Local Impacts of Federal and State Changes to Medi-Cal

A Policy Snapshot Prepared for Mendocino County

In 2025, the U.S. Federal Government and the State of California are making policy changes to Medi-Cal.

Medi-Cal is the name for California's Medicaid program. Medi-Cal provides health insurance for people with low income and limited resources. It is also a primary source of funding for local health care systems.

This Medi-Cal Policy Snapshot outlines how Mendocino County may be impacted by these changes.

Executive Summary: What's Changing and Why It Matters

County governments will feel the direct impacts of Medi-Cal funding changes first.

Medi-Cal is more than a publicly funded health program. It contributes to local economies, as it supports hospitals, clinics, and provider networks, and supports jobs in health care and related services.

The program also provides health care coverage to low wage workers, who are employed in sectors such as hospitality, agriculture, grocery, retail, and transportation.

How Medi-Cal Benefits Local Economies

Source: Counties R.I.S.E.

With the 2025 federal and state changes to Medi-Cal, counties will likely feel the biggest impact through **changes to health services**, **less funding for local hospitals and clinics**, **more pressure on emergency care**, **impacts to health care jobs, and potentially reduced funds for other county services.**

The Snapshot details how those changes will impact specific populations, hospitals, clinics, and medical providers in Mendocino County.

Key Findings for Mendocino County

What 2025 Federal and State Medi-Cal Changes Mean for Mendocino County

Medi-Cal is a lifeline for nearly ½ of Mendocino County residents.

As of May 2025, approximately 46% of Mendocino County residents have health care because of Medi-Cal, with the highest concentrations in lower-income ZIP codes such as those in Covelo.

REDUCED FEDERAL FUNDING

The federal government implemented new rules that limit Medi-Cal eligibility and prohibit federal dollars from funding key services.

STATE POLICY CHANGES

The state is freezing enrollment for adults with unsatisfactory immigration status (UIS) and reinstating the asset limit.

PROVIDERS THAT MAY BE IMPACTED

Hospitals like Adventist Health Ukiah Valley and local FQHCs rely on Medi-Cal funding to cover a broad scope of services for vulnerable populations.

HEALTH PLANS THAT MAY BE IMPACTED

Partnership HealthPlan of California may face fiscal impacts.

POPULATIONS THAT MAY BE IMPACTED

Federal changes could trigger Medi-Cal disenrollment - especially among low income workers, adults with unsatisfactory immigration status, and others.

OPERATIONAL STRAIN

To comply with new eligibility requirements, Medi-Cal administrators will face higher administrative workloads, requiring more resources.

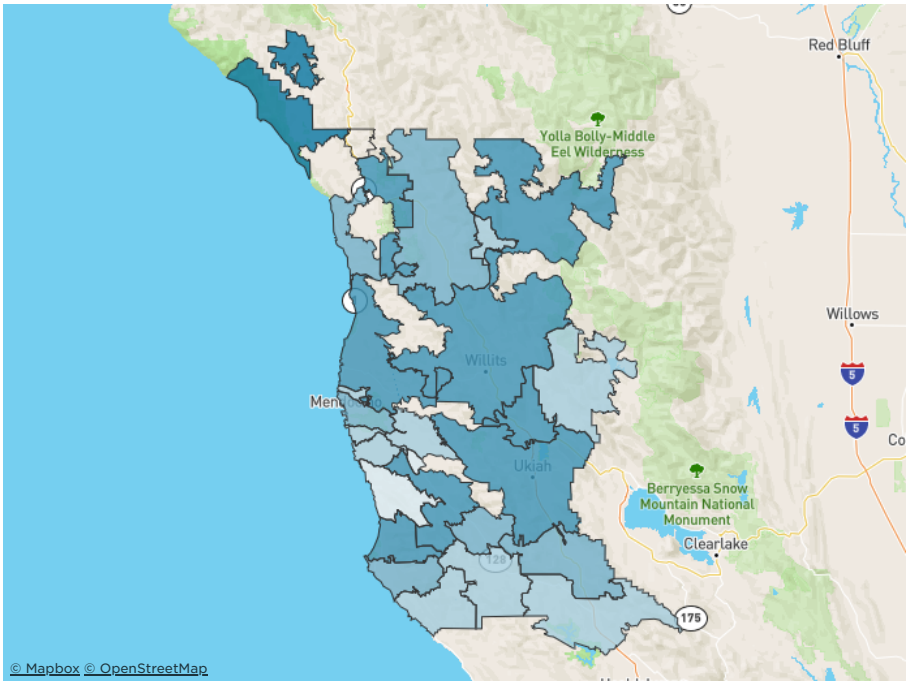
LOCAL JOBS
Mendocino County could lose over 600 jobs with federal Medi-Cal funding changes alone (U.C. Berkeley Labor Center 2025).

LOST ECONOMIC OUTPUT
Every federal Medi-Cal dollar cut results in $1.85 in lost economic output in California (U.C. Berkeley Labor Center 2025).

Source: Counties R.I.S.E.

Medi-Cal Recipients by ZIP Code in Mendocino County

Note: Some ZIP codes shown on the map fall outside of Mendocino County.



People with Medi-Cal Per Capita

- 0% – <15.1%
- 15.1% – <25.9%
- 25.9% – <35.5%
- 35.5% – <65.4%
- 65.4%

Sources: US Census Bureau ACS 5-year 2019-2023

What 2025 Federal and State Medi-Cal Changes Mean for Mendocino County

Medi-Cal is a lifeline for nearly one in two Mendocino County residents, offering essential health coverage to those who would otherwise go without it.

As of May 2025, approximately 46% of residents in Mendocino County rely on Medi-Cal, with high enrollment in lower-income ZIP codes such as those around Covelo. But these coverage gains now face a rollback as a result of federal and state policy changes.

Behind today's funding challenges are broader economic and health issues, including:

- health care costs continue to rise,
- chronic conditions like diabetes and heart disease remain common,
- and employer-sponsored insurance has declined, especially for low-wage and part-time workers.

Over the last decade, federal and state leaders responded by expanding Medi-Cal to meet growing demand.

These expansions helped stabilize local health systems and reduce uncompensated care.

The expansions also led to higher-than-expected Medi-Cal spending, especially at the state level.

Key cost drivers in 2025 in California include the:

- growing use of high-cost medications,
- extended COVID-era protections to help keep people insured,
- and expanded eligibility for workers with unsatisfactory immigration status (UIS).

New 2025 federal and state rules are intended to reduce Medi-Cal spending by limiting who qualifies, what services are covered, and how care is funded.

> *Learn more about policy changes **on this page.***

The effects will likely be felt in hospitals, clinics, health plans, and communities in Mendocino County.

Effects include:

Providers that may be impacted

Hospitals like Adventist Health Ukiah Valley and local Federally Qualified Health Centers rely on Medi-Cal for funding; budget reductions could lead to reduced services for all patients, not just those enrolled in Medi-Cal.

> *Learn more about health system impacts **on this page**.*

Populations that may be impacted

Federal changes and state changes will trigger Medi-Cal disenrollment, especially among low-income workers, adults with UIS, seniors, and people with disabilities. Privately insured individuals may also be affected by Medicaid cuts through increased strain on the health system, leading to longer wait times and higher costs as safety-net providers absorb more uncompensated care.

> *Learn more about specific populations impacted **on this page.***

Services that may be impacted

A wide range of Medi-Cal services may be impacted due to proposed state and federal funding changes.

These include dental care, reproductive and preventive services, and community-based supports like housing and transportation.

Reductions to these services could reduce provider participation, increase wait times, and lead to worse health outcomes, especially for people with complex needs.

> *Learn more about service cut impacts on specific populations **on this page.***

Managed Care Plan that may be impacted

Changes to the Managed Care Organization (MCO) tax could have fiscal impacts for Partnership HealthPlan of California, which covers many residents in the county. The MCO tax may also impact California's ability to fund the non-federal share of Medi-Cal.

> *Learn more about managed care plans **on this page.***

Operational strain

To comply with new eligibility requirements to check who qualifies for coverage using new income and asset standards, county-level Medi-Cal administrators will likely face higher administrative workloads, requiring more resources.

Economic impacts

According to the U.C. Berkeley Labor Center, every federal Medi-Cal dollar cut results in $1.85 in lost economic output in California. The same study shows that Mendocino County could lose over 600 health care related jobs with federal Medi-Cal funding changes alone.

> *Learn more about economic impacts **on this page**.*

Recent Medi-Cal innovations that may be impacted

California has launched several landmark initiatives to improve access, affordability, and coordination of care, many of which rely on federal Medicaid waivers. These innovations may be impacted due to shifting federal policy and upcoming waiver expirations.

> *Learn more about California's innovations and their waivers **on this page.***

What are the Medi-Cal Policy Snapshots?

The Medi-Cal Policy Snapshots provide counties with information about current and future changes to the program.

They are designed for key stakeholders at the state and county levels, including county executives, boards of supervisors, health agencies, the state legislature, hospitals, community groups, and local residents.

These Snapshots are designed to be educational, non-partisan, and easy to understand for a general audience.

Created by the Counties R.I.S.E. team at UC Berkeley's Goldman School of Public Policy, the Snapshots offer timely insights during a shifting policy landscape.

Our research team has presented the best available information as of the publication of each County Snapshot (8/25/25).

