

THE ONE BIG BEAUTIFUL BILL ACT (HR 1): Impact on California's Public Health Care Systems



H.R. 1 makes the largest reductions to federal Medicaid funding in program history. For California's public health care systems, this translates to **\$4.4 billion** in annual losses once fully implemented.

BY THE NUMBERS: CALIFORNIA'S PUBLIC HEALTH CARE SYSTEMS 6% OF HOSPITALS | 36% OF MEDICAID & UNINSURED HOSPITAL CARE | 3.7 MILLION PATIENTS

California's 17 public health care systems make up just **6%** of hospitals statewide, yet serve communities in **15 counties** where more than **80%** of Californians live. Collectively, they care for **3.7 million** Medicaid patients each year — about **one in ten** Californians — and provide **36%** of all Medicaid and uninsured hospital care statewide.

POLICY CHANGES = REAL IMPACTS

Cuts Federal Support for Medicaid

State Directed Payment (SDP) Limitations	Beginning Jan. 1, 2028, SDPs are reduced by 10% annually until reaching 100% of Medicare rates	≈ \$2.3B annual loss when fully implemented
Reduced Federal Match for Emergency Care for Childless UIS adults 19–64	Federal match drops from 90% to 50% starting Oct. 1, 2026	≈ \$120–\$331M annual loss depending on enrollment changes

Limits Eligibility

Work Requirements for Specified Medicaid Adults (19–64)	Begins Jan. 1, 2027	≈ 3.4 million Medi-Cal members risk losing coverage—driving up uninsured rates while straining patients and providers with added administrative hurdles
More frequent eligibility checks	Medicaid redeterminations every 6 months starting Jan. 1, 2027	
Shorter retroactive coverage	Starting Jan. 1, 2027, limits retroactive coverage to 1–2 months	

The SDP and FMAP changes function as a direct cut to California's public health care systems, on top of the state's projected \$30B reduction in health care funding.

SCALE OF IMPACT



ANNUAL LOSS TO CALIFORNIA'S PUBLIC HEALTH CARE SYSTEMS

WHY IT MATTERS

Cuts of this scale put California's public health care systems at real risk of reduced services, constrained capacity, and fewer places to seek care.