

8. Consider presentation on the Proposed 2025-26 Budget for the Health Services Agency, including any supplemental materials, and take related actions, as outlined in the referenced budget documents, and as recommended by the County Executive Officer ()



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Health Services Agency

Subject: Proposed 2025-26 Budget for Health Services Agency

Meeting Date: June 3, 2025

Formal Title: Consider presentation on the Proposed 2025-26 Budget for the Health Services Agency, including any supplemental materials, and take related actions, as outlined in the referenced budget documents, and as recommended by the County Executive Officer

Recommended Actions

1. Receive presentation on the Proposed 2025-26 Budget for the Health Services Agency, including any supplemental materials, as provided in the referenced budget documents:
 - [Proposed Budget](#)
 - [Supplemental Budget](#)
 - [Fixed Assets](#)
 - [Continuing Agreements List](#)
 - [Unified Fee Schedule](#)
 - Presentation
2. Continue to June 10, 2025, approval of the Proposed 2025-26 Budget for the Health Services Agency, including any supplemental materials; and
3. Direct the Health Services Agency to align the County administered Safe Use and Overdose Prevention Program exchange services with the Centers for Disease Control and Prevention's evidence-based best practices, including implementation of a needs-based syringe distribution model.

Executive Summary

The Proposed 2025-26 Budget with Supplemental changes for the Health Services Agency supports six divisions: Administration, Health Centers, Public Health, Behavioral Health, Benefits, and Environmental Health, with funded staffing of 658.85 funded full-time equivalent (FTE) positions.

Discussion

The mission of the Health Services Agency (HSA) is to promote and ensure a healthy community and environment by providing education, outreach, and comprehensive health services in an inclusive and accessible manner. Department and division operational objectives are shown in the Proposed 2025-26 Budget document and 2025-27 Operational Plan. Both are available online at [Proposed Budget](#) and www.SCCVision.us

The HSA Proposed Budget includes negotiated salary and benefit increase as well as a change in facility charges to properly reflect the cost of facility services and utilities. The budget also includes \$6,666,000 for four capital projects identified in the [2025-2030 Capital Improvement Plan \(CIP\)](#).

HSA is closely monitoring changes in state and federal policies that may impact key

funding sources, including Medi-Cal, behavioral health, and public health programs. Several recent reductions have already affected service delivery. The National Initiative to Address COVID-19 Health Disparities (CERI) was canceled, resulting in the loss of \$78,000 in unspent funds from the original \$323,000 grant. The Immunization and Vaccines for Children – COVID Supplemental Round 4 grant, originally totaling \$875,000, was also canceled, resulting in a \$330,000 loss for Fiscal Year (FY) 2024-25. While services will continue through the remainder of the fiscal year using other grant funds, this shift may affect funding availability in FY 2025-26. Additionally, the \$466,000 Epidemiology and Laboratory Capacity (ELC) grant was fully expended before being discontinued, meaning no renewal funds will be received. HSA will continue to adapt and reallocate resources as needed to maintain essential services amid ongoing uncertainty in funding.

The HSA Proposed Budget incorporates key service changes, including staffing and service reductions primarily in the Behavioral Health, Health Centers, and Public Health divisions, to ensure the continued provision of mandated services, compliance with grant requirements, and the preservation of patient and community safety. These adjustments do not account for potential impacts from federal policy changes. The budget addresses significant revenue declines driven by CalAIM (California Advancing and Innovating Medi-Cal) Behavioral Health Payment Reform, low Medi-Cal reimbursement, and reduced Mental Health Services Act (MHSA) funding. Additionally, the Health Centers Division is contending with rising personnel costs and inflationary pressures on services and supplies, prompting efforts to mitigate these impacts through cost reductions and improved clinical provider productivity. The budget also deletes laboratory and radiology services inside our Clinics to community providers to reduce expenses while maintaining patient access through referrals.

The HSA Supplemental Budget accounts for a significant increase in total revenues of \$4,462,180, resulting from a \$3,397,180 increase from Opioid Settlement Fund revenues and a \$1,065,000 increase from Tobacco Settlement Fund revenues. It also includes significant increases to intrafund transfers, services and supplies, and other charges largely due to the Intergovernmental Transfer (IGT) Trust Fund, needed professional services, and County overhead.

Funded staffing has been amended to a total of 658.85 FTE positions including a net reduction of 74.4 FTE positions, including the deletion of 11.60 FTE filled positions, 8.0 FTE vacant limited term positions, and 55.3 FTE vacant positions, which is partially offset by the addition of 0.50 FTE position. Changes by division are summarized below:

- Administration: Delete 2.0 FTE vacant positions and transfer in 1.0 FTE position from Behavioral Health.
- Public Health: Delete 11.0 FTE vacant positions and transfer in 1.0 FTE position from Behavioral Health Substance Use Disorder Services.
- Behavioral Health: Delete 4.0 FTE filled positions, delete 37.0 FTE vacant positions, add 0.5 FTE positions, and transfer out 3.0 FTE positions to Administration, Public Health, and Health Centers.
- Health Centers: Delete 7.6 FTE filled positions, 13.30 FTE vacant positions, and transfer in 1.0 FTE position from Behavioral Health.