Read about our research approach here. For more information, contact us at gspp-agile-initiative@berkeley.edu.

Summary

In 2025, new federal and state Medi-Cal policy changes aim to reduce public spending but could also lead to significant shifts in local health care access across Mendocino County.

These changes may result in fewer people qualifying for Medi-Cal, reduced services like dental and behavioral health care, and more financial pressure on hospitals and clinics that serve large portions of the community.

For counties, this could mean impacts to jobs in health care, greater demand for emergency services, and rising costs for uncompensated care. The Medi-Cal Policy Snapshot provides more detail on policy changes and how changes will impact counties in the near and mid-term future.

Read on to learn more about the current state of Medi-Cal in Mendocino County.

Current State of Medi-Cal in Mendocino County

Read More

Medi-Cal in Mendocino County: How It Works and Who It Serves

An overview of how Medi-Cal is administered and a profile of Medi-Cal enrollees in Mendocino County.

Key Takeaways for Mendocino County

- Approximately 46% of the population in Mendocino County is on Medi-Cal (nearly 1 in 2 people).
- Spurred by the ACA expansion, enrollment in Medi-Cal in Mendocino County grew from 21,735 to 41,749 between January 2010 and May 2025.

Medi-Cal in Mendocino County Over Time

Medi-Cal was established in California in 1966. Today, it is the largest state-run Medicaid program in the nation.

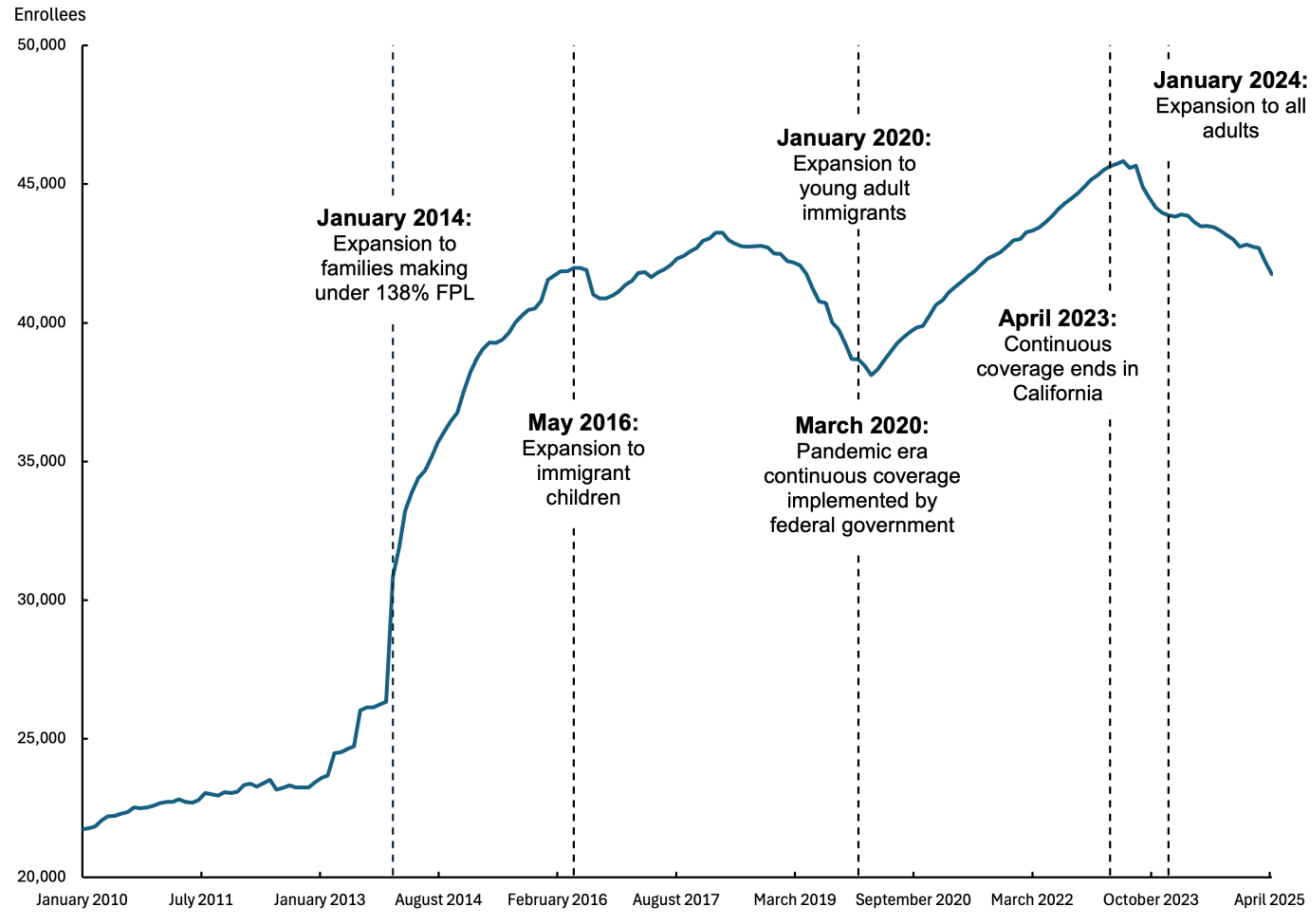
> *Learn more about the history of the program here.*

Evolution of Medi-Cal in Mendocino County from 2010 - 2025

The graph below shows key milestones in the evolution of Medi-Cal in Mendocino County since the Affordable Care Act of 2010.

Medi-Cal Enrollees in Mendocino County from Pre-ACA to Present Day

January 2010 - May 2025



Enrollment in Medi-Cal (measured by Certified Eligibles) in Mendocino County grew from 21,735 to 41,749 between January 2010 and May 2025.

Note: According to DHCS, recently reported data are "considered preliminary and subject to change for one year." Data are considered to be 99% complete within two months of posting.

Population Health Over Time

Medi-Cal expansions have provided opportunities for researchers to study how these programs affect population health. Generally, expansions have led to increased health care access and better financial security.

> *Learn more on this topic here.*

How Medi-Cal is Managed: Federal, State, and County Agencies

Medicaid is overseen by federal and state agencies, with counties in some areas also administering and delivering certain services. Medical providers also deliver care within this framework.

> *Learn more about how Medi-Cal is operated and funded through intergovernmental collaboration here and here.*

Managed Care Organizations

Managed Care Organizations (MCOs) are health plans that administer Medi-Cal benefits. There are different Medi-Cal managed care models in California counties, including:

- ***County Organized Health System (COHS):*** a single county-run plan serves all Medi-Cal enrollees
- ***Two-Plan Model:*** enrollees choose between a local initiative (usually a nonprofit) and a commercial plan
- ***Geographic Managed Care (GMC):*** enrollees choose from multiple commercial plans
- ***Regional Model:*** used often in rural counties, enrollees can choose between two plans

Medi-Cal in Mendocino County is operated under the County Organized Health System, with Partnership HealthPlan as the MCO as of 2011.

The health plan covers the list of Medi-Cal essential health benefits detailed in the California's Department of Health Care Services site, including emergency services, outpatient care, hospitalization, maternity and newborn care, mental health, prescription drugs, and physical therapy.

How Medi-Cal Services Are Delivered in Mendocino County

Care in Mendocino County is supported by Adventist Health Ukiah Valley and its affiliated clinics, Mendocino Coast Clinics, and a network of community health centers, including those operated by the Mendocino Community Health Centers (MCHC).

This delivery system is structured to ensure access for a geographically dispersed Medi-Cal population, spanning inland cities like Ukiah and Willits to remote coastal communities. Clinics and hospitals often collaborate to coordinate care across settings, including referrals for specialty services, hospital discharge follow-ups, and chronic disease management.

Mendocino County's Medi-Cal network prioritizes accessibility through multilingual staff, sliding-scale payment options, and extended service hours at many clinics. These providers are critical to serving the county's low-income and uninsured residents.

> *For more information about the potential providers impacted by the Medi-Cal reductions, see the Health System Impacts page.*

Understanding County Responsibilities in Medi-Cal: Physical vs. Behavioral Health

In Mendocino County, and throughout California, Medi-Cal services are delivered through distinct systems with different responsibilities and funding mechanisms.

MCOs deliver physical health care, non-speciality mental health care, and several substance use disorder (SUD) services, while county behavioral health departments, also a health plan referred to as Behavioral Health Plans (BHPs), deliver specialty mental health and substance use disorder care.

Physical Health Care
Physical health services like primary care and hospital visits are delivered through the MCO (Partnership HealthPlan) and providers such as FQHCs.

Behavioral Health Care
Mental health care is provided through both MCOs and the BHP (Mendocino County Behavioral Health and Recovery Services).

- **Managed Care Organizations** provide for non-specialty mental health services, such as therapy, psychiatric medication, and other critical services, for mild to moderate issues.
- **Behavioral Health Plans** provide for specialty mental health care which includes a wider array of services to provide care for those with significant impairments due to their mental health condition, including crisis care.
- **Substance Use Disorder** care is provided through both MCOs and BHPs: MCOs provide Medications for Addiction Treatment (MAT), while BHPs provide a continuum of SUD services from outpatient care to residential treatment.

County Role as Safety Net
Counties often serve as a critical safety net for individuals experiencing housing instability, or frequent system involvement, and they are often responsible for caring for those whose needs exceed what traditional health systems are designed to address.

