COUNTY OF SANTA BARBARA HEALTH

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County Health Department Updated Budget Rebalancing Plan

November 18, 2025

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Background

- The Board decided to continue the County Health Department (CHD) budget rebalancing item presented on October 7, 2025.
- The Board directed:
    - CHD to conduct additional stakeholder outreach;
    - Human Resources to coordinate with the Unions for concessions to be made to mitigate any potential layoffs; and
    - County Counsel to keep the Board apprised of the ongoing federal litigation and the injunction related to the County's ability to serve patients with unsatisfactory immigration status (UIS).

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CHD Updates – Stakeholder Outreach

- CHD conducted a series of presentations and meetings with community stakeholders and healthcare organizations.
- CHD provided updates on CHD plans and transition of care at the Community Steering Committee meeting held by CenCal Health that includes many community organizations and healthcare providers.
- CHD provided updates and sought feedback on issues related to patient care and care transition from all primary care providers working at our Health Centers.
- CHD provided updates on the care coordination and transition plans at a meeting that included Cottage Health, Lompoc Valley Medical Center, Marian Hospital, American Indian Health Services, Community Health Centers of the Central Coast, Indian Family Health Services, Hospital Association of Central America, CenCal Health and others.

CHD Updates – Community Outreach

- CHD presented at the community led "Juntos en Voz y Accion". Co-chaired by Tu Tiempo Digital and One Community Action, the meeting was attended by more than 50 community members representing all organizations in north county such as MICOP, Santa Maria School District, Future Leaders of America, Vision Compromiso, Promotora de la comunidad and others.

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CHD Updates – Patient Transition

- CHD has paused the transition of UIS patients to other providers pending further results in ongoing federal litigation.
- CHD has established a robust care coordination plan and a transition team that will ensure the continuity of care for patients if a transition is needed in the future.
- Thirty-one (31) primary care provider sites have ensured capacity to support new assigned patients if the transition is needed.

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CHD Updates – Fiscal Analysis

- CHD does not anticipate a loss of revenue for now related to UIS patients. If a legal decision or a lift of the injunction occurs, CHD will assess the financial impact on the current fiscal year budget and come back to the board with recommendations.

CHD Updates – Staffing Impact

- CHD is not currently pursuing a reduction of 55.2 FTE salary positions since no loss of revenue is expected for now.

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CHD Updates - Patient Care

- CHD will continue to provide health care services at its Health Centers as required by HRSA guidelines to all patients.
- CHD will continue to offer Primary Care, Family Planning, Gynecology, Immunizations, Pharmacy, Nutrition Services, and Well Child Exams.
- CHD will evaluate current specialty services (ex. Endocrinology, Gastroenterology, Nephrology, Neurology, Orthopedics, Urology) in preparation for next year's budget.

HR Updates

- The Human Resources Department (HR) initiated discussions with SEIU Local 620 and SEIU Local 721 primarily focused on reducing the impact of layoffs.
- These efforts were paused.

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CHD Updates – FY 2026-27 Fiscal Outlook

In FY 2026-27 CHD is projecting a $17.4 million shortfall:

- As presented to the Board on October 7, 2025, a forecasted structural deficit in the amount of approximately **$7.6 million** is currently projected for next fiscal year, primarily driven by increasing salary and benefit, services and supplies, and other department costs, which are outpacing revenues.
- CHD anticipates a shortfall in FY 2026-27 budget due to the State changes in Medi-Cal enrollment limitations for the UIS population on January 1, 2026, and changes to the reimbursement visit rates for UIS patients starting July 1, 2026 from the Prospective Payment System (PPS) to Fee For Services (FFS). CHD is projecting that this will create an estimated **$6.6 million** annual shortfall in reimbursement.
- State and H.R.-1 projections such as asset limit reinstatement, increase renewal frequency, premium cost sharing, and most significantly, work requirements indicate up to a **$3.2 million** loss of revenue due to expected reduction in Medi-Cal recipients.

