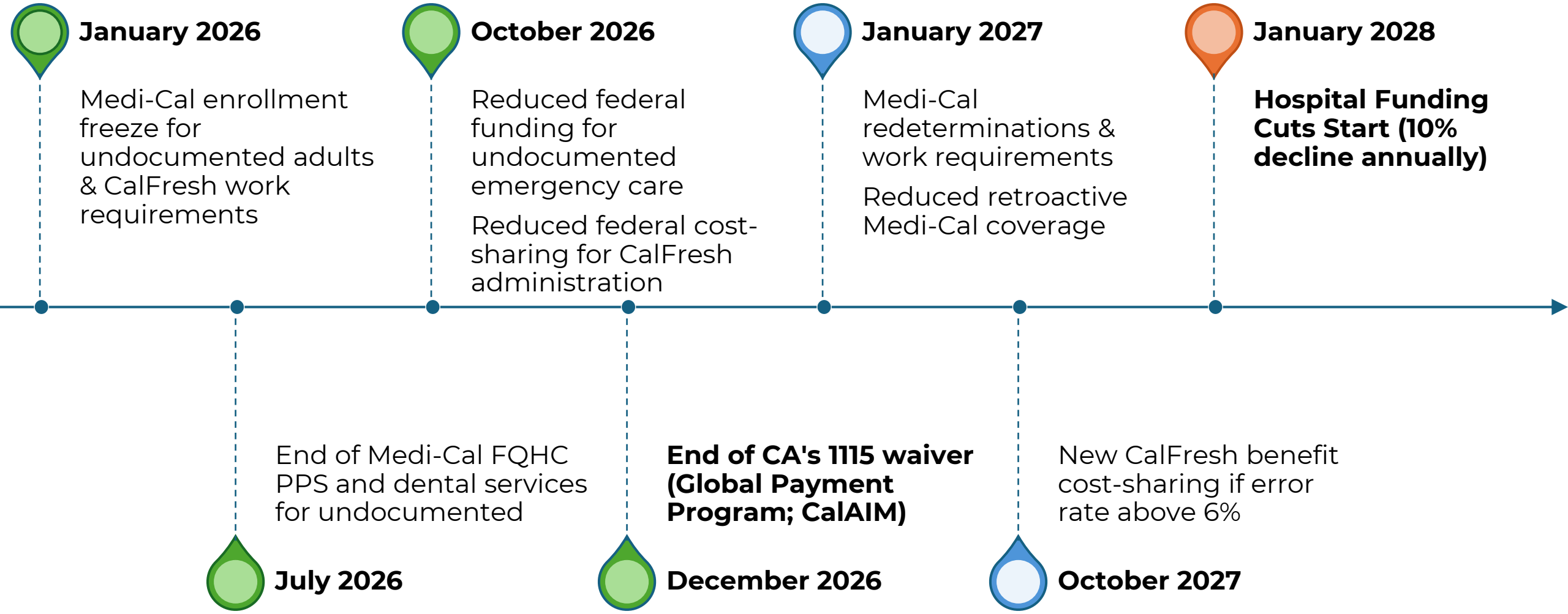
Immigrant Coverage Limitations

- Reduction in federal funding for emergency Medi-Cal for undocumented adults
- Restrictions on lawful immigrants' eligibility for federal reimbursement for CalFresh
- Reduction in benefits to State-only Medi-Cal for undocumented adults

Abortion Providers Ban

- One-year ban on federal Medicaid funding for "prohibited entities" that provide abortion services

Key Dates and Timeline



High-Level Projections

SFDPH

- SFDPH **reimbursement cut est. $315M in** FY2027-28 increasing to **$400M when fully implemented by 2038**
- **Medi-Cal enrollment decrease** due to expanded eligibility restrictions with corresponding **Healthy San Francisco enrollment increase**

SFHSA

- SFHSA projects **revenue losses and workload impacts totaling as much as $81M annually**
- Between **25,000 and 50,000 San Franciscans are projected to lose Medi-Cal** coverage and almost **21,000 could lose CalFresh benefits** by end of 2027

Impacts to San Francisco and California

Reduced access to health care, reproductive care, and food – applying for and maintaining Medi-Cal and CalFresh benefits will be more difficult (i.e., work requirements, semi-annual renewals)

Reduced funding for the health care, nutrition education, and overall safety net – increased uncompensated health care

Administering CalFresh and Medi-Cal programs will cost significantly more for the State/counties