Growing Responsibilities under Proposition 1
California's public behavioral health system is being reformed through Proposition 1 (Behavioral Health Transformation), a 2024 statewide initiative which expands county responsibilities that span both Medi-Cal program delivery and broader behavioral health system development.

In addition, Proposition 1 also created state bond funding to provide for permanent supportive housing for veterans and those with serious mental health conditions or substance use disorders who are experiencing or at risk of homelessness.

Why This Matters
Understanding the division of services between MCOs and BHPs is critical for seeing how Medi-Cal operates locally, and why counties are particularly affected by changes to federal waivers, state mandates, and funding structures.

Who is Enrolled in Medi-Cal in Mendocino County?

Total Enrollees

41,749
People
Total Medi-Cal Enrollment
Mendocino County, California (May 2025)

Source: Department of Health Care Services Certified Eligibles Data

This equates to approximately 46% of the population in Mendocino County.

Note: This figure includes people automatically enrolled in Medi-Cal through their participation in Supplemental Security Income (SSI), which is managed by the state, not the county. As a result, county-reported enrollment may differ slightly from state data.

Children and Seniors

Those covered by Medi-Cal as of May 2025 include:

- 13,783 children (0-18). This is about 33% of the Medi-Cal population in Mendocino County.
- 4,745 seniors (65+). This is about 11% of the Medi-Cal population in Mendocino County.

Race/Ethnicity of Enrollees

White enrollees make up nearly 45% of beneficiaries of Medi-Cal in Mendocino County.

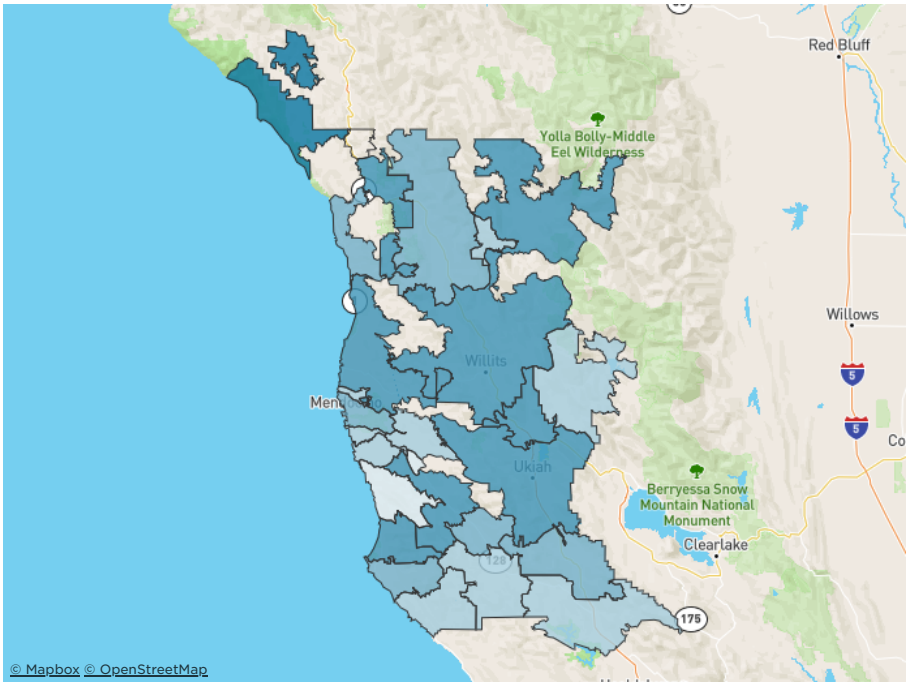
Race/Ethnicity	Certified Eligibles	Percent of Certified Eligibles
American Indian/Alaskan Native	1,986	4.8%
Asian	714	1.7%
Black	312	0.7%
Hispanic	14,471	34.7%
Not Reported	5,705	13.7%
White	18,561	44.5%

Source: Department of Health Care Services Certified Eligibles Data

Note: Percent of Certified Eligibles may not add to 100% due to rounding.

Medi-Cal Enrollees by ZIP Code in Mendocino County

Note: Some ZIP codes shown on the map fall outside of Mendocino County.



People with Medicaid per capita

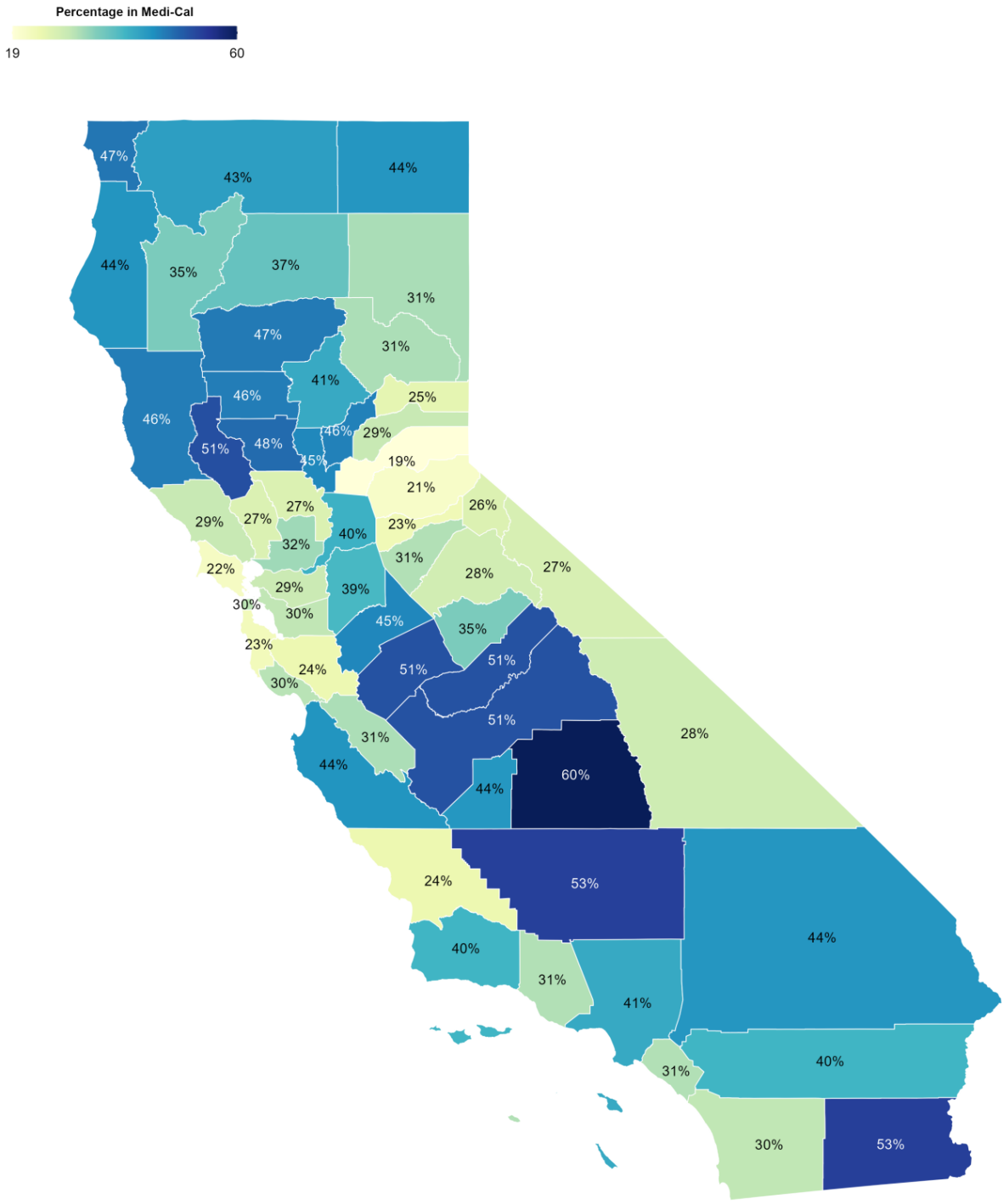
- 0% – <15.1%
- 15.1% – <25.9%
- 25.9% – <35.5%
- 35.5% – <65.4%
- 65.4%

Sources: US Census Bureau ACS 5-year 2019-2023

Medi-Cal enrollees per capita are concentrated in ZIP codes in the northern end of the county, such as those in Covelo, which are also areas that generally have a lower household median income than Mendocino County's average.

Comparing Mendocino County to Other Counties

The proportion of Medi-Cal enrollees in Mendocino County is similar to other counties in the North Coast census region, such as Del Norte County (47%) and Humboldt County (44%).



Source: Counties R.I.S.E

Read on to learn more about federal and state policy changes to Medi-Cal in 2025.

2025 Policy Changes

Read More

What's Changing: Key Federal and State Policy Shifts

Below are the key changes made in the federal and state budgets related to Medicaid.

Key Takeaways

Tighter Eligibility Rules and New Costs Will Lead to Coverage Loss

- New federal rules will require twice-a-year eligibility checks, establish monthly work reporting requirements, and add cost-sharing of up to $35 per visit for low-income expansion adults (see further details below on which groups are exempted). This will likely lead to coverage loss for many working-age enrollees.

