



**Clerk of the Board of Supervisors**  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**BOARD OF SUPERVISORS AGENDA LETTER**

**Department Name:**

County Health

**Department Number:**

041

**Agenda Date:**

July 7, 2026

**Placement:**

Administrative Agenda

**Estimated Time:**

**Continued Item:**

No

**If Yes, date from:**

N/A

**Vote Required:**

4/5

**TO:** Board of Supervisors

**FROM:** Department Director(s): Mouhanad Hammami, County Health

Signed by:  
*Mouhanad Hammami*  
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**CONTACT:** Gus Mejia, Chief Financial Officer, County Health

**SUBJECT:** County Health Department Fiscal Year 2026-27 Budget Revision and Staffing Allocation Request

**Concurrences:**

**County Counsel Concurrence:**

As to form: Yes

**Auditor-Controller Concurrence:**

As to form: Yes

**Other Concurrence: Human Resources**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Review and approve the County Health Department's (CHD) Revised Budget to increase unanticipated revenue associated with the restoration of the Medi-Cal Prospective Payment System reimbursement rate for those with Unsatisfactory Immigration status (UIS) for the

County Health Department's Federally Qualified Health Centers the in the amount up to \$6,600,000 million, depending on reimbursable services rendered;

- b) Adopt an amendment to the Salary Resolution (Attachment A) to allocate \$2,269,542 to the County Health Department to restore seven (7) 1.0 FTE Staff Nurses, two (2) 1.0 FTE Administrative Office Professionals, two (2) 1.0 FTE Financial Office Professionals, one (1) 1.0 FTE Health Education Assistant, two (2) 1.0 FTE Medical Assistants, and one (1) 1.0 FTE Pharmacy Technician;
- c) Approve and authorize Budget Revision BJE #0011161 in the amount of \$6,600,000 and revenue and expenses, and to reduce use of fund balance by \$3,800,000 for the County Health Department FY 2026-27 (Attachment B); and
- d) Determine that the recommended actions do not constitute a "Project" within the meaning of the California Environmental Quality Act (CEQA) and are exempt pursuant to Section 158378(b)(4) of the CEQA Guidelines, since the recommended actions are the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

### **Summary Text:**

This item requests Board approval of a budget revision and Salary Resolution to add 15 full-time equivalent (FTE) positions and associated appropriations (\$2.27 million) for the County Health Department (CHD) Health Centers. The request is supported by revised FY 2026-27 revenue projections resulting from State budget actions that delayed the transition of Medi-Cal beneficiaries with Unsatisfactory Immigration Status (UIS) from managed care to fee-for-service reimbursement. This delayed transition maintains enhanced reimbursement levels at the Prospective Payment System for Health Center services until July 2027. Depending on reimbursable rendered services, this will result in up to approximately \$6.6 million in unanticipated revenue. These additional revenues are one-time funds, and CHD's goal is to increase productivity during FY 2026-27 to ensure sustainability of these added positions in FY 2027-28.

### **Discussion:**

On June 16, 2026, your Board approved the CHD's Recommended Budget for FY 2026-27. CHD presented a Budget Rebalancing Plan to address projected revenue shortfalls for its Federally Qualified Health Centers (FQHCs) in Fiscal Year 2026-27. The plan was developed through comprehensive fiscal analysis, review of State and federal policy changes, and evaluation of mitigation strategies.

A primary factor influencing the budget strategy was the State's proposed changes to Medi-Cal reimbursement for individuals with UIS. Under the proposal, approximately 2 million UIS Medi-Cal beneficiaries would transition from managed care plans to the fee-for-service (FFS) delivery system beginning January 1, 2027. Additionally, the State proposed eliminating Prospective Payment System (PPS) reimbursement for services provided to UIS Medi-Cal members effective July 1, 2026. As a result, CHD Health Centers would be reimbursed at substantially lower FFS rates rather than PPS rates, resulting in an estimated annual revenue reduction of approximately \$6.6 million. The County's adopted FY 2026-27 budget incorporated this projected revenue loss and included staffing reductions and allocations from the fund balance to align expenditures with anticipated revenues.

However, the final enacted State FY 2026-27 budget included an extension of the PPS reimbursement rate for UIS patient services for a one-time twelve-month period. In light of this revised revenue outlook, CHD proposes adjusting Health Center staffing ratios to allow better support clinical operations and patient access during the transition to new schedules and redesigned workflows. Specifically, CHD recommends increasing the Administrative/Financial Office Professional (AOP/FOP)-to-provider ratio by 0.13 (4.0 FTEs), the Staff Nurse-to-provider ratio by 0.25 (7.0 FTEs), and Medical Assistant by two full-time equivalents (2.0 FTEs). In addition, CHD identified the need to add one (1) Health Education Assistant to support the Comprehensive Perinatal Services Program (CPSP), and one (1) Pharmacy Technician to support the pharmacy Patient Assistance Program (PAP). CHD's proposed budget adjustment also includes appropriations for a vacation payout for employees separating on July 1, 2026, in the amount of \$350,000, and services and supplies for the restored staff mentioned above in the amount of \$180,000.