Populations of Focus: Low and middle-income individuals and families, immigrants (including lawfully residing populations), rural communities, states

Loss of Medi-Cal - Client/Patient Impact

- Almost **216,000 San Franciscans** rely on Medi-Cal coverage through SFHSA, and the State manages **Medi-Cal for around 45,000 additional county** residents
- State and federal policy changes will limit eligibility and add procedural barriers to coverage, **leading to an anticipated net 25,400 – 50,500 San Franciscans** without Medi-Cal by the end of 2027**, a decrease of 12% – 23%**
- Of those losing coverage, an **estimated 8,400 – 16,800 receive services** from SFDPH
- Impacts will be **concentrated among working-age adults** without disabilities who qualify for coverage under the Affordable Care Act (ACA) Expansion, and **undocumented adults** (UIS)

Loss of CalFresh – Client Impact

- CalFresh provides food assistance to nearly 112,000 San Franciscans.

- Newly imposed work requirements will leave **21,000 (almost 20% of the CalFresh population) at risk of losing benefits if they do not work**

- The Able-Bodied Adults Without Dependents (ABAWD) work requirements applies to adults 18-59. Many can be exempted (parents of young children, people with physical/emotional impairments, students, etc.)

- If not exempt, people can only get 3 months of benefits in a 3-year period unless they spend 20 hours per week working, volunteering, or participating in employment training *or* participate in workfare arranged by HSA less than 20 hours per week

SF Department of Public Health Funding Losses ($ millions)

	FY2026-27	FY2027-28	Full Phase-In (FY2037-38)
Direct Funding Reductions			
Federal			
Medi-Cal payment rates	(7)	(17)	(148)
Uncompensated Care & Community Support Funding	(40)	(91)	(25)
Emergency Health Care Funding	(13)	(17)	(17)
State			
Medi-Cal payment rates	(5)	(10)	(10)
Total Direct Funding Reductions (federal & state)	**(65)**	**(135)**	**(200)**
Increase in uninsured – loss of reimbursement			
Restrictions on Eligibility (work requirements, redeterminations, care for undocumented)	TBD	($90) - ($180)	($100) - ($200)
Total	**($65M)**	**($225M) - ($315M)**	**($300M) - ($400M)**

SFHSA Fiscal & Workload Impacts - Annualized Change to Baseline Upon Full Implementation ($ millions)

	Cost-sharing ($)	Effective Date	Staffing and service impacts
CalFresh Administration Cost-Sharing	26	Oct 1, 2026	-
CalFresh Benefit Cost-Sharing	36	Oct 1, 2027	Error mitigation strategies TBD
Medi-Cal Redeterminations	4	Jan 1, 2027	29 FTE
CalFresh/Medi-Cal Work Requirement	15	Upon Enactment/ Jan 1, 2027	Eligibility 38 FTE + Employment Svs 82 FTE + other investments in workforce services TBD
Total	$81M		149 FTE + Error mitigation strategies TBD + workforce services investments TBD

Mitigation Strategies

- Keep People Enrolled
  - SFDPH & SFHSA have partnered with the Mayor's Office of Innovation to explore technological innovations that simplify client processes and streamline administrative activities
- Strengthen Partnerships
  - SFHSA and SFDPH are collaborating with managed care health plans and community-based organizations
- Explore Alternative Health Care Coverage
  - Prepare Healthy San Francisco program as an option for those ineligible for Medi-Cal
- Maximize Medi-Cal Reimbursement
  - SFDPH has committed to a variety of initiatives in the FY 2025-26 and FY2026-27 budget to maximize eligible reimbursements ultimately increasing our revenue by $550 million over the two budget years through increases in documentation and billing efficiency among other efforts
- Minimize CalFresh Payment Errors and Associated Penalties
  - Eliminating cost-sharing due to error rates above 6% will require a comprehensive re-orientation of SFHSA's CalFresh program; SFHSA is developing a long-term strategy to improve payment accuracy

Mitigation Necessary, But No Sole Solution ….

- Despite these actions, the City and County will face difficult financial decisions, and we will need to prioritize programs, services, and staffing

- The impacts from the federal changes to these critical programs in San Francisco will be in part determined by what actions California chooses to take

- The California Legislature and Governor are not expected to begin taking action to address H.R.1's impacts until the 2026 legislative session and FY 2026-27 State budget process

- City and County departments will closely monitor any actions taken by the State including actions taken by State agencies such as the California Health and Human Services

Thank You and Feedback