Budgeted funding will continue to support critical staff efforts that ensure the delivery of high-quality, mandated and core services across the department. This includes maintaining compliance with state and federal regulations, meeting the specific

requirements of various grant programs, and upholding the safety and well-being of both patients and the broader community. Staff will remain focused on core responsibilities such as service coordination, program oversight, and quality assurance to ensure continuity of care and adherence to public health standards. An example of adherence to public health standards includes the department's recommendation to adhere to evidence-based practices for implementation of harm reduction programming through the Safe Use and Overdose Prevention Program (SUOPP).

Over the next fiscal year, HSA will focus on advancing key initiatives that align with the County's Operational Plan 2025-27, while responding to emerging fiscal and policy challenges. With a budget shaped by constrained state and federal revenues, rising costs for salaries, benefits, and essential services, HSA is prioritizing the completion and operational launch of the new Children's Crisis Stabilization Center and development of a Low-Barrier Navigation Center for behavioral health clients.

HSA will also address increased costs associated with mandated behavioral health services - including those stemming from Senate Bill 43. Behavioral Health will continue responding to over 20 State mandates while managing revenue shortfalls from CalAIM payment reforms and the transition from the Mental Health Services Act (MHSA) to Behavioral Health Services Act (BHSA), which reallocates approximately 30% of MHSA treatment funding to State-directed housing initiatives.

In Public Health, implementation of the 2024 Community Health Improvement Plan and rising communicable disease cases and emergency medical services are key priorities. Meanwhile, Environmental Health is modernizing land use processes and data systems to improve transparency and customer service. Across all divisions, HSA remains committed to meeting mandates, protecting vulnerable populations, and sustaining critical services amid ongoing economic and policy uncertainty.

Financial Impact

The HSA Proposed Budget with Supplemental changes includes \$308,604,421 in expenditures offset by \$287,480,486 in revenues, \$20,712,232 in General Fund contribution, \$400,000 in District Sales Tax contribution, and Other Fund contributions of \$11,703. This reflects a total expenditure decrease of \$4,515,762 or 1.4% from the Fiscal Year 2024-25 Adopted Budget.

Strategic Initiatives

Operational Plan - Comprehensive Health & Safety, Sustainable Environment, Dynamic Economy, Operational Excellence

Submitted By:

Monica Morales, Director of Health Services

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.

From: [Board Of Supervisors](#)
To: [Agenda Management Support](#)
Subject: Item 8 comment_Chatham, L
Date: Monday, June 2, 2025 7:43:29 AM

From: Laura Chatham <laurachatahm@gmail.com>
Sent: Friday, May 30, 2025 12:46 PM
To: Board Of Supervisors <boardofsupervisors@santacruzcountyca.gov>
Subject: Budget Input - Fund MHCAN; Invest in Prevention

******CAUTION:**This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.****

Dear Supervisors,

I urge you to be bold in your thinking about our budget. This is a time when people are losing access to healthcare, food security, and housing support due to federal cuts. You are under pressure to make even deeper cuts to these basic services. But we as a county can push back. I urge you to:

- 1.
- 2.
3. Fund our programs that are working now-
- 4.
- 5.
- 6.
7. Make cuts to incarceration and the over-policing of the Unhoused community. The tickets
8. that are written cost taxpayers for court time, police time, sometimes incarceration time- and they don't get paid anyway.
- 9.
- 10.
- 11.
12. If we could figure out how to get a living wage for low paid workers, many of our Homeless
13. folks would love to have a job that would pay the rent.
- 14.

The Neighborhood Justice program is an excellent example of an alternative to incarceration. It holds people accountable while bringing the community together to help meet each other's basic needs. Please be creative in thinking about how we can expand this program or develop similar programs to reduce the

number of people in our jails, and consider how the general funds can be used to maintain these invaluable programs. Reducing incarceration is a much better way to save money than reducing access to healthcare and social services.

Thank you for considering my opinion,

Sincerely,

Laura Chatham

District 5 (Scotts Valley)

From: [Board Of Supervisors](#)
To: [Agenda Management Support](#)
Subject: Item 8 comment_Chavez, R
Date: Monday, June 2, 2025 7:42:08 AM

From: Rachael Chavez <chavezrachael@gmail.com>
Sent: Friday, May 30, 2025 1:44 PM
To: Board Of Supervisors <boardofsupervisors@santacruzcountyca.gov>
Cc: First District <First.District@santacruzcountyca.gov>; Second District <Second.District@santacruzcountyca.gov>; Justin Cummings <Justin.Cummings@santacruzcountyca.gov>; Felipe Hernandez <Felipe.Hernandez@santacruzcountyca.gov>; Fifth District <Fifth.District@santacruzcountyca.gov>
Subject: Budget Input - Focus on Care; Invest in Prevention

******CAUTION:**This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.****

Dear Supervisor Cummings and Board of Supervisors,

I am a long time resident of Santa Cruz, a registered nurse, and I care deeply about the well-being of our community. As you make critical budget decisions, As you make critical budget decisions, I urge you to remember: an ounce of prevention is worth a pound of cure—especially when it comes to public health and safety.

As an oncology nurse I've given chemotherapy to patients that live in their cars. I've given chemo to patients who luckily were able to stay at Homeless Persons Health Project's Recuperative Care Center, without which they would either not be able to receive treatment or receive treatment while living on the streets.

