



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

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Item Number: 2.1

MEETING DATE: 08/26/2025

DEPARTMENT: HEALTH AND HUMAN SERVICES AGENCY

AGENDA ITEM PREPARER: Tracey Belton

DEPT HEAD/DIRECTOR: Tracey Belton

SUBJECT:

BEHAVIORAL HEALTH DEPARTMENT AND HEALTH AND HUMAN SERVICES AGENCY - D. EDGULL AND T. BELTON

Receive an informational presentation and preliminary analysis from the Behavioral Health Department and Health and Human Services Agency regarding the anticipated impacts of the enactment of House Resolution 1 (H.R.1), also referred to as the "One Big Beautiful Bill Act" (OBBBA), and the potential impacts to San Benito County.

SBC FILE NUMBER: 130

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

San Benito County Health & Human Services Agency and Behavioral Health Department Staff Report

Subject: Potential Impact of House Resolution 1 (H.R.1) on San Benito County Health & Human Services Agency & Behavioral Health Departments

Prepared by: Tracey Belton, Health & Human Services Agency Director, and Dana Edgull, Behavioral Health Department Director

Background

San Benito County's Health and Human Services Agency (HHSA) and Behavioral Health Department (BHD) are responsible for providing essential safety net programs, including Medi-Cal (California's Medicaid program) and CalFresh (California's Supplemental Nutrition Assistance Program, known as SNAP). Medi-Cal and CalFresh allow San Benito County to provide critical health treatment, mental health and substance use disorder treatment, and food support to low-income and vulnerable populations in our community under federal and state guidelines.

To be eligible for Medi-Cal, an individual or family is typically elderly (65 or older), blind, disabled, in a skilled nursing facility, in foster care, have specific diseases, and/or is low-income by making at or below 138% of the federal poverty level (FPL). For a single individual, 138% of the FPL earns less than \$21,597 per year; for a family of four, it is \$44,367. There are other items that can affect eligibility, including assets, residency, and citizenship or immigration status. For individuals and families that qualify for CalFresh, the average monthly benefit received is \$333 per household; \$194 per individual.

In San Benito County, there are around 65,000 county residents, and of those, as of April 2025, approximately 19,500 receive Medi-Cal (30% of the county population) and 7,590 receive CalFresh (8.5% of the county population). The passing of House Resolution 1 (H.R. 1), also referred to as the "One Big Beautiful Bill Act", brings extensive changes to the administration, eligibility, and funding of Medi-Cal and CalFresh benefit programs that may potentially impact San Benito County residents receiving these programs.

There are key changes at the federal level for how these programs are to be delivered; these will begin in October 2025 and continue through October 2028. HHSA and BHD are working with our respective state agencies to fully understand the scale of the reforms as there are many included in H.R.1. It will take time to fully assess the impacts it will have on our community. This report is intended to begin the conversation of anticipated impacts to our neighbors and friends.

Analysis

H.R.1 makes big changes to important government help programs like Medi-Cal and CalFresh. These changes mean people may no longer be eligible to receive help, need to work more to get help, get help for a shorter time, pay more out of pocket, and states will have less money from the federal government to run the programs. Even though the goal is to save money and get more people working, these changes will be hard for the people who need help and for local government agencies that run the programs.

There are several key populations that will be impacted in our community. Individuals who live here and are classified non-citizens, including some legally present immigrants, will no longer be able to receive CalFresh benefits. Also, the federal government will no longer help pay for emergency Medi-Cal for people who are not legally living in the United States. This would make it harder for states like California, which have tried to give some health coverage to undocumented residents, to keep those programs going. Importantly, when there is inadequate health care coverage this limits access to doctors and clinics to support managing preventable health issues. There is a high likelihood in our community

individuals and families will not get the preventative health care they need, waiting until the situation becomes an emergency. This will likely lead to higher Emergency Department use and higher costs for medical care, leaving many families without options for help.

In addition to the immigrant population, individuals up to the age of 64 and families with children over the age of 14, will now need to meet mandatory work requirements to receive benefits. H.R.1 will no longer allow the elderly and disabled households to exclude Low Income Home energy Assistance Program (LIHEAP) support from their CalFresh standard utility allowance. There are more populations that will be impacted by H.R.1 that HHSA and BHD are continuing to learn about. The agencies are waiting for formal state and federal guidance to provide the most accurate information for our community. There are various opportunities for advocates and the court systems to change or delay implementation of certain portions of H.R.1, this makes communication and flexibility with shared understanding of the situation as a community critical.