These adjustments would increase the overall support-staff-to-provider ratio to 2.85 FTE from 2.50 FTE, which will provide a smoother transition in the next fiscal year to the new clinical workflow and staffing matrix. This will strengthen operational capacity while the clinical team adjusts to new staffing levels and the need to increase productivity. The increase in nurse to provider ratio will allow more support to patients and will support providers as they increase patient visits. The AOPs will support clinicians by assisting patients with registration, enrollment, appointment scheduling, and essential front-office functions, as well as document tracking, scanning, and indexing, to ensure timely and coordinated patient care. The two additional Medical Assistants will provide clinical support at different clinics locations as needed, such as coverage during vacations, sick leaves, or other possible demands.

Although the State budget changes provide additional revenue through reimbursable services, it will only be for one more year.

This budget revision request reflects CHD's updated revenue projections and seeks Board approval to partially restore staffing and associated appropriations that were previously reduced in response to the anticipated State funding changes, in addition to reducing the use of the allocated fund balance.

**Background:**

Santa Barbara County develops its annual budget through a multi-step process that begins with departmental budget requests and culminates in Board adoption of the Recommended and Final Budget. Departments are required to build budget proposals based on the best available fiscal information and revenue projections at the time of budget development. For the CHD Health Centers, the FY 2026-27 budget was developed during a period of significant uncertainty regarding State Medi-Cal policy changes affecting reimbursement for services provided to Medi-Cal beneficiaries with Unsatisfactory Immigration Status.

As part of the FY 2026-27 budget development process, CHD incorporated the State's proposed elimination of PPS reimbursement for UIS services and the planned transition of UIS Medi-Cal members from managed care to FFS reimbursement that was included in the FY 2025-26 State budget. These proposed changes were projected to reduce Health Center revenues by approximately \$6.6 million annually starting July 1, 2026. In total, for the FY 2026-27 Budget that was adopted by

the Board on June 16, 2026, CHD had \$13.2 million in balancing measures in the Health Care Centers to align expenditures within anticipated revenues, including 81.5 FTE in staffing reductions, and was supported by \$3.8 million in use of fund balance.

On June 29, 2026, following adoption of the County budget, the State enacted its FY 2026-27 budget and modified several of the previously proposed Medi-Cal changes. Specifically, the State delayed the transition of UIS Medi-Cal members from managed care to FFS reimbursement for one year and extended PPS reimbursement provisions that preserve Health Center revenues during FY 2026-27. As a result, CHD's projected revenues increased above the levels assumed during budget development. This action reinstates 15 FTEs previously cut and reduces the reliance on reserves to balance the budget.

**Fiscal and Facilities Impacts:**

**Fiscal Analysis:**

Funding Source	FY 26-27	FY 27-28	Total
State	\$6,600,000	\$0.00	<b>\$6,600,000</b>
<b>Total</b>	<b>\$6,600,000</b>	<b>\$0.00</b>	<b>\$6,600,000</b>

Approval of the recommended actions will adjust the CHD’s Adopted Budget by \$6.6 million in FY 2026-27. The attached Budget revision will increase labor costs by \$2.6 million, of which \$2.27 million will be used to support the additional 15 FTEs included in the attached Salary Resolution (Attachment A) and \$350,000 will be used for a vacation payout for employees separating on July 1, 2026.

Additionally, \$180,000 is being added for services and supplies related to the increased staffing. The remaining \$3.8 million will be used to decrease the department’s estimated use of fund balance in FY 2026-27.

**Staffing Impacts:**

This action will result in an increase of 15.0 FTE salary positions in the department, including:

- Restoration and maintenance of Health Center staff by increasing the AOP/FOP-to-provider FTE ratio by 0.13 (from 0.65 to 0.78), the Staff Nurse-to-provider FTE ratio by 0.25 (from 0.25 to 0.50), and the Medical Assistant-to Provider FTE ratio by 0.07 (from 1.50 to 1.57);
- Restoration of Pharmacy Technician by 1.0 FTE to support the Patient Assistance Program services;
- Addition of a Health Education Assistant to support the Comprehensive Perinatal Services Program;
- Reduction in planned staffing layoffs resulting from previously anticipated State Medi-Cal reimbursement reductions; and
- Supporting providers and clinical staff in transition to the new staffing matrix and new workflows to increase productivity and maximize patient access at County Health Centers.

**Position Request Summary:**

Legal Position Title	Number of FTE	Estimated Cost
Staff Nurse	7.0	\$1,293,745
Administrative Office Professional	2.0	\$251,020
Financial Office Professional	2.0	\$251,020
Medical Assistant	2.0	\$240,776
Health Education Assistant	1.0	\$109,763
Pharmacy Technician	1.0	\$123,218
<b>Total</b>	<b>15.0</b>	<b>\$2,269,542</b>

**Special Instructions:**

Request the Clerk of the Board to provide a copy of the minute order to the County Health Department, [PHDGROUPContractsUnit@sbcphd.org](mailto:PHDGROUPContractsUnit@sbcphd.org).

**Attachments:**

- Attachment A** – Salary Resolution
- Attachment B** – Budget Revision BJE No. 0011161

**Contact Information:**

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