Cutting support for programs like the Homeless Persons Health Project, MHCAN, and the Gemma Program would be devastating to my patients, and will only lead to more costly outcomes—such as emergency room visits, avoidable arrests, and harm to our most vulnerable community members. Every dollar spent on housing, mental health care, and community services saves far more than we spend managing the consequences.

At a time when many people are losing health insurance and food assistance due to federal policies, Santa Cruz County can and should do better. Further cuts are not fiscally responsible and aren't what our community needs or deserves.

I understand the budget is tight. We must look carefully at where cuts can do the least harm and where spending could be reallocated more effectively. Our systems of incarceration and law enforcement take up a disproportionate share of the general fund and are not bearing an equitable share of proposed cuts.

For example, we're spending over \$14,000/month/person in our jail, and the majority are held pre-trial for misdemeanors simply because they can't afford bail. Juvenile Hall costs over \$9M/year to house an average of just 9 youth, who would be better served in a community based setting. Overall corrections

and the sheriffs department take up an enormous portion of our county general fund. These are costly, outdated approaches that don't serve public safety and divert funding from what actually works.

By contrast, community-based mental health, housing, and youth programs have been shown to prevent crises and reduce reliance on emergency services and incarceration. Redirecting funds from excess incarceration capacity toward these programs would save money and strengthen our community.

This budget is a test of our priorities. We can choose to relive the demonstrably failed (and racist) "tough on crime" policies of the 90s by investing in expensive, punitive systems of criminalization—or we can invest in prevention and healing. I urge you to reject cuts to health and human services, fully fund programs serving vulnerable populations, and reduce spending on incarceration infrastructure.

Let's invest in long-term safety and well-being—for all of Santa Cruz County.

Rachael Chavez

District 3

From: [Board Of Supervisors](#)
To: [Agenda Management Support](#)
Subject: Item 8 comment_Gibbons, M
Date: Monday, June 2, 2025 7:45:57 AM

-----Original Message-----

From: Meadow Gibbons <meadowsmail@gmail.com>
Sent: Sunday, June 1, 2025 8:07 PM
To: Board Of Supervisors <boardofsupervisors@santacruzcountyca.gov>
Cc: Mom (Kathleen Sylva) <just.float@proton.me>
Subject: Public Health = Public Safety

****CAUTION:This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.****

Dear Supervisors,

I'm taking the time to write this email in support of prioritization of funding for public health programs, particularly mental health.

As you are also community members, I'm sure you see with your own eyes that our streets are frequently tread upon by those who need substantial mental health and often substance-abuse support. Programs that provide these services are integral in helping maintain not only improved outcomes for a vulnerable homeless population, but also safer streets for our children and ourselves to navigate.

Thank you for your thoughtful decision-making during these very difficult times.

Meadow Gibbons
Community Member
Supervisory District 3

From: [Board Of Supervisors](#)
To: [Agenda Management Support](#)
Subject: Item 8 comment_Dryer, D
Date: Monday, June 2, 2025 7:48:00 AM

From: Dianne Dryer <blueiris@gmail.com>
Sent: Sunday, June 1, 2025 9:02 PM
To: Board Of Supervisors <boardofsupervisors@santacruzcountyca.gov>
Subject: Investing in Public Health is vitally important

******CAUTION:**This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.****

Dear Board of Supervisors,

Every day I see people suffering because of poverty, medical needs, mental disabilities and addiction. I've heard that you are about to cut funding for most of the programs that help them.

Meeting people's basic needs is the starting point from which we can create a safe, vibrant and thriving community. We should not balance the County budget on the backs of the most vulnerable! Abandoning them will lead to more suffering and expense later. It is more effective, cost-efficient, and ethical to **prevent crises with early intervention and health care.**

Health and Human Services should NOT be the department cut the most! We must **meet basic needs** for health care - including for mental illness and addiction, senior and family medical care, and food programs.

I urge you to look carefully at where cuts can do the least harm and where **spending could be reallocated more effectively.**

Our county budget represents our values!

Dianne Dryer
Thurber Lane
Santa Cruz

From: [Board Of Supervisors](#)
To: [Agenda Management Support](#)
Subject: Item 8 comment_Faulstich, N
Date: Monday, June 2, 2025 7:44:45 AM

From: Nancy Faulstich <nancyf367@gmail.com>
Sent: Sunday, June 1, 2025 1:58 PM
To: Board Of Supervisors <boardofsupervisors@santacruzcountyca.gov>
Subject: Support for a people-centered Budget

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Dear Supervisors,

Thank you for serving our community during an extremely challenging time in our country's history. I am a parent, 4th District resident and director of a non profit and am very concerned about the loss of funding to our county by the cancellation of federal grants. I'm also very concerned about proposed Federal changes to Medicare and Medicaid that seem poised to impact Medi-Cal and put thousands of people in our region at risk of losing health coverage.

I urge you to keep prioritizing preventive measures such as ensuring healthcare coverage and investing in climate resilience measures in order to prevent escalating costs from both of those down the road. It's time to protect the most vulnerable among us and reduce the disproportionate spending on incarceration.

I believe juvenile hall and adult correction facilities can be downsized budgets in order to right-size for our counties' needs.

Please support a just, people-centered budget with investment in health, housing, and long term climate resilience.