Key Services Face Reductions or Elimination

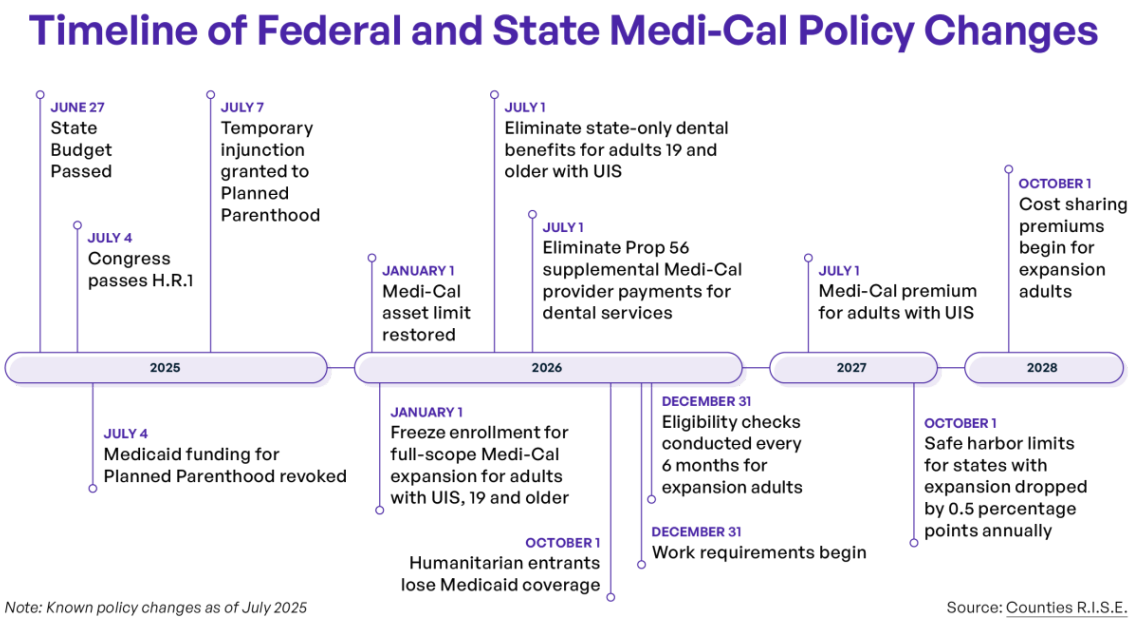
- A wide range of Medi-Cal services may be impacted, including dental care, reproductive health services, and behavioral health services. These changes could reduce provider participation, affect care, and increase emergency system strain.

New Federal Rules Put Health-Related Social Services at Risk

- The federal government has rescinded earlier guidelines that allowed for states to use Medicaid funds for health-related social services like housing and nutrition through Medi-Cal. This puts California programs like CalAIM at risk.

Timeline of Upcoming Medi-Cal Policy Changes (2025 - 2028)

Below is a timeline of federal and state changes to Medi-Cal that will take effect over the next three years.



Note: UIS refers to "Unsatisfactory Immigration Status."

For more information: *Additional details on each federal and state policy change listed in the above timeline can be found in the sections below.*

Federal Changes

Budget-Related Changes:

In July 2025, the FY 2025 Federal Budget Reconciliation Bill was signed into law. The Bill includes hundreds of billions of dollars in Medicaid reductions over the next ten years.

Below is a summary of key changes, focused on provisions most relevant to Medicaid (not an exhaustive list):

Eligibility Checks:

- All those who receive Medi-Cal coverage under the Affordable Care Act (known as “expansion adults”) will now have to prove they still qualify every 6 months rather than once a year.
    - Expansion adults are non-elderly and non-disabled adults with incomes up to 138% of the Federal Poverty Level (FPL), meaning $21,597 per year for an individual and $44,367 for a family of four.

> *Effective: Dec 31, 2026.*

Changes in Eligibility

- Cancels Medicaid coverage for a group of non-citizens known as "humanitarian entrants." These include refugees, asylees, and humanitarian parolees (those admitted temporarily for urgent humanitarian reasons).
    - Previously, these individuals were considered qualified non-citizens and could enroll in Medicaid after meeting certain criteria.
    - The only remaining non-citizen categories eligible for Medicaid will be lawful permanent residents (green card holders), certain Cuban/Haitian entrants, and citizens of the Freely Associated States (Palau, Micronesia, and the Marshall Islands).

> *Effective: Oct 1, 2026.*

Work Requirements:

- Work requirements to maintain Medicaid eligibility, where adults ages 19 to 64 will be required to present evidence of 80 hours of work, volunteering, and/or attending school every month to keep their Medi-Cal coverage.
    - States will be required to verify an individual’s compliance with work requirements within one or more months of enrollment and one or more months before redetermination.
    - Mandatory exemptions include pregnant women or those receiving postpartum coverage, foster youth and former foster youth under age 26, "medically frail," those participating in the substance use disorder (SUD) treatment program, those meeting SNAP/TANF work requirements, tribal members, disabled veterans, those incarcerated or released from incarceration within 90 days, parents/caregivers of a dependent child ages 13 and under or with a disability, and those entitled to Medicare Part A or enrolled in Medicare Part B.
        - For information on the optional hardship exceptions, see this source.

> *Effective: No later than Dec 31, 2026 (or earlier as a state option).*

Cost Sharing:

- Requires states to impose cost sharing of up to $35 per service on expansion adults with incomes 100% to 138% of the Federal Poverty Line, or about $15,650 to $21,597 per year for an individual and $32,150 to $44,367 for a family of four.
    - Exemptions include primary care, mental health, and substance use disorder services, as well as services provided by Federally Qualified Health Centers (FQHCs), behavioral health clinics, and rural health clinics (RHCs).

> *Effective: Oct 1, 2028.*

Safe Harbor Limit on Provider Taxes:

- The federal government is lowering the "safe harbor" limit for how much states who have adopted the ACA expansion can collect in provider taxes (like the Managed Care Organization (MCO) tax) to fund their Medicaid programs. This tax money is often used to support payments to hospitals, clinics, and providers who serve Medi-Cal patients.
    - This can also affect the Hospital Quality Assurance Fee, which provides funding for supplemental payments to California hospitals that serve Medi-Cal and uninsured patients.
    - Long-term care facilities are exempted.
    - ***What is the safe harbor limit?*** Right now, states can use up to 6% of a provider's net patient revenue from these taxes, which is called the "safe harbor."

> *Starting in FY 2028, the cap will decrease by 0.5 percentage points annually, until it reaches 3.5% in FY 2032.*

New Restrictions on Medicaid-Targeted Provider Taxes:

- Prohibits states from having provider taxes that disproportionately target Medicaid services.
    - This provision could render California's current MCO tax structure noncompliant, as it currently charges higher rates on Medi-Cal services.

> *Effective: Upon enactment, "subject to any applicable transition period determined appropriate by the Secretary of Health and Human Services, not to exceed 3 fiscal years."*

Reproductive Health:

- Prohibits federal Medicaid funding to certain providers that offer abortion services, even if the provider also delivers essential reproductive and preventive care.

> *Effective: Upon enactment (**Note:** A federal district court issued a partial preliminary injunction on July 21, 2025, just as a Temporary Restraining Order was set to expire, allowing ten Planned Parenthood affiliates to continue receiving federal funding. The court continues to review a broader injunction request for the remaining 37 Planned Parenthood members.)*

Rural Health Transformation:

- Establishes a rural health transformation program to partially mitigate the Medicaid reductions. It will provide $10 billion in grants to states for each of the fiscal years between 2026 and 2030 ($50 billion in total) to be used for expanding access, expanding the workforce, and other purposes for rural health care systems.
    - Half of the funds will be distributed equally across the 50 states for each fiscal year, and the Centers for Medicare and Medicaid Services (CMS) will determine how much of the remaining half of the funds each state receives.
    - States are required to submit an application to be eligible for the funds.

> *Effective: Upon enactment, but funding is available in FY 2026.*

State-Directed Payments

- Caps total state-directed payments (tools that let states, with federal approval, set minimum payment rates or methods for Medicaid managed care providers) for inpatient hospital and nursing facility services at 100% of Medicare rates for Medicaid expansion states and 110% of Medicare rates for non-expansion states.
    - Grandfathers certain state-direct payments approved before enactment, but reduces these payments by 10 percentage points each year starting January 1, 2028 until they meet the new caps.
        - For rural hospitals, grandfathering applies to payments submitted before enactment; for all other providers, it applies to payments submitted before May 1, 2025.
    - If Medicare rates do not exist, the cap defaults to the Medicaid fee-for-service (FFS) rate.

> *Effective: Upon enactment.*

Reduction in Federal Medical Assistance Percentage (FMAP) for Emergency Medi-Cal

- Prohibits enhanced 90% matching rate for emergency services provided to individuals who would have otherwise been eligible for ACA adult expansion group. This includes adults with unsatisfactory immigration status, refugees, asylees, and humanitarian parolees.

> *Effective: October 1, 2026.*

Waiver-Related Changes:

In addition to federal budget decisions, federal policy shifts are reshaping the landscape for Medi-Cal waivers.

Recent actions by the Centers for Medicare & Medicaid Services (CMS) signal a more restrictive approach to what Medicaid can fund, particularly regarding health-related social services, MCO tax programs, and waiver flexibility. These changes could have significant implications for California's existing Medi-Cal waivers.