Below is a timeline of the most significant changes that are scheduled to phase in over a two-year period, beginning in October 2025:

October 1, 2025:

- Upon enactment of H.R. 1 on July 4, 2025, the following modifications in the CalFresh Program will take place (*some implementation dates are pending federal guidance*):
 - Modification of Able-Bodied Adults Without Dependents (ABAWD) work requirements are effective in California as of January 1, 2026.
 - Non-citizen eligibility for CalFresh change is effective January 1, 2026.
 - Limitation of standard utility allowances and restrictions on Internet expenses.
 - SNAP-Ed Nutrition Education Program Repealed.

January 1, 2027:

- Implementation of Medi-Cal mandatory work requirements for non-disabled, non-elderly adults ages 19-64. Recipients must verify 80 hours per month of employment, volunteer work, education program or job training.
- Mandatory biannual Medi-Cal eligibility redeterminations for adults enrolled through the Affordable Care Act expansion population.

October 1, 2028:

- A nationwide requirement to reduce Medi-Cal retroactive eligibility from 90 days to 30 days will take effect, which may restrict coverage for hospital or emergency behavioral health admissions initiated prior to formal enrollment.
- Impose cost sharing for services provided to Medi-Cal expansion adults with incomes above 100% of the FPL (\$15,560 per year). Cost sharing is not to exceed \$35.00. Cost sharing must not apply to exemptions under current law or to primary care services, behavioral health services, and federally qualified Health Center services.

Anticipated Impacts to HHSA & San Benito County Residents

As a result of H.R.1 and the major changes enacted it is anticipated this will significantly affect San Benito County community members and HHSA. Staff will face a much heavier workload with each phased in change outlined above over the next three years. For example, recipients in the Medi-Cal

expansion group now need to renew their benefits every six months instead of once a year, which doubles the number of cases staff must process. In addition, a new work requirement for some CalFresh recipients adds to the pressure on both our community members to provide proof and staff to process information provided by the community member. These changes increase the risk of delays, mistakes by staff which affect reimbursement rates from the federal government, and increase stress for staff, while also making it harder to meet complex federal standards. HHSA staff will need extra training to implement the new rules. Staff will also be supporting more community members who are confused or overwhelmed by the changes and will need to respond to more appeals.

These operational burdens come with serious fiscal implications. The County may need to absorb increased costs for eligibility processing, community member support, and care coordination, which are expenses unlikely to be fully reimbursed. Without added resources, staff burnout and turnover may rise, putting service delivery and care continuity for the County's most at-risk community members in jeopardy. One program directly cut is SNAP-Ed, a nutrition education service run by Public Health Division of HHSA. Ending this program means a loss of \$162,390 a year, equal to 1.4 full-time jobs. The Agency will shift the staff to other Public Health funding and attempt to secure other funding to sustain the employees affected.

To support planning and have a better understanding of how many community members in SBC may potentially be impacted, point in time data was retrieved from the CalSAWS system that is used to administer Medi-Cal and CalFresh programs by HHSA. The data provided below is based on populations identified in the bill and is not a comprehensive analysis, it is an estimate for planning and discussion purposes. Due to the complexity of the bill, it is challenging to say how many community members in total may be affected as they could have multiple program impacts in both CalFresh and Medi-Cal. This data also does not account for community members that may be eligible now for these programs and will no longer be eligible.

CalFresh Program San Benito County Potential Impacts

- Recipients of CalFresh in San Benito County that will now be identified as Able-Bodied Adults Without Dependents (ABAWDs) who will have to provide employment verifications to receive CalFresh:

(a) individuals up to age 64 (up from 54 currently) – **1,794 recipients in SBC**

(b) individuals with children age 14 and up – **760 recipients in SBC**

- Recipients with an Unsatisfactory Immigration Status in San Benito County who may potentially lose CalFresh benefits: **582 recipients in SBC**

Medi-Cal Program Impacts

- Medi-Cal eligibility redeterminations every 6 months, rather than annually, for the Medi-Cal expansion population, may potentially impact: **1,724 recipients in SBC**
- Medi-Cal expansion individuals earning over 100 percent of the Federal Poverty Level (FPL) are now subject to a co-pay of up to \$35 (behavioral health services will be exempt from requiring a co-pay), may potentially impact: **1,401 recipients in SBC**
- Medi-Cal mandatory work requirements for non-disabled, non-elderly adults ages 19-64. Recipients must verify 80 hours per month of employment, volunteer work, education program or job training, may potentially impact: **6,264 recipients in SBC**
- Limit retroactive Medi-Cal coverage from three months before the application date to one month before the application date, may potentially impact: **139 recipients in SBC**

