

32. Direct the Chair of the Board to send a letter to our state legislative delegation, Governor Newsom, and the California State Association of Counties requesting that essential Medi-Cal funding be preserved in the State's Fiscal Year 2025-2026 Budget ()



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Board of Supervisors - Fifth and Fourth District

Subject: Preserving Medi-Cal Funding in the State Budget

Meeting Date: May 6, 2025

Formal Title: Direct the Chair of the Board to send a letter to our state legislative delegation, Governor Newsom, and the California State Association of Counties requesting that essential Medi-Cal funding be preserved in the State's Fiscal Year 2025-2026 Budget

Recommended Actions

Direct the Chair of the Board to send a letter to our state legislative delegation, Governor Newsom, and the California State Association of Counties (CSAC), requesting that essential Medi-Cal funding be preserved in the State's Fiscal Year 2025-26 Budget.

Executive Summary

Medi-Cal plays a critical role in ensuring healthcare access for residents across Santa Cruz County. Over one-third of Santa Cruz County residents are enrolled in Medi-Cal, with rates significantly higher in areas already facing economic and structural inequities. Preservation of Medi-Cal funding is essential to maintaining healthcare and dental care access, reducing health disparities and ensuring the financial stability of vital healthcare providers, such as our local non-profit safety net clinics and Watsonville Community Hospital. This letter requests protection of Medi-Cal funding at the state level, particularly given the presumed impact from upcoming federal budget reductions.

Discussion

Santa Cruz County has made significant strides in expanding health coverage for residents over the past decade. Following the implementation of the Affordable Care Act (ACA), the uninsured rate in Santa Cruz County dropped dramatically from 19% in 2013 to 6% in 2022. However, stark disparities persist. In sections of our community with lower income, including areas in the San Lorenzo Valley and the Pajaro Valley, the adult uninsured rate remains substantially higher. For example, uninsured rates can range as high as 30% in sections of the Pajaro Valley - significantly higher than areas in mid-county.

These disparities are compounded by structural barriers such as income inequality, immigration status and lack of access to consistent preventive care. Access to preventive, primary care and dental services through Medi-Cal reduces the strain on the broader healthcare system by preventing minor health issues from escalating into emergencies. Without continued Medi-Cal funding, residents who lose coverage are more likely to delay care, resulting in higher emergency room usage, increased acuity of health and dental needs and avoidable healthcare costs systemwide.

Watsonville Community Hospital, a cornerstone of healthcare for our region, exemplifies the critical importance of a well-funded Medi-Cal program. After a community-driven effort, led in many ways by this Board and broader County organization, the hospital was returned to public ownership. Continued stabilization and expansion efforts—

including emergency room upgrades and service expansions—depend heavily on a robust Medi-Cal program. Approximately 52% of Santa Cruz County's Medi-Cal enrollees reside in the Pajaro Valley and depend on Watsonville Community Hospital for their primary emergency and hospital care.

Potential reductions in Medi-Cal enrollment or funding, particularly those stemming from federal policy changes or state budget cuts, would jeopardize the progress made in preserving local access to healthcare and would disproportionately harm the most vulnerable populations in Santa Cruz County. It would strain our entire health system and greatly reduce access for our region.

Cuts to Medi-Cal would reverse years of progress in reducing uninsured rates, increase uncompensated care costs and shift financial burdens onto counties, hospitals, and taxpayers. According to the California Budget & Policy Center, every dollar lost in Medi-Cal funding creates ripple effects through the economy—jeopardizing healthcare jobs, local hospital stability, and community health outcomes. There is a much broader cost of inaction by the state and we are requesting the state prioritize preservation of this funding in the budget.

Financial Impact

While there is no fiscal impact associated with this request, there would be a significant impact to the County should the cuts materialize.

Strategic Initiatives

Operational Plan - Comprehensive Health & Safety

Submitted By:

Monica Martinez, Fifth District Supervisor and Felipe Hernandez, Fourth District Supervisor

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.