Changes include:

- **Health-Related Social Needs:** CMS has rescinded earlier guidance that allowed states to use Medicaid funds for addressing health-related social needs (HRSN) like housing, nutrition, and transportation through waivers. *Potentially impacted California Waivers include:*
    - **CalAIM Section 1115 Waiver (2021-2026):**
        - Programs like the Drug Medi-Cal Organized Delivery System, Community Supports, and the PATH (Providing Access and Transforming Health) Initiative could face funding risks after 2026 if HRSN-related services are not justified as core medical.
        - This waiver is approved through December 2026, but future renewal is now uncertain.
    - **CalAIM Section 1915(b) Waiver (2021-2026):**
        - The 1915(b) waiver authorizes Medi-Cal managed care and includes components like Enhanced Care Management and Community Supports.
        - Elements tied to HRSN may require reevaluation in future renewals (waiver expires in 2026).
    - **BH-CONNECT 1115 Waiver (2024–2027):**
        - Includes expanded behavioral health supports, workforce incentives, and community-based services.
        - Components not clearly tied to medical necessity (e.g., infrastructure or peer services) may face scrutiny during future renewals following the waiver's expiration.
    - **California's Reproductive Health Access Demonstration (CalRHAD) Pending 1115 Waiver**

- Proposed reproductive health waiver that would provide grants to reproductive health providers to enhance capacity, and improve access to reproductive health services for individuals enrolled in Medi-Cal and other individuals who may need assistance to access such services.
- This may face political and administrative hurdles under new federal priorities. Components not clearly tied to medical necessity may face scrutiny during future renewals following the waiver's expiration.

State Changes

Budget-Related Changes:

California faced a $12 billion State budget shortfall for the 2025–26 fiscal year, driven primarily by greater baseline spending, especially for Medi-Cal, and lower revenues from taxes.

AB 102, the updated State Budget Act of 2025 was formally passed by the Legislature and signed by the Governor, as well as AB 116, the Health omnibus trailer bill.

Within the Budget and relevant trailer bills, there are several reductions to the existing Medi-Cal program due to the budget shortfall. Below are the key changes to Medi-Cal from the state level.

Enrollment Freeze for UIS Adults:

- AB 116 freezes enrollment for full-scope, state-only Medi-Cal for adults with "unsatisfactory immigration status" (UIS), ages 19 years and older.
  - There is no "age out" for UIS individuals who are already enrolled in Medi-Cal, and there is a three month re-enrollment grace period for those that lose coverage.
  - Beneficiaries with an unsatisfactory immigration status are those who, due to their immigration status, are either not eligible for or are subject to restrictions on accessing full federal and state-funded health benefits, such as Medi-Cal.

> *Effective: No sooner than January 1, 2026.*

Monthly Premiums for Adults with UIS:

- Implementation of $30 per month Medi-Cal premiums for individuals with UIS, ages 19 to 59.
  - Pregnant women are exempted from the premium.

> *Effective: No sooner than July 1, 2027.*

Dental Coverage for Adults with UIS:

- AB 116 eliminates Medi-Cal full-scope, state-only dental coverage for individuals with UIS, ages 19 and older.

> *Effective: No sooner than July 1, 2026.*

Medi-Cal Dental Service Provider Payments:

- Eliminates supplemental Medi-Cal provider payments for dental services supported by Proposition 56 tax revenue (Proposition 56 raised the tax rate on cigarettes and other tobacco products to fund specific Department of Health Care Services (DHCS) health care programs, including dental care).

> *Effective by July 1, 2026.*

Asset Limits:

- While Medi-Cal eliminated the asset limit (the maximum value of assets that an individual or household can own to be eligible for Medi-Cal) in January 2024, AB 116 restores the Medi-Cal asset limit.
    - After reinstatement, the asset limit will be $130,000 for individuals plus an added $65,000 for each additional household member.
        - This will be reinstating the limit from July 2022 to December 2023, but it will be higher than the asset test prior to July 2022.

> *Effective: January 1, 2026.*

Prescription Coverage:

- AB 116 eliminates Medi-Cal pharmacy coverage for Glucagon-Like Peptide-1 (GLP-1) agonists for weight loss. GLP-1 will continue to be covered for diabetes.

> *Effective: January 1, 2026.*

Elimination of Prospective Payment System (PPS) Payments to FQHCs and RHCs

- Eliminates PPS rates to FQHCs and RHCs for state-only funded services provided to individuals with UIS.
- Clinics would receive payment at the Medi-Cal fee-for-service rate and at the Medi-Cal managed care negotiated rate.

> *Effective: July 1, 2026.*

Redirecting Prop 35 Funds:

- The state is shifting some of the money from Proposition 35's MCO tax revenues, originally meant to improve payments for services like primary care, emergency care, mental health, and prescriptions, to help balance the state budget.

> *$1.3 billion of MCO tax revenue will be used to cover General Fund costs for the Medi-Cal program, and another $236.7 million will be appropriated for this purpose in 2026-27.*

Note: *The final State Budget doesn't yet account for any changes the federal government has made to Medi-Cal or other programs. Lawmakers will likely pass additional bills to address those changes.*

Read on to learn more about the the impacts of these changes on specific populations in Mendocino County.

People Impacted in Mendocino County
Read More

Who's Affected: Impacts on Residents and Communities

Below are the projected impacts of federal and state Medicaid changes to different populations.

Key Takeaways for County Populations

Coverage Losses Are Likely Across Multiple Groups

- Federal and state policy changes will likely cause many people to lose their Medi-Cal coverage. This is especially concerning in communities like Covelo, where Medi-Cal is likely a critical safety net.

Cost and Administrative Barriers Will Limit Access

- More frequent eligibility checks, new reporting requirements, cost sharing, and asset limits will make it harder for people to keep or afford their Medi-Cal coverage. These burdens would disproportionately affect working adults with unstable jobs.
    - For older adults, the return of the asset test could be especially harmful; 4,745 seniors in Mendocino County rely on Medi-Cal, and many may risk losing access. While the proposed asset threshold is relatively high, it still creates procedural barriers, which can lead to delays, confusion, and unnecessary disenrollment.

Services for Vulnerable Populations Face Major Changes

- Funding reductions and expiring waivers affect core services like dental care and behavioral health care, especially for individuals with unsatisfactory immigration status (UIS) or high-need individuals. Waiver expirations after 2026 could also roll back recent gains made through CalAIM and similar innovations for people with complex needs or those re-entering the community from incarceration.

Coverage Gaps Across Demographic Groups May Widen

- Medi-Cal plays a central role in reducing disparities in Mendocino County, where:
    - About 28% of residents are Hispanic/Latino, and they make up about 35% of Medi-Cal enrollment. Many work in industries with irregular hours that make compliance with work requirements more difficult.
    - About 7% of residents are American Indian/Alaska Native (AI/AN), and they make up about 5% of Medi-Cal enrollment. Mendocino County is home to 11 Native American Tribes.
        - While AI/AN individuals are often exempt from federal Medicaid restrictions, many rely on Medi-Cal to supplement underfunded tribal and urban Indian health programs. Reductions in coverage or services could further strain these already limited systems and widen existing health disparities.

Medi-Cal Policy Impacts to Specific Populations

Medi-Cal policy changes will impact different populations in various ways.

Below is a synopsis of how different populations have benefited from Medi-Cal expansions since the Affordable Care Act, and how services will be affected under new federal and state policy changes.

> *Learn more about these changes on this page.*

Note: These population categories are not mutually exclusive. Medi-Cal enrollees may be impacted by policy changes in multiple ways, depending on their status and needs.

Low-Income Working Age Adults:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
Working Age Adults (General)	**Increased Access:** Eligible for full-scope Medi-Cal (up to 138% FPL, $21,597 for one person, $44,367 for a family of four) after ACA Medicaid expansion, starting January 1, 2014 (Source).	**Work Requirements:** Work requirements will likely disproportionately impact adults in jobs with scheduling instability, such as service or seasonal roles, and increase administrative burdens for them (Source).	**Asset Limits:** Asset limit reinstatement will add administrative and financial barriers that may discourage coverage or increase procedural disenrollment. (Source).
	This resulted in dramatic drops in uninsured rates for adults ages 19 to 64. Under ACA expansion, Medi-Cal enrollees paid no premiums or co-pays for covered services in California (Source).	**Cost sharing and frequent eligibility checks:** These policies risk disenrollment, even among employed individuals (Source).	

Low-Income Communities in Mendocino County:

In lower-income communities such as those in Covelo, Medi-Cal serves as a key insurance provider.

- Work requirements and eligibility checks would increase churn, where residents lose and re-apply for coverage during short-term employment gaps.
- Many may eventually drop out of the system entirely, leaving them uninsured.

People with Non-Citizen Status:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
Working Age Adults with Unsatisfactory Immigration Status (UIS)	**Increased Access:** Eligible for state-funded full-scope Medi-Cal. For those ages 26-49, comprehensive coverage started on January 1, 2024 (Source). No federal funds were used for this expansion; instead, General Fund revenues were used (Source).	No direct changes.	**Enrollment freeze of Medi-Cal expansion for adults with UIS, 19 and older:** This will prevent new enrollees from gaining coverage. This change will leave many without access to affordable care and create gaps in coverage (Source).
Individuals with UIS	**Increased Access:** Eligible for state-funded full-scope Medi-Cal. For those ages 26-49, comprehensive coverage started on January 1, 2024 (Source). No federal funds were used for this expansion; instead, General Fund revenues were used (Source).	No direct changes.	**Elimination of full-scope, state-only dental coverage for adults with UIS:** The loss of dental benefits can lead to delayed care and increased ER visits (Source). **$30/month premiums for adults with UIS:** Premiums may deter continued enrollment (Source).
Humanitarian Entrants (refugees, asylees, and humanitarian parolees)	**No direct impacts from ACA:** Since Medicaid was established, qualified non-citizens were eligible for Medicaid, assuming they met the standard criteria. Refugees and asylees were specifically exempt from the 5-year mandatory waiting period (Source).	**Loss of Coverage:** Humanitarian entrants will lose their eligibility for Medicaid. As of 2023, over 60% of recently arrived refugees with health insurance were covered through Medicaid. This change will leave many without access to affordable care and create gaps in coverage (Source).	No direct changes.