Sincerely,
Nancy Faulstich
Watsonville

From: [Board Of Supervisors](#)
To: [Agenda Management Support](#)
Subject: Item 8 comment_MHCAN
Date: Monday, June 2, 2025 5:09:25 PM

-----Original Message-----

From: Ari Hutchison <aripaulhutchison@gmail.com>
Sent: Monday, June 2, 2025 2:44 PM
To: Board Of Supervisors <boardofsupervisors@santacruzcountyca.gov>
Subject: Greetings from MHCAN

****CAUTION:This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.****

Dear Supervisors Hernandez, Martinez, Cummings, Koenig, De Serpa.

I am writing on behalf of MHCAN to thank you for your past support and to express our heartfelt request for continued funding during this challenging budget year.

We understand and deeply respect the difficult decisions you and the Board must make in response to the County's current budgetary constraints. We know that many vital programs are being reviewed and that the County must balance many priorities.

That said, we sincerely hope MHCAN can be considered for an exception due to our organization's unique and irreplaceable role in the community of Santa Cruz. As a peer-run, client-centered nonprofit, MHCAN offers services that are not duplicated anywhere else in the county. For many, we are a lifeline — a safe, welcoming space where individuals facing mental health challenges receive peer support, crisis prevention, and a true sense of belonging.

We believe that cutting or reducing MHCAN's funding could have serious consequences for some of the most vulnerable members of our community. Our services reduce hospitalizations, prevent crises, and promote recovery — ultimately saving public resources and tax dollars in the long term.

We respectfully ask for your consideration in preserving funding for MHCAN so we may continue serving the people who rely on us most. We are committed to working collaboratively with the County towards finding creative solutions to meet shared goals, even in tough financial times.

Thank you again for your leadership, and for recognizing the importance of mental health services rooted in lived experience and peer support. We invite you to visit our center anytime and see the impact we make every day.

With respect and gratitude,

Ari Hutchison, Davide Crisanti, TJ Mckeney, Sheila Morrone, On behalf of the Mental Health Client Action Network (MHCAN)



