



COUNTY OF SAN DIEGO

BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

AGENDA ITEM

DATE: March 3, 2026

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TO: Board of Supervisors

SUBJECT

EXPLORING REFORMS TO COUNTY MEDICAL SERVICES AND WAIVE BOARD POLICY A-72 (DISTRICTS: ALL)

OVERVIEW

San Diego County is at a critical inflection point in the evolution of our safety net health systems. Federal changes under H.R. 1, coupled with related State implementation actions beginning in 2026, are expected to increase healthcare coverage loss and administrative barriers for residents enrolled in Medi-Cal and other public programs.

As eligibility standards tighten and redetermination requirements expand, more San Diegans are likely to experience temporary or long-term gaps in healthcare coverage. While many large California counties operate public hospital systems as part of their safety net infrastructure, San Diego County does not. Instead, our region fulfills our statutory requirement as emergency provider of last resort by contracting with community clinics, hospitals, and physicians to provide medically indigent care. In the absence of a county-operated system, San Diego relies on hospitals and community clinics to provide the full continuum of emergency, hospital, and outpatient care services for all residents regardless of their ability to pay. When coverage reimbursement is unavailable, hospitals often absorb significant uncompensated costs.

While recent County efforts have focused on mitigating short-term coverage disruptions, this item seeks to address the County's separate and ongoing statutory obligation to serve as the provider of last resort for residents who do not qualify for Medi-Cal. These responsibilities are distinct but complementary. While short-term stabilizing bridge efforts aim to prevent individuals from falling through temporary administrative gaps, County Medical Services (CMS) must serve as a durable safety net option for those who are excluded from coverage altogether.

Given the County's size, demographic diversity, and this distinct delivery structure, it is necessary to proactively evaluate and modernize County Medical Services (CMS) to ensure the program is positioned to respond effectively, equitably, and sustainably to anticipated federal and state changes.

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This Board Letter directs a comprehensive, iterative review of CMS—with a particular focus on eligibility, enrollment, covered services, and delivery model—and requires that this work be conducted in coordination with and reported through the Ad Hoc Subcommittee on Social Safety Net and Behavioral Health Systems Transformation.

This item is being submitted as a late agenda item due to imminent decisions at the state and federal levels around H.R.1 implementation that will significantly impact CMS and County residents. Immediate Board direction is necessary to prepare the County to adapt quickly and effectively to protect the health of San Diego County.

RECOMMENDATIONS

**CHAIR TERRA LAWSON-REMER AND SUPERVISOR MONICA MONTGOMERY
STEPPE**

1. Waive Board Policy A-72 Agenda and Related Process, Section 2.C.2.ii, which establishes required timelines for review when preparing a Board Letter.
2. Direct the Chief Administrative Officer (CAO), in collaboration with the Health and Human Services Agency (HHS), to analyze and recommend targeted reforms to County Medical Services (CMS) in light of anticipated federal and state healthcare coverage changes and evaluation of the feasibility, fiscal implications, and equity impacts of any proposed recommendations. The CAO shall work with the Ad Hoc Subcommittee on Social Safety Net and Behavioral Health Systems Transformation (“Subcommittee”) and report back to and advise the Board on recommendations, including but not limited to:
 - a. Revisions to CMS eligibility standards such as the “immediate and long-term need” requirement, age parameters, and income thresholds;
 - b. Modernization of enrollment processes to ensure access is determined by eligibility rather than administrative or financial barriers;
 - c. Eliminating the CMS lien requirements and reforming existing property limits;
 - d. Expanded phone and virtual application options, appeal rights, and use of existing public benefits information to streamline eligibility determinations;
 - e. Review of covered services, including how medical need is defined and evaluated, to include emergency department follow-up visits, pharmacy access, lab work, and diagnostic testing;
 - f. Analysis of how cost-sharing protocols impact patients’ ability to access services;
 - g. Potentially review branding and renaming of program to be reflective of potential revisions to eligibility standards;
 - h. Evaluation of fiscal impacts associated with any proposed changes.
3. Direct the Chief Administrative Officer (CAO), in coordination with the Subcommittee, to engage collaboratively with organizations representing hospitals in the region, with primary emphasis on acute care hospitals, for the purpose of obtaining input related to the evaluation and development of the recommendations outlined in Recommendation 2 regarding CMS. The CAO shall work in an expedited manner, meeting at least monthly, to provide ongoing updates and receive feedback regarding CMS evaluation efforts
4. Direct the CAO, after the adoption of the FY 2026-27 budget, to report back to the Subcommittee within 60 days on the status of the CMS budget, proposed programmatic or funding adjustments, and the input and recommendations of organizations representing hospitals in the region.