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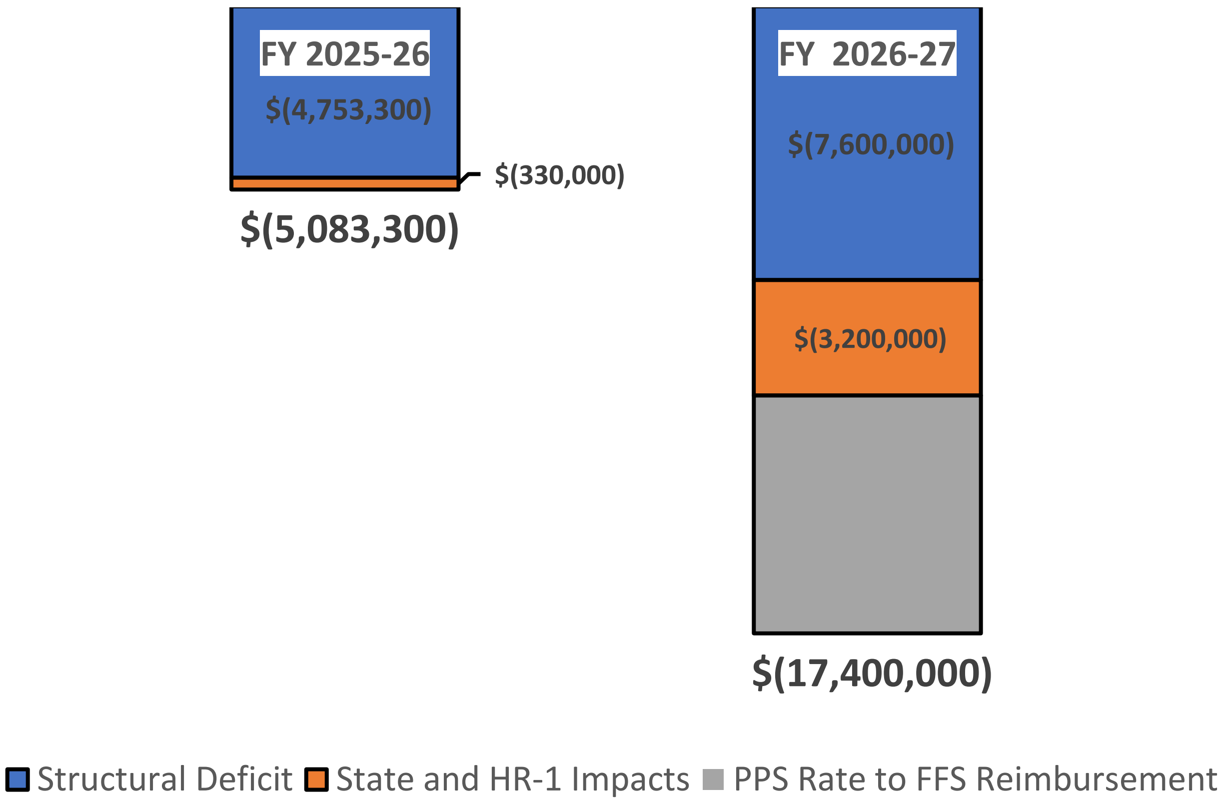
Health Department Projected Deficit



Reserve Fund Balance	
FY 2025-26:	
Beginning Fund Balance	11,247,300
Budgeted Use	(4,753,300)
State Budget and HR-1 Impacts	(330,000)
Projected Ending Fund Balance	**$ 6,164,000**
FY 2026-27:	
Beginning Fund Balance	6,164,000
Projected loss of Revenue	(17,400,000)
FY 2026-27 Projected Inequity	**$ (11,236,000)**

The CHD will need to reduce appropriations by $17.4 million or 28% of the Health Center Budget in FY 2026-27. CHD will be returning to the Board to propose and discuss reductions during the FY 2026-27 Budget Workshops.

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Recommended Actions

a. Receive and file a presentation on the County Health Department’s outreach to community stakeholders;

b. Take no action on the County Health Department’s Rebalancing Plan to reduce 55.2 FTE salary positions in the FY 2025-26 Adopted Budget; and

c. Determine that the recommended actions are not a “Project” within the meaning of the California Environmental Quality Act (CEQA) and are exempt pursuant to CEQA Guidelines section 15378(b)(5).