Health Services Agency

2025-26

Proposed Budget

Mónica Morales, Director
Jen Herrera, Asst Director
June 3, 2025



Presentation Overview



Who we are



What we do



Financial Drivers



Proposed Budget



Emerging Issues



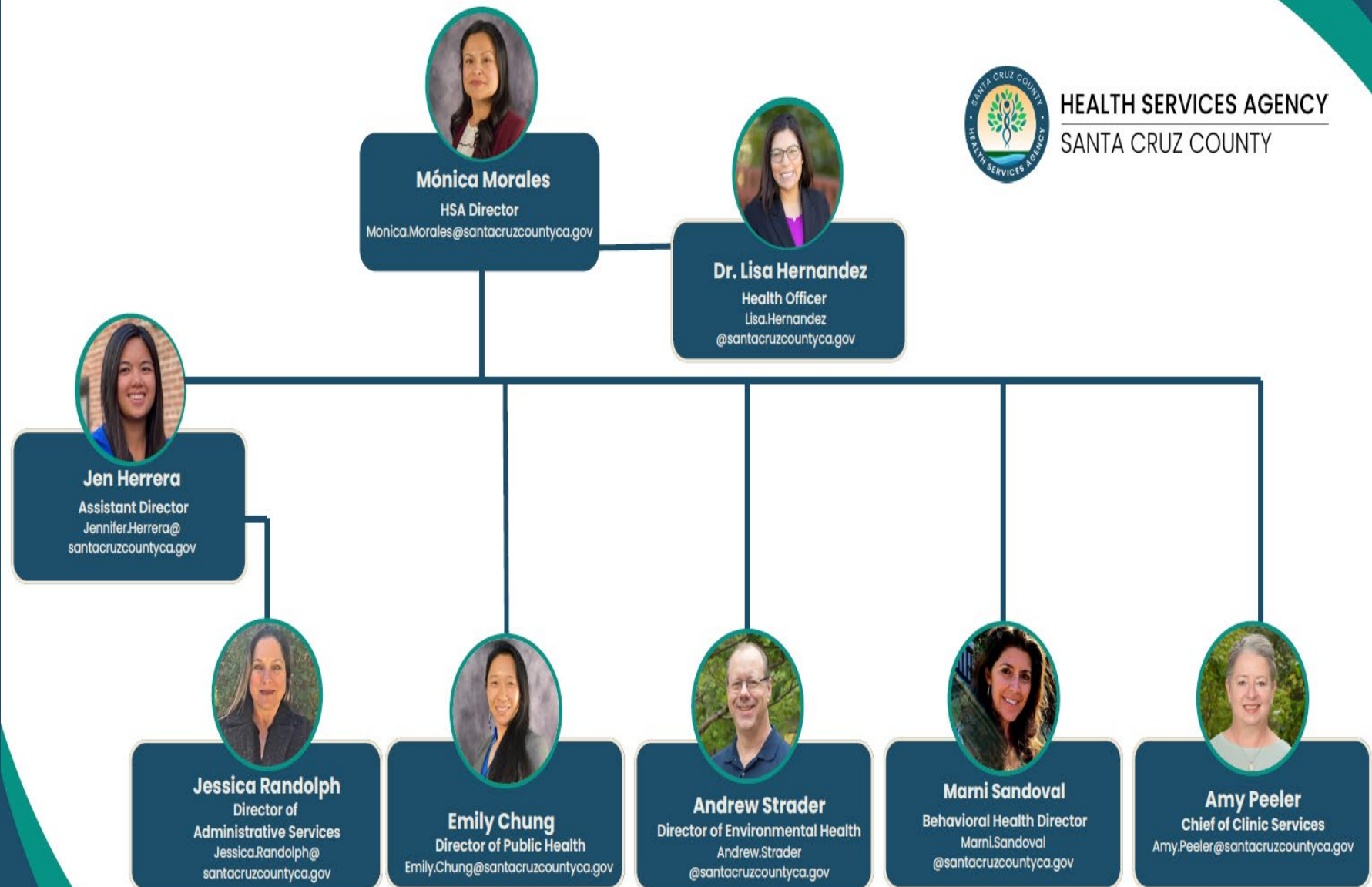
Request & Questions



Our Mission

To promote and ensure a healthy community and environment by providing education, outreach and comprehensive health services in an inclusive and accessible manner.

HSA Org Chart



Divisions & Services



- CONSUMER PROTECTION
- WATER RESOURCES
- LAND USE
- HAZARDOUS MATERIALS
- ENVIRONMENTAL CLEANUP



- WATSONVILLE HEALTH CENTERS
- EMELINE HEALTH CENTER
- HOMELESS PERSONS HEALTH PROJECT
- MOBILE CLINIC/STREET MEDICINE
- JUVENILE HALL MEDICAL



- CHILD, YOUTH & ADULT MENTAL HEALTH SERVICES
- CRISIS & POST-HOSPITALIZATION SERVICES
- SUBSTANCE USE SERVICES
- RESIDENTIAL SUPPORT SERVICES
- INPATIENT MENTAL HEALTH AND CRISIS STABILIZATION SERVICES



- POPULATION HEALTH AND VITAL STATISTICS
- CHILDREN & FAMILY HEALTH
- INFECTIOUS DISEASE CONTROL
- HEALTH PROMOTION & EDUCATION
- EMERGENCY PREPAREDNESS & RESPONSE



- POLICY
- ADMIN
- CAPITAL PROJECTS
- HEALTH BENEFITS

How Many Served

FY 2023-2024



HEALTH SERVICES AGENCY SANTA CRUZ COUNTY

We serve as a community safety net by providing services to indigent or low-income and uninsured Santa Cruz residents who have no other sources of care.



Health Centers:
13,744 people served

1,915 Average completed encounters per week.

99,605 Appointments completed this year.



Public Health:
All who live, work and play in Santa Cruz County: (270,861 residents, over 3 million visitor trips per year!)

Vital Records total certificates issued in FY 23-24: ~14,000

- 2,000 birth certificates issued per year
- 2,000 disposition (burial) permits
- 10,000 death certificates



Behavioral Health:
Mental Health Plan (SMI & SED)

- 3,590 Adults with 184,379 contacts
- 1,136 Children with 49,184 contacts

DMC-ODS Plan
(Substance Use Disorder Services)

- 1,760 Adults with 300,790 contacts
- 167 Children with 3,284 contacts



Environmental Health:

Consumer Protection: 2,604 facilities/practitioners
HazMat: 1,592 facilities
Environmental Cleanup: 74 cases