People with Disabilities:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
People with disabilities	**Increased Access:** CalAIM improved access to disability-focused services through Community Supports, dental care, and behavioral health investments (Source).	**Expiring Waivers:** Recent federal announcements signal movement away from supporting social service spending and key funding mechanisms, specifically federal waivers. With CalAIM's waiver expiring in 2026, these initiatives are at risk of losing funding (Source).	**Asset Limits:** Reinstatement of the asset limit will undo many of the positive effects from its earlier elimination, such as by increasing barriers to care and straining caregivers (Source).

Enrollees Who Need Prescriptions:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
Enrollees who need prescriptions	**Medi-Cal Rx:** Medi-Cal Rx is the state-run pharmacy benefit program for Medi-Cal members, launched in 2022. It shifted prescription drug coverage from Managed Care Plans (MCPs) to a fee-for-service model to standardize access and improve medication availability across all enrollees. This program operates under a CalAIM Section 1915(b) waiver (Source).	No direct changes.	**Elimination of Medi-Cal pharmacy coverage for Glucagon-Like Peptide-1 (GLP-1) agonists for weight loss:** Loss of coverage for those who require prescriptions for these agonists, excluding those who are covered for diabetes. Medi-Cal beneficiaries will now pay out-of-pocket for the prescriptions, at a cost of over $1,000 per month. With discontinued use, this may negatively affect any health benefits these individuals may have gained, like lower blood pressure and cholesterol (Source).

Enrollees Who Need Behavioral Health Services:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
People who need behavioral health services	**CalAIM, DMC-ODS, Proposition 1, and BH-CONNECT** expanded access to behavioral and mental health services (Source 1, Source 2, Source 3).	**Expiring Waivers:** Recent federal announcements signal movement away from supporting social service spending and key funding mechanisms, specifically federal waivers. With CalAIM's waiver expiring in 2026, these initiatives are at risk of losing funding (Source).	**Proposition 1:** Proposition 1 passed in 2024 but many provisions are still to be implemented. It shifts a share of Behavioral Health Services Fund dollars from counties to the state, with allocation decisions still pending. Impacts on county behavioral health services remain to be determined.

Enrollees Who Need Dental Care:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
People who need dental care	**Restored Access:** Full-scope adult dental benefits were restored in 2014 after elimination in 2009 (Source).	No direct changes.	**Reduced Supplemental Payments for Dental Benefits from Prop 56 Funds:** Reductions will likely lower provider participation in Medi-Cal, leading to longer wait times, fewer available appointments, and reduced access. Dental provider shortages may increase as a result, and more people will delay care, leading to costly emergency interventions (Source). **Dental Coverage for UIS Population:** Dental benefits will be eliminated for adults with UIS.

Enrollees with Multiple Health and Social Service Needs:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
People who are high utilizers of health and social services	**Coordinated Care**: CalAIM's PATH Initiative allowed 140,000 Medi-Cal members to receive Community Supports in the first two years of the program (Source).	**Expiring Waivers:** Recent federal announcements signal movement away from supporting social service spending and key funding mechanisms, specifically federal waivers. With CalAIM's waiver expiring in 2026, these initiatives are at risk of losing funding (Source).	**Strained Budget Effects:** Potential reduction of Enhanced Care Management support due to budgetary strain (Source)

Children and Young Adults:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
Children	**Increased Access:** Eligible for Medi-Cal regardless of immigration status, starting May 16, 2016, providing comprehensive coverage and improving preventive care access (Source).	**Work Requirements:** Work requirements may harm parent / caretaker coverage and affect household financial security for children (Source).	No direct changes.
Young Adults (19-25)	**Increased Access:** Eligible for full-scope Medi-Cal regardless of immigration status starting January 1, 2020 (Source).	**Work Requirements:** They may create a burden for college students who are otherwise eligible for Medi-Cal (Source).	No direct changes.

People in Correctional Facilities

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
People in correctional facilities	**Increased Access:** Health insurance coverage through the Justice-Involved Reentry Initiative up to 90 days pre-release. (Source).	**Expiring Waivers:** Recent federal announcements signal movement away from supporting social service spending and key funding mechanisms, specifically federal waivers. With CalAIM's waiver expiring in 2026, these initiatives are at risk of losing funding (Source).	No direct changes.

Seniors:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
Seniors	**Increased Access:** Medi-Cal Asset Test was eliminated completely in 2024 (Source). Since 2020, the number of seniors on Medi-Cal has increased by 40% (Source).	No direct changes.	**Asset Limits:** This may impact seniors who have assets they rely on for stability. Asset limits can serve as a barrier to economic security. Asset limits also create administrative barriers for those who qualify but may have difficulties proving their assets at application or renewal (Source).

Seniors in Mendocino County:

As of 2025, 4,745 people over the age of 65 receive Medi-Cal coverage in Mendocino County.

- The proposal to reinstate Medi-Cal asset limits could affect coverage for many older residents who may have savings but still struggle to afford care.
- The asset limits may create administrative barriers for seniors who qualify, but have difficulties in proving their assets, especially for those with limited digital or financial literacy.

People without Stable Housing:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
People without stable housing	**Community Supports**: Covered under Enhanced Care Management, Community Supports, and Whole Person Care pilots (Source).	**Work Requirements and Eligibility Checks:** These policies may cause people without stable housing to lose coverage due to further barriers (Source). **Expiring Waivers:** Recent federal announcements signal movement away from supporting social service spending and key funding mechanisms, specifically federal waivers. With CalAIM's waiver expiring in 2026, these initiatives are at risk of losing funding (Source).	**Strained Budget Effects:** A large portion of general funding for people without stable housing is not being reduced, but there are no more capital funds or projects being offered by the state (Source).

People Living in Rural Areas:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
People living in rural areas	**Increased Access:** Telehealth expansion and CalAIM investments improved access to care in remote areas, while enhanced provider payments helped maintain rural health clinics (Source).	**Work Requirements:** More limited broadband access may create difficulties in reporting work hours (Source). In rural areas, Medicaid work requirements have especially harmful impacts, reducing health coverage, increasing economic hardships, and placing a strain on rural health services (Source). **The Rural Health Transformation Plan** seeks to expand access, improve outcomes, strengthen provider partnerships, and ensure the long-term stability of rural health systems (Source).	**Use of Proposition 35 Funds:** Moving Proposition 35 away from provider rate increases may impact health care access and funding.

Women:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
People needing reproductive health services	Expanded abortion and maternity care through Proposition 56 and ACA (Source). Proposition 56 passed in 2016 to fund access to reproductive health services (Source).	**Prohibited federal Medicaid funding to providers that offer abortion services:** Bans on Medicaid funds for abortion providers could reduce access to full-spectrum reproductive services, even if abortion isn't the service being sought.	No direct changes.

People with Private Insurance Coverage:

Specific Population	Medi-Cal Expansions from 2010-2024	Federal Policy Changes (2025)	CA State Policy Changes (2025)
People with private insurance coverage	**Stabilized Health Care**: The ACA expansion reduced uncompensated care costs for hospitals, helping stabilize the healthcare system and limit cost-shifting to private insurance (Source). **Lower Prices**: Research shows that when more people are covered by Medicaid, hospitals and providers are less likely to raise prices for privately insured patients to offset losses from uncompensated care (Source).	**Medicaid Funding Reductions and Work Requirements:** These changes are expected to increase the uninsured population. Hospitals may shift costs to privately insured patients, leading to higher premiums, deductibles, and service fees (Source).	**Reducing Supplemental Medi-Cal Payments (such as Prop 56 funds):** In doing so, the state may further reduce provider participation in Medi-Cal, causing longer wait times and less availability. Privately insured patients may feel the effects as providers prioritize higher-paying private plans or reduce availability (Source). In rural or underserved areas, clinics and hospitals that rely on Medi-Cal reimbursement to remain solvent may close, impacting access for all patients regardless of insurance status (Source).

Additional Notes on Population Impacts

Hispanic/Latino Population in Mendocino County: Mendocino County's population is about 28% Hispanic or Latino, and they make up about 35% of Medi-Cal enrollment in Mendocino County.

- These communities are more likely to work in agriculture, food service, construction, or caregiving; industries prone to fluctuating hours or seasonal employment.
- That makes them especially vulnerable to the proposed work requirements and procedural disenrollment.

American Indian/Alaska Native Population in Mendocino County: Mendocino County's population is about 7% American Indian/Alaska Native (AI/AN), and they make up about 5% of Medi-Cal enrollment in Mendocino County.