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EQUITY IMPACT STATEMENT

Today’s action seeks to protect health equity by developing an effective, equitable, and sustainable response to the anticipated loss of health care coverage due to H.R. 1 for low-income San Diegans.

SUSTAINABILITY IMPACT STATEMENT

N/A

FISCAL IMPACT

Funds for this request are available in the Fiscal Year (FY) 2025-26 Operational Plan. The recommendations to direct the CAO to analyze and recommend targeted reforms to CMS is planned to be supported with existing staff. There is no net fiscal impact associated with these recommendations, and there will be no change in net General Fund cost and no additional staff years. The recommendations include direction to report back to the Subcommittee with an evaluation of fiscal impacts associated with any recommended changes. Any fiscal impacts associated with future, related recommendations will be brought back to the Board for consideration and approval.

BUSINESS IMPACT STATEMENT

San Diego County’s healthcare providers are navigating a period of disruptive change to health care coverage and financing and facing the prospect of a surge in uncompensated care costs. Today’s action brings the County together with health providers to develop options to meet the challenge of providing for San Diego’s health needs.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

San Diego County’s health systems are experiencing the most significant change in funding and eligibility since the Affordable Care Act. H.R. 1, the One Big Beautiful Bill Act, cut Medicaid by a trillion dollars nationally over 10 years by narrowing coverage, implementing work requirements, and increasing the frequency of redeterminations. As a result, hundreds of thousands of low-income San Diegans are at risk of losing their health insurance as new eligibility and paperwork requirements take effect on January 1, 2027. Initial estimates suggest that San Diego health systems will experience millions of dollars in additional uncompensated care costs due to forgone preventive care and reliance on expensive emergency room visits, which could precipitate access constraints and service reductions.

Under California law, counties must serve as the healthcare safety net provider of last resort for the medically indigent. Unlike other large California counties, San Diego County does not operate a public hospital system. Instead, the region fulfills this mandate by contracting with community clinics, hospitals, and physicians to provide medically indigent care. Prior to the Affordable Care Act (ACA), the state supported the County’s medically indigent care program through health realignment funding; however, those resources were redirected toward Medi-Cal expansion after the ACA. As a result, more Californians qualified for healthcare coverage through Medi-Cal, and CMS was able to significantly scale down its operations. As Medi-Cal coverage losses are projected to increase in the wake of H.R. 1, CMS is expected to face a renewed increase in demand.

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Due to H.R. 1, uninsured San Diego residents will face significant barriers to accessing prescriptions, follow-up appointments, specialty care, and medically necessary procedures, leading to delayed treatment and avoidable deterioration of health conditions, while area hospitals could absorb the bulk of the rising levels of uncompensated care costs.

Given the County's size, demographic diversity, and this distinct delivery structure, it is necessary to proactively evaluate and modernize CMS to ensure the program is positioned to respond effectively, equitably, and sustainably to anticipated federal and state changes. Today's item directs the CAO to begin the process of developing informed recommendations, in coordination with the Ad Hoc Subcommittee on Social Safety Net and Behavioral Health Systems Transformation, so that the County can protect access to care and meet its ongoing statutory obligation to serve as the provider of last resort for residents who do not qualify for Medi-Cal.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's recommendations advance the County's Health, Resiliency, and Engagement initiatives in the County of San Diego's 2026-2031 Strategic Plan.

Respectfully submitted,



TERRA LAWSON-REMER
Supervisor, Third District



MONICA MONTGOMERY STEPPE
Supervisor, Fourth District

ATTACHMENT(S)

N/A