Water Resources: 103 water systems
Land Use: 36,000 + parcels

Primary Health Goals



Mental Health

Youth Prevention & Early
Intervention

24/7 Crisis Support



Opioid Overdose

Prevention

Treatment

Community Supports

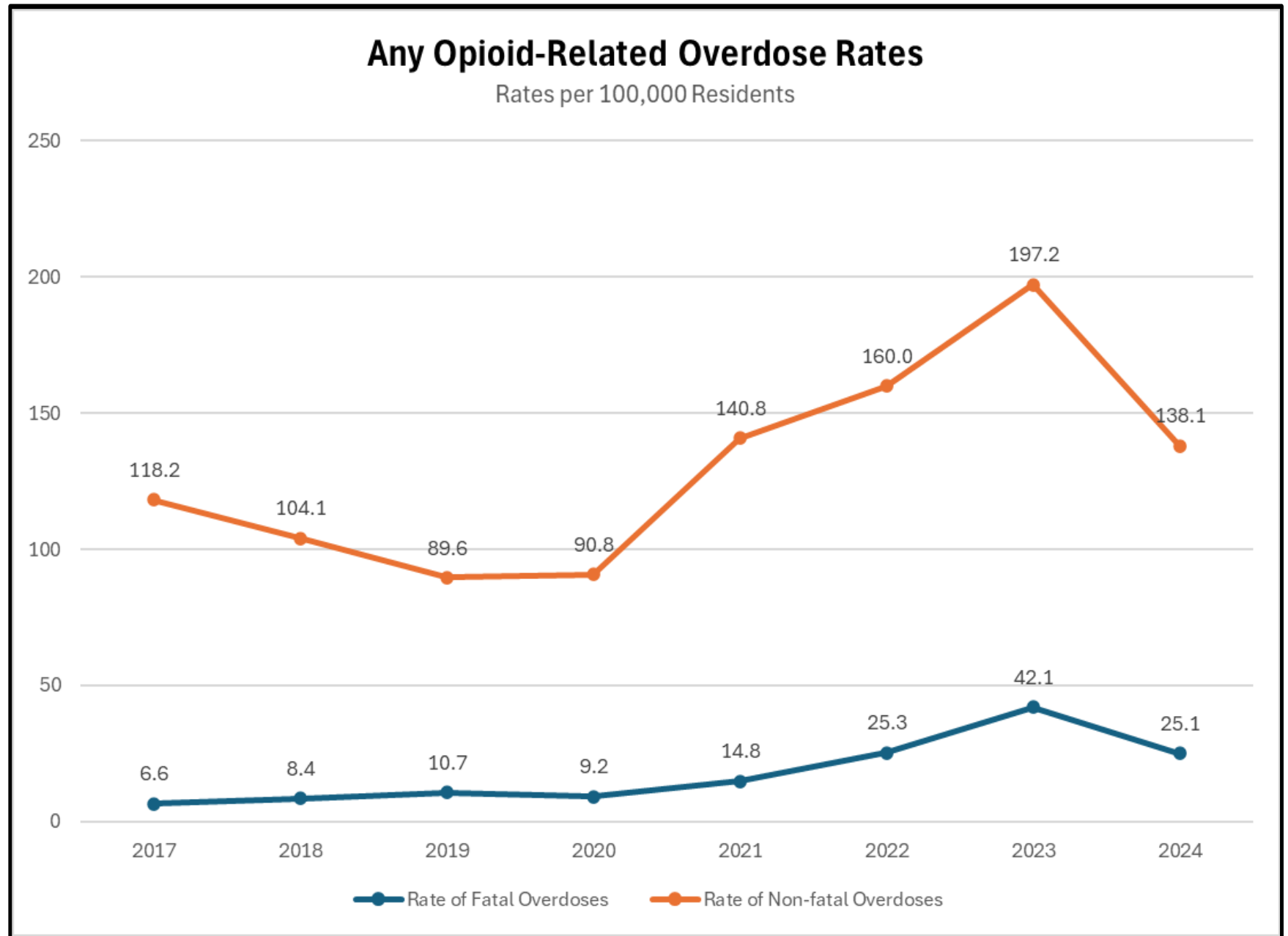


Homelessness

Clinical Services

Behavioral Health Services

Santa Cruz County Opioid-related Overdose Rates



State of California, Department of Public Health. (2025). California Vital Records Business Intelligence Systems (VRBIS), Death Query. Recent data may be incomplete due to a backlog in the state's death registration system (Cal-IVRS) Retrieved 01/2025. EMS data from ImageTrend retrieved 01/2025.



Opioid Overdose



Community Opioid Initiatives