- Mendocino County is home to 11 Native American Tribes. The largest reservation is in Covelo, with other reservations located in areas including Redwood Valley, Hopland, and Pinoleville.
- While many AI/AN individuals receive care through Indian Health Service (IHS) clinics, IHS is considered to be deeply underfunded. Medi-Cal plays a vital role in helping tribal health systems close this gap, accounting for about two-thirds of third-party revenue for tribal health providers and offering access to specialty care, hospital services, and non-IHS providers.
    - This underfunding of IHS is just one of the contributing factors to the disproportionately high rates of health disparities experienced by AI/AN people, including higher mortality rates from substance use disorders, diabetes, and pregnancy-related causes.
- Proposed Medi-Cal cuts, such as work requirements, exclude many AI/AN individuals, who are often exempt from federal Medicaid restrictions. However, because a significant portion of AI/AN individuals rely on Medi-Cal, these cuts would still have serious ripple effects, further straining under-resourced tribal and rural health systems, as well as deepening existing health disparities.

Read on to learn more about the the impacts of these changes on the health system in Mendocino County.

Health System Impacts in Mendocino County
Read More

Impacts on Local Health Systems: Hospitals, Clinics, and Providers

Below are the projected impacts of federal and state Medi-Cal changes to local health systems.

Key Takeaways

Funding Cuts Will Strain Local Health Infrastructure

- Local hospitals and clinics depend heavily on Medi-Cal funding to operate. With federal and state changes coming, providers like Adventist Health Ukiah Valley and local FQHCs could face reduced reimbursements. Adventist Health is the only hospital system in the county. These providers may be forced to reduce services, cut staff, or postpone facility upgrades, affecting services for patients.

Rising Uncompensated Care

- As more people lose coverage due to new eligibility rules or costs, counties will likely see an increase in uninsured patients turning to hospitals, emergency rooms, and county crisis services. This shift increases uncompensated care and strains on local health systems.

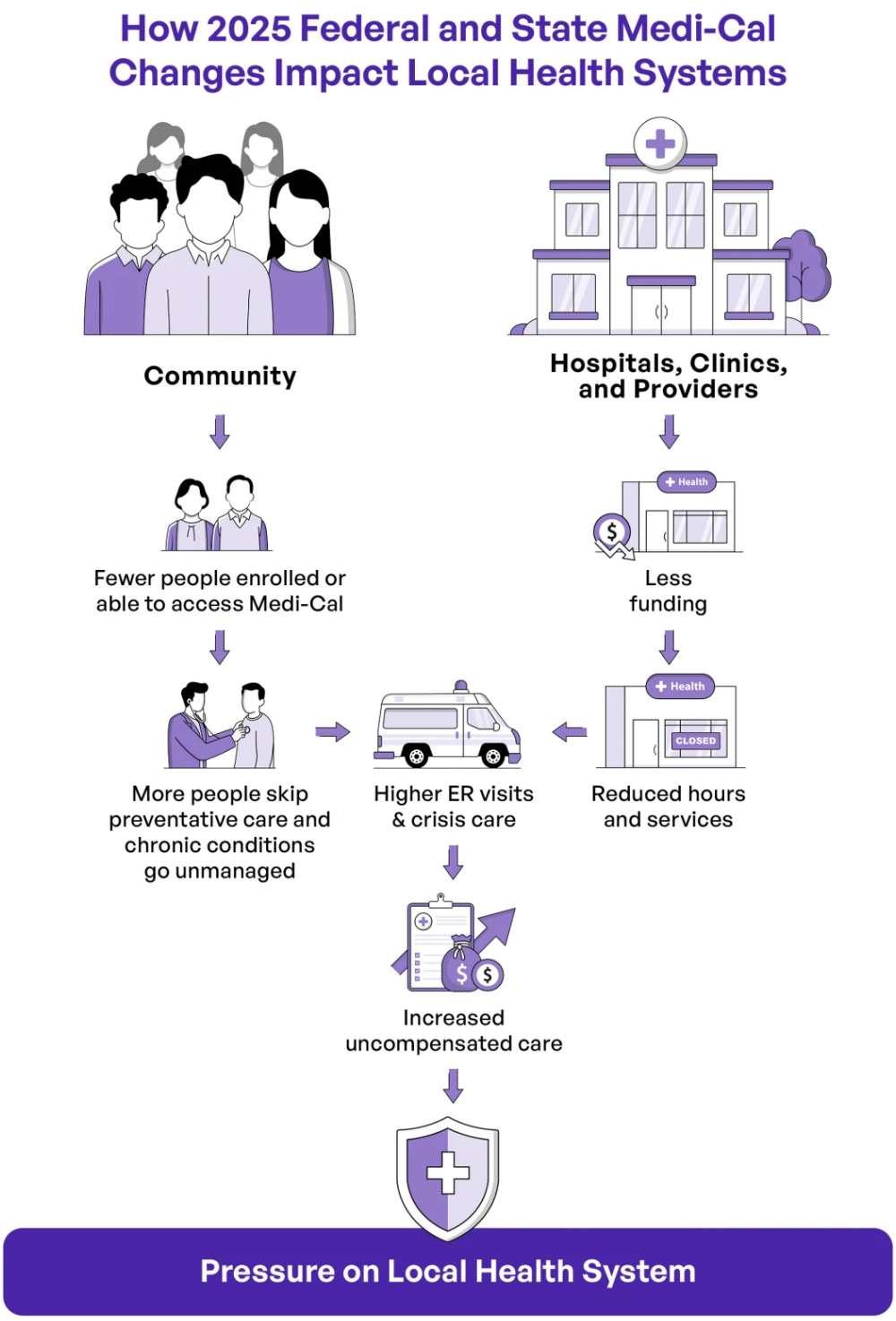
Administrative and Public Health Pressures Will Grow

- Counties will face more red tape from new eligibility rules, increasing administrative burden. At the same time, changes to other federal programs will likely increase local demand for safety-net services.

Medi-Cal: Backbone of Local Health Infrastructure

Medi-Cal isn't just about health coverage for certain populations. It's a core funding stream that keeps local health systems stable, staffed, and serving the public.

See the flow chart below to understand how changes increase strain on the local health system.



Source: Counties R.I.S.E.

To understand health system-level impacts, consider that:

Medi-Cal is the financial backbone of local hospitals.

Medi-Cal is a key source of funding for local hospitals, and makes up nearly 75% of net patient revenues for primary care clinics. That funding helps local health systems maintain 24/7 emergency care, expand access to primary care, and invest in facility upkeep and growth.

Recent research shows that Medicaid expansion has improved the financial health of hospitals and clinics, especially rural and safety-net providers, by increasing reimbursements and reducing uncompensated care.

Medi-Cal reduces uncompensated care costs.

Without Medi-Cal, many residents would delay care or show up uninsured at hospitals, emergency rooms, and county crisis services, leaving providers to foot the bill. Medi-Cal helps keep hospitals and clinics financially viable and lowers the risk of budget strains from rising ER use.

How 2025 Medi-Cal Changes Impact Local Health Systems

With a projected loss of over $25 billion in Medicaid federal funding to the State of California, and additional state-level fiscal reductions, local funding flows to Medi-Cal will be significantly reduced.

Local health system administrators may face tough budget choices, including:

Program Reductions

- Reduce or eliminate health-related social services: Hospitals and clinics may reduce or eliminate programs reliant on special Medi-Cal waivers, like Enhanced Care Management and Community Supports programs that specialize in serving enrollees with complex needs.

Slower Capital Investments

- Postpone expansions or facility upgrades: Hospitals and county-run facilities may delay or cancel capital investments due to budget uncertainty. Major hospital systems might postpone expansions or facility upgrades if they anticipate lower Medi-Cal reimbursements.

Strains on Administrative and Health Services

- Uncompensated care: Hospitals, clinics, and other service providers may see an increase in uninsured patients and uncompensated care.
  - Hospitals are the site of care for approximately **60% of uncompensated care.**
- Increase in visits: There may be increases in ER visits and county crisis service calls.
- Administrative burden: County administrators will need to process more frequent eligibility determinations to meet new federal rules (NACO).

60% of uncompensated care
takes place at hospitals.

Quote Source: Kaiser Family Foundation (2021).

Increased Demand for Local Health Services

- Reductions in other federal programs: Changes in federal funding for safety net programs like SNAP (Supplemental Nutritional Assistance Program, or CalFresh in California) may undermine preventive care and public health capacity, leading to greater demand for local safety-net services.

> *Learn more about the implications of the federal SNAP spending changes on people covered by Medicaid and other health insurance in this KFF issue brief.*

Local Health Providers That May Be Impacted in Mendocino County

Some of the key Medi-Cal providers in Mendocino County may be more vulnerable to federal and state reductions to Medi-Cal. Reductions in Medi-Cal coverage or reimbursements could strain these providers, leading to service reductions, staffing cuts, and greater reliance on emergency care.

Adventist Health is the only hospital system in Mendocino County. Local providers that may be impacted by these proposed changes include, but are not limited to:

Disproportionate Share Hospitals (DSHs):

- Adventist Health Ukiah Valley is a DSH in Mendocino County that is on a national "At-Risk Rural Hospitals List" based on the criteria that the hospitals are in the top 10% of Medicaid payer mix of rural hospitals nationwide and the hospitals have experienced three consecutive years of negative total margin.
  - It is a key safety-net hospital in the county, and a high percentage of their patients use Medicaid. It is the only hospital in Mendocino County with a licensed labor and delivery unit.
  - 39% of its inpatient revenue and about 26% of its outpatient revenue comes from Medi-Cal.
- Reductions could result in the loss of services by this hospital that serves the county's most vulnerable residents. This could strain operations and reduce its safety-net capacity.