- Recipients with an Unsatisfactory Immigration Status in San Benito County who may potentially lose Medi-Cal benefits: **2,356 recipients in SBC**

Anticipated Impacts to the BHD & San Benito County Residents

The role of the BHD is to provide mental health and substance use disorder treatment services to Medi-Cal beneficiaries who have conditions that are severe and impacting their ability to function in the community. In San Benito County in 2022, there was an estimated number of 1,285 Medi-Cal members who had severe mental health conditions, and the BHD served 1,066. For the same time period, there was an estimated number of 1,347 Medi-Cal members who had a substance use disorder, and the BHD served 190.

The actual impact on San Benito County residents and the BHD due to H.R.1 will not be known until some of the key provisions have been enacted. Along with HHSa the shifting changes make it hard to fully know all of the impacts to our community. In addition, the BHD and HHSa do not have data systems that interact in a manner that allows the BHD to predict how the changes to Medi-Cal will impact the individuals currently being served, or individuals that will seek services in the future.

The following are impacts anticipated at this time:

Loss of Medi-Cal coverage will impact eligibility for mental health and substance use disorder treatment

- Individuals who lose coverage will no longer be eligible for mental health services through their Managed Care Plan
- Individuals who lose coverage will no longer be eligible for substance use disorder residential treatment, withdrawal management, and other services to treat their disorder

The BHD will have increased costs for indigent care, including:

- Costly in-patient psychiatric care:
 - R. 1 places limits on the Federal rate for in-patient hospitalization costs, and in California costs far exceed these rates
 - The BHD will have to cover all costs for individuals who are indigent for in-patient psychiatric care
- Mental health and substance use disorder treatment for individuals who have acute and chronic conditions
- Crisis services including mobile crisis response, psychiatric evaluations for 5150 holds, and crisis related out-patient services such as therapy and case management
- Case management for linking individuals to care, such as making referrals to a Federally Qualified Health Center (FQHC)

The BHD will need to implement new policies and procedures for determining the level of service the department will be able to provide for individuals who become indigent as a result of H.R.1. In addition, administrative and staff analyst time will be re-directed to these and other related tasks, resulting in increased costs for the BHD, as there will be no reimbursement for these activities.

Due to the shortened retroactive period for Medi-Cal coverage, the BHD will receive less Medi-Cal revenue for services rendered prior to the month that an individual's Medi-Cal is activated, resulting in loss of revenue for the BHD.

Recommendations

San Benito County should take a proactive, coordinated approach to prepare for H.R.1. These key recommended actions include:

- **Training:** Provide targeted training for eligibility and case management staff on new recertification timelines, work requirements, and verification processes.
- **Data Monitoring:** Use existing systems to track denials, disenrollments, and churn to identify at-risk populations and guide outreach efforts.
- **Advocacy:** Engage in regional efforts to seek state-level flexibility, administrative relief, and backfill funding, especially given the outsized impact on rural counties.
- **Partnerships:** Strengthen collaboration with local hospitals, clinics, nonprofits, and workforce agencies to reduce service disruptions.
- **Fiscal Strategy:** Monitor cost impacts and pursue legislative or grant support to sustain service delivery.

These steps are critical to maintaining stability and protecting community members during implementation.

Conclusion

The H.R.1 signals a profound transformation in the administration and delivery of safety net services for low-income populations. For San Benito County, these changes pose critical challenges in maintaining access and continuity of care, particularly for the community members in receipt of social services and behavioral health services.

While the long-term implications are still unfolding, early planning and coordinated response will be key to reducing harm. It is the recommendation of HHSA and BHD leadership that the San Benito County Board of Supervisors receive an updated report once additional implementation details are available, including refined impact data, stakeholder input, and actionable policy recommendations based on real-time outcomes.

FISCAL IMPACT:

N/A

STAFF RECOMMENDATION:

Receive an informational presentation and preliminary analysis from the Behavioral Health Department and Health and Human Services Agency regarding the anticipated impacts of the enactment of House Resolution 1 (H.R.1), also referred to as the "One Big Beautiful Bill Act" (OBBBA), and the potential impacts to San Benito County.

ATTACHMENTS:

[Board Agenda Fact Sheet - HR1 Presentation](#)
[Presentation - HR1 "One Big Beautiful Bill Act" \(OBBBA\)](#)