Medication Assisted Treatment

- Served 8,600+ HSA Health Center patients since 2016

Opioid Misuse Prevention Initiative

- HSA-led internal County effort involving 7 departments

Opioid Settlement Funds (OSF)

- \$810,000 awarded to 7 agencies through the Community Foundation of Santa Cruz County

SafeRx Annual Drug Trends

- Hosted by the Health Improvement Partnership of Santa Cruz County, focused on Coroner and EMS data



Safe Use and Overdose Prevention Program (SUOPP)

- SUOPP aligned with **14 of 15** best practices for SSP (CDC)¹

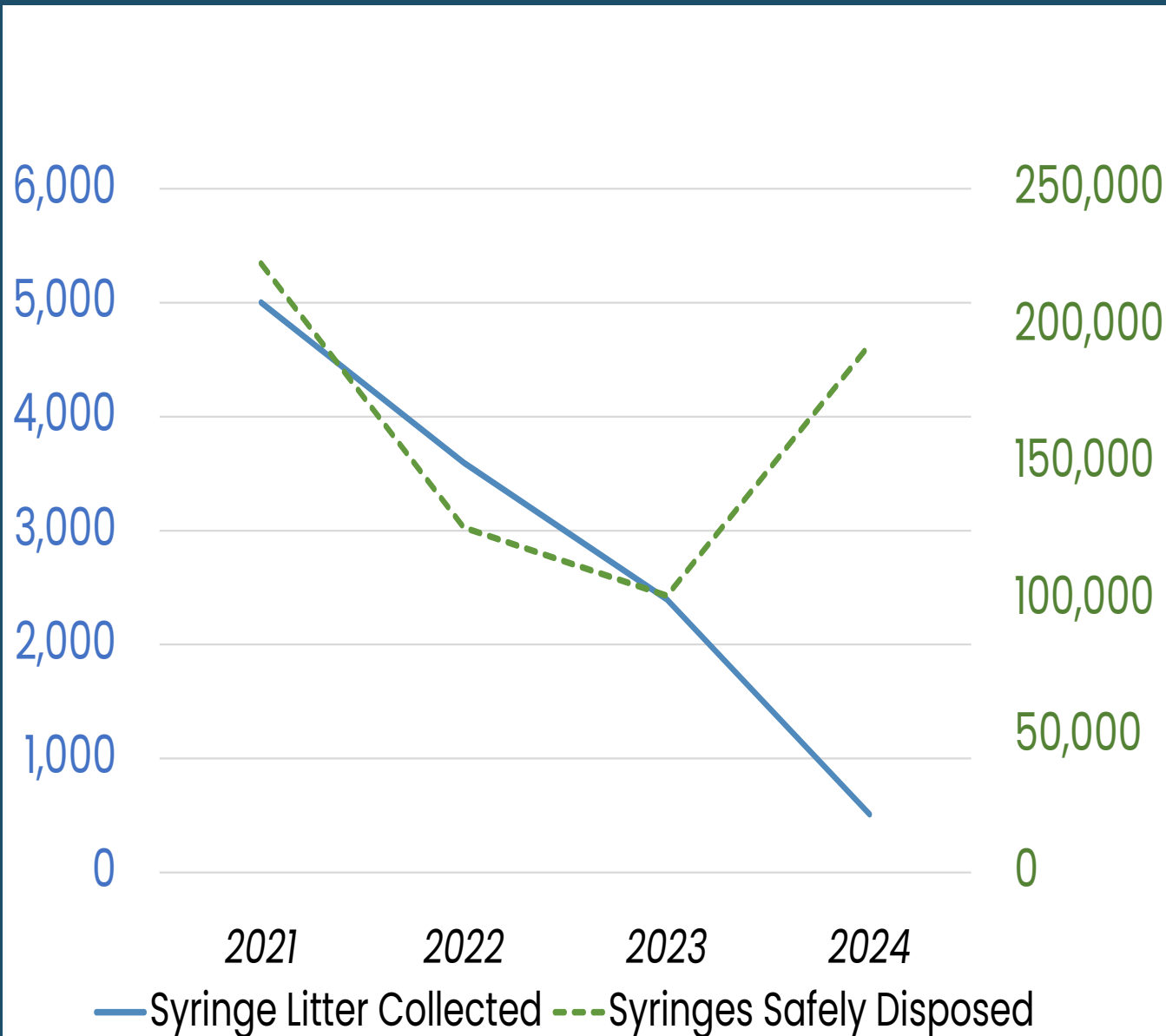
Best Practice Recommendation ¹	SUOPP Current Practice
<i>“Needs-based syringe distribution is the best approach”</i>	One-for-one exchange model