> *Learn about Disproportionate Share Hospitals here and about Medicaid DSH payments here.*

Hospitals with Large Medi-Cal Revenues:

- Adventist Health Howard Memorial (Willits) sees about 22% of its inpatient revenue and about 30% of its outpatient revenue from Medi-Cal.
- Adventist Health Mendocino Coast (Fort Bragg) is a Critical Access Hospital (CAH), with 15% of its inpatient revenue and about 17% of its outpatient revenue coming from Medi-Cal.
  - Although CAHs primarily rely on Medicare funding, Medi-Cal reductions would add further financial strain.
- Hospitals with large Medi-Cal revenues may face growing financial strain under the reductions, especially when providing trauma, emergency, and low-reimbursement services that are essential to county-wide health access.

Federally Qualified Health Centers (FQHCs):

- FQHCs, like Mendocino Community Health Clinics and Mendocino Coast Clinics (rural FQHC), provide primary and preventive care regardless of ability to pay.
- Since Medi-Cal patients account for the majority of FQHCs' revenue, reductions in Medi-Cal enrollment or reimbursement would significantly cut into clinic revenues, forcing FQHCs to absorb rising uncompensated care costs and impacting their financial health.
  - These clinics could face reduced hours, longer wait times, and staffing shortages under funding cuts.

> *Learn more about FQHCs here and about their role in the state's safety net here.*

In sum, proposed reductions may ripple throughout the entire network, raising uncompensated care costs, burdening ERs, and weakening care for those already at the margins.

> **"More than 70% of our patients who enter our hospitals rely on Medicaid and Medicare for their care. Additionally, this legislation threatens to widen disparities and undermine the financial stability of hospitals and clinics, which are the lifeline and economic engine of local communities."**
>
> **Statement from Adventist Health Ukiah Valley Hospital**

Ukiah Daily Journal. "Ukiah Hospital Officials Respond to Closure Concerns." July 9, 2025.

Read on to learn more about the the impacts of these changes on the economy in Mendocino County.

Economic Impacts in Mendocino County
Read More

Economic Ripple Effects

Below are the projected impacts of federal and state Medi-Cal changes to local and state economies.

Key Takeaways

Hundreds of Local Jobs May Be Impacted

- Federal changes to Medi-Cal could lead to the **loss of more than 600 jobs in Mendocino County alone,** primarily in health care and related sectors. Statewide, up to 217,000 jobs may be lost, including ripple effects across local businesses that serve healthcare workers and patients.

Local Economies May Be Impacted

- Medi-Cal supports local economies by supporting hospitals, clinics, and provider networks. Each dollar of federal Medi-Cal funding lost could result in $1.85 in lost economic output. A $20 billion federal cut could mean $37 billion in lost economic activity across California.

Low-Wage Workers and Employers Will Feel the Strain

- Medi-Cal plays a role in providing health coverage to low-wage and part-time workers, especially in industries like food service, caregiving, and construction. Without it, counties could see increased rates of absenteeism and higher turnover among low wage workers.

> **"Every time Medicaid pays for a doctor's visit or funds a home health aide, that payment supports a job. That job supports a family. That family strengthens a local economy."**
>
> **Marko Mijic**
> Former Undersecretary of the California Health and Human Services Agency

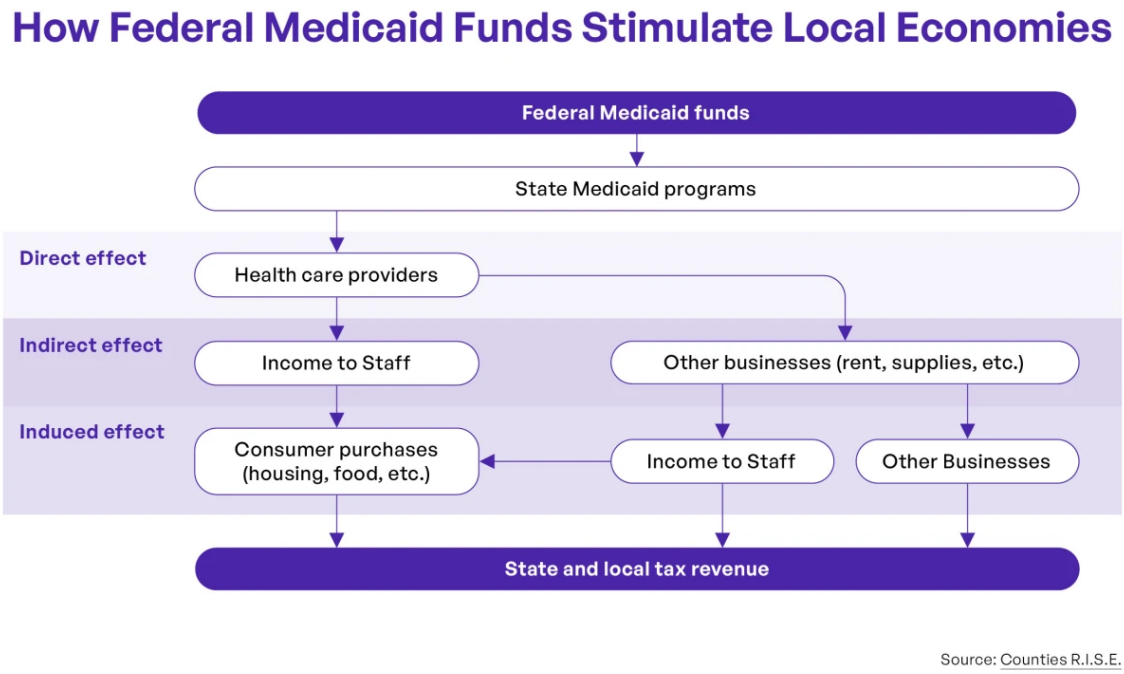
Quote Source: California Health Care Foundation, 2025.

Medi-Cal Creates Jobs and Generates Local Economic Ripple Effects

Economists at the U.C. Berkeley Labor Center define the economic ripple effects of Medi-Cal funded health care jobs in three ways:

- **Direct effects:** Immediate job and income growth of those employed by health care providers.
- **Indirect effects:** Secondary impacts on supplier industries that service the health sector, such as medical supplies and pharmaceuticals.
- **Induced effects:** Further ripples in the wider economy as health care workers and supplier employees have more money to spend.

How Federal Medicaid Funds Stimulate Local Economies



Graphic Source: The Commonwealth Fund, 2025 (Note: the graphic has been modified to solely focus on the effect of Medicaid funds on local economies).

In many counties, **health care is one of the largest employment sectors**, and Medi-Cal helps keep those jobs stable, with follow-on gains in state and local tax revenue.

Job Loss Estimates

To measure the economic impacts of projected health care job loss from proposed federal Medicaid cuts, a U.C. Berkeley Labor Center study in April 2025 modeled economic outcomes for California based on a $20 billion reduction in federal funding.

The federal government, through the 2025 Budget Reconciliation Bill HR.1, is projected to reduce more than $25 billion in federal Medicaid funding to California, making the below projections a likely conservative estimate.

The study projected that the loss of $20 billion in federal Medi-Cal funding in 2026 could result in:

- Up to 217,000 lost jobs
- Up to $37 billion in reduced economic output
- Up to $1.7 billion in reduced state and local tax revenue

Projected economic impacts of a $20 billion federal Medi-Cal reduction in California (2026)

Type of Effect	Lost Jobs	Reduced Economic Impact (dollars)	Reduced State and Local Tax Revenue (dollars)
Direct	134,400	18,696,890,000	621,900,000
Indirect	33,400	7,540,514,000	313,330,000
Induced	49,600	10,742,220,000	785,218,000
Total	217,400	36,979,624,000	1,720,448,000

The U.C. Berkeley Labor Center analysis is based on only federal funding changes, not state-related changes. It includes indirect effects on jobs for health care suppliers and the ripple effects on local businesses that would be impacted if households have less money to spend.

Mendocino County is projected to experience more than 600 job losses in health sector positions and spillover effects across local industries.

Medi-Cal's Multiplier Effect: The U.C. Berkeley Labor Center's analysis accounts for the fact that federal Medi-Cal dollars circulate through the California economy multiple times. The continued circulation of dollars through the economy is often referred to as the "economic multiplier effect." From this analysis, they found that every lost federal Medi-Cal dollar means $1.85 in lost economic output in the state.

Every lost federal Medi-Cal dollar means
$1.85
in lost economic output in the state.

Source: U.C. Berkeley Labor Center (2025).

Medi-Cal Supports the Low-Wage Workforce

In California, Medi-Cal has increasingly become the prevalent source of health insurance for low-wage and part-time workers.

Employers of low-wage workers often do not provide health benefits or offer plans that are too costly for workers to afford, particularly in the agriculture, service, and construction industries.

> *Read more about this topic in the analysis by the California Health Care Foundation and in the analysis by KFF.*

63%
Working-Age Adult Medi-Cal Enrollees
Employed full-time or part-time
California

Source: KFF Analysis of Work Status and Family Work Status of Adult Medicaid Enrollees Appendix (2023).