- **Recommendation:**
 - Align SUOPP services with CDC’s evidence-based best practices, including needs-based syringe distribution



Increased Safe Disposal Practices Leading to Less Syringe Litter

Opioid Overdose



Safe disposal includes:

1

Public kiosk disposal

2

In-person SUOPP exchange



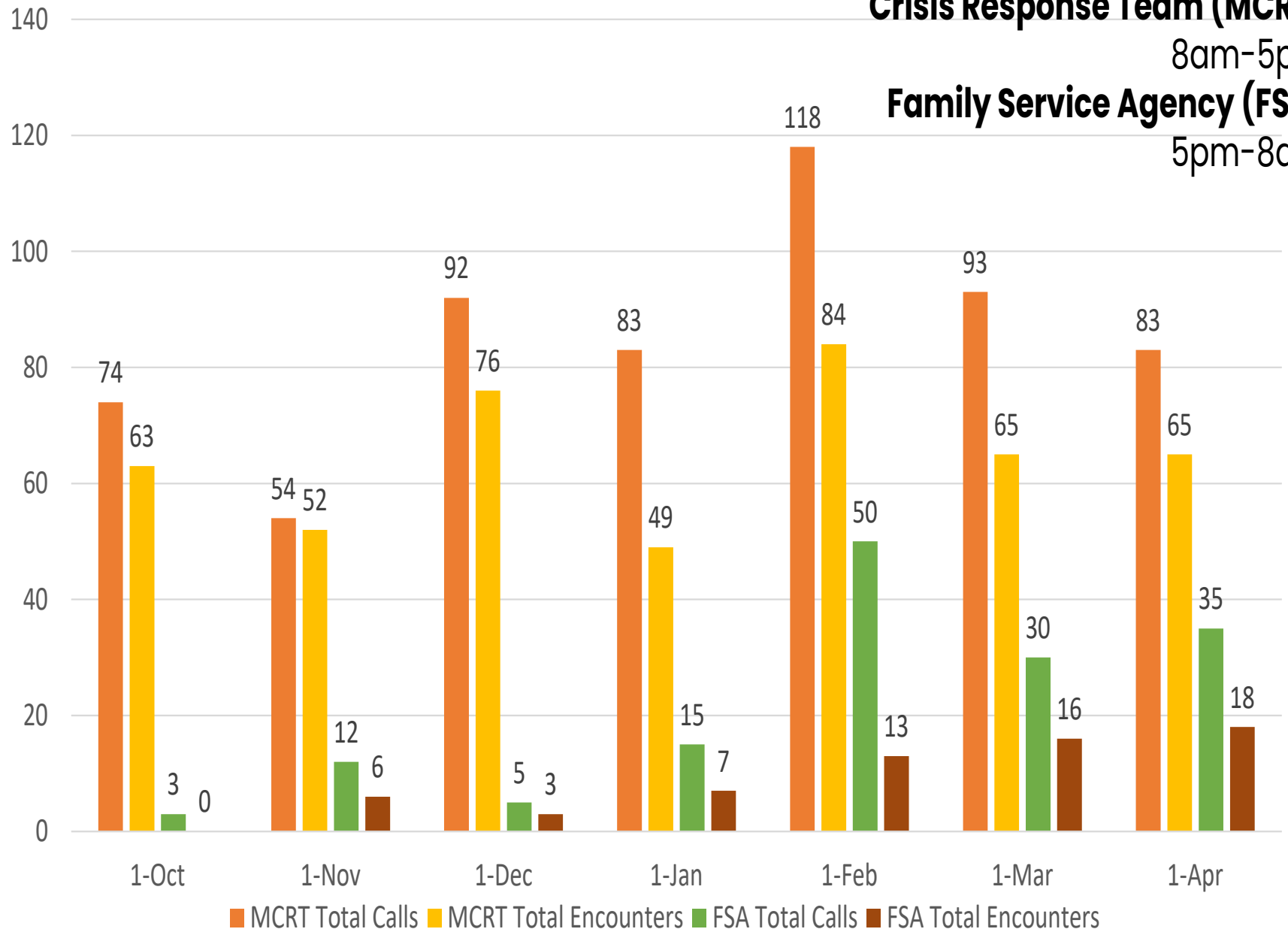
Mobile Crisis Services & Contacts

**Santa Cruz County Mobile
Crisis Response Team (MCRT)**

8am-5pm

Family Service Agency (FSA)

5pm-8am





Mental Health

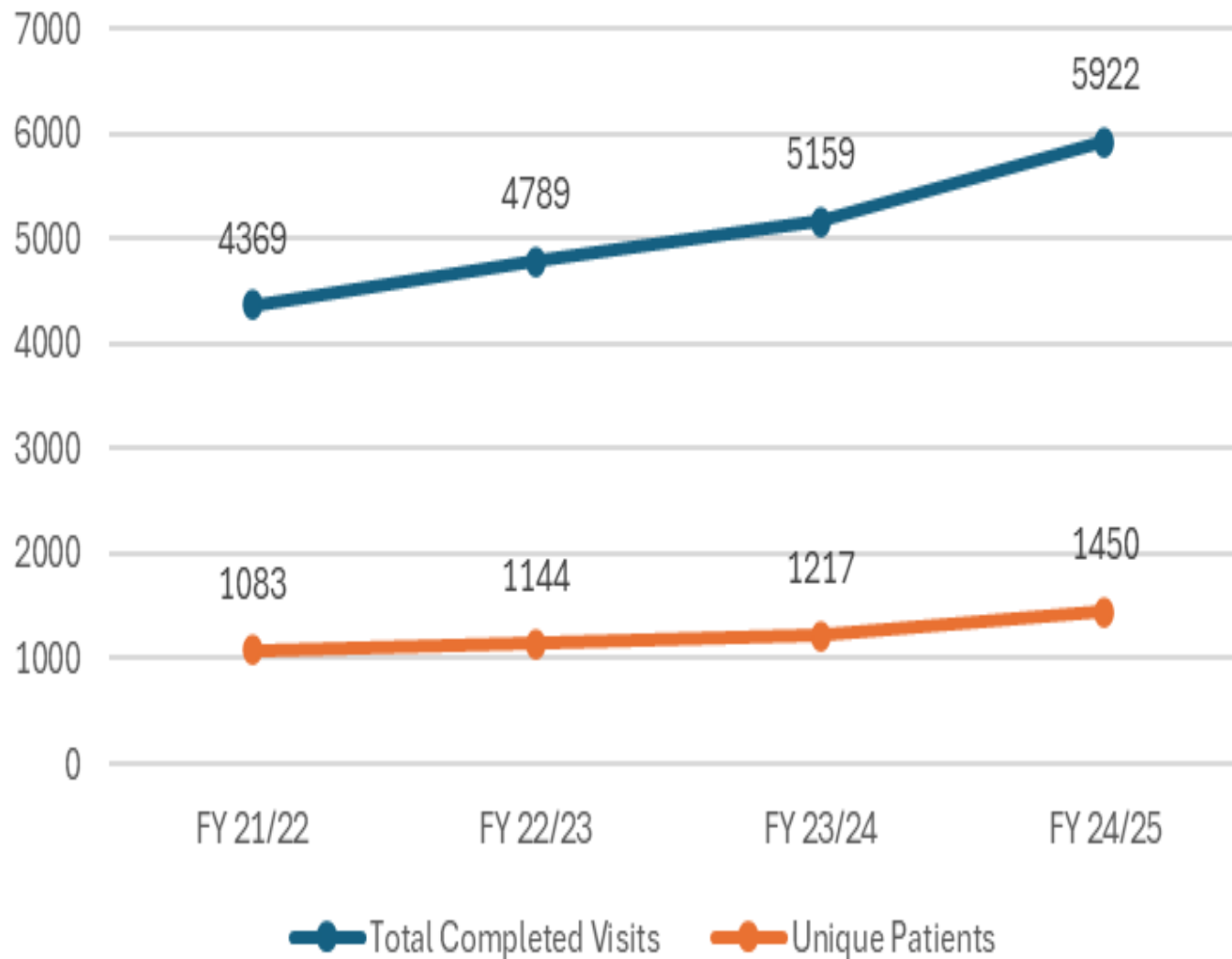


2025-26 Budget	Capital Project Title
\$ 1,121,000	Behavioral Health Bridge Program Housing for 32 individuals Scheduled to open in November 2025
\$ 3,215,000	Children's Crisis Center 8 crisis chairs 16 residential beds Scheduled to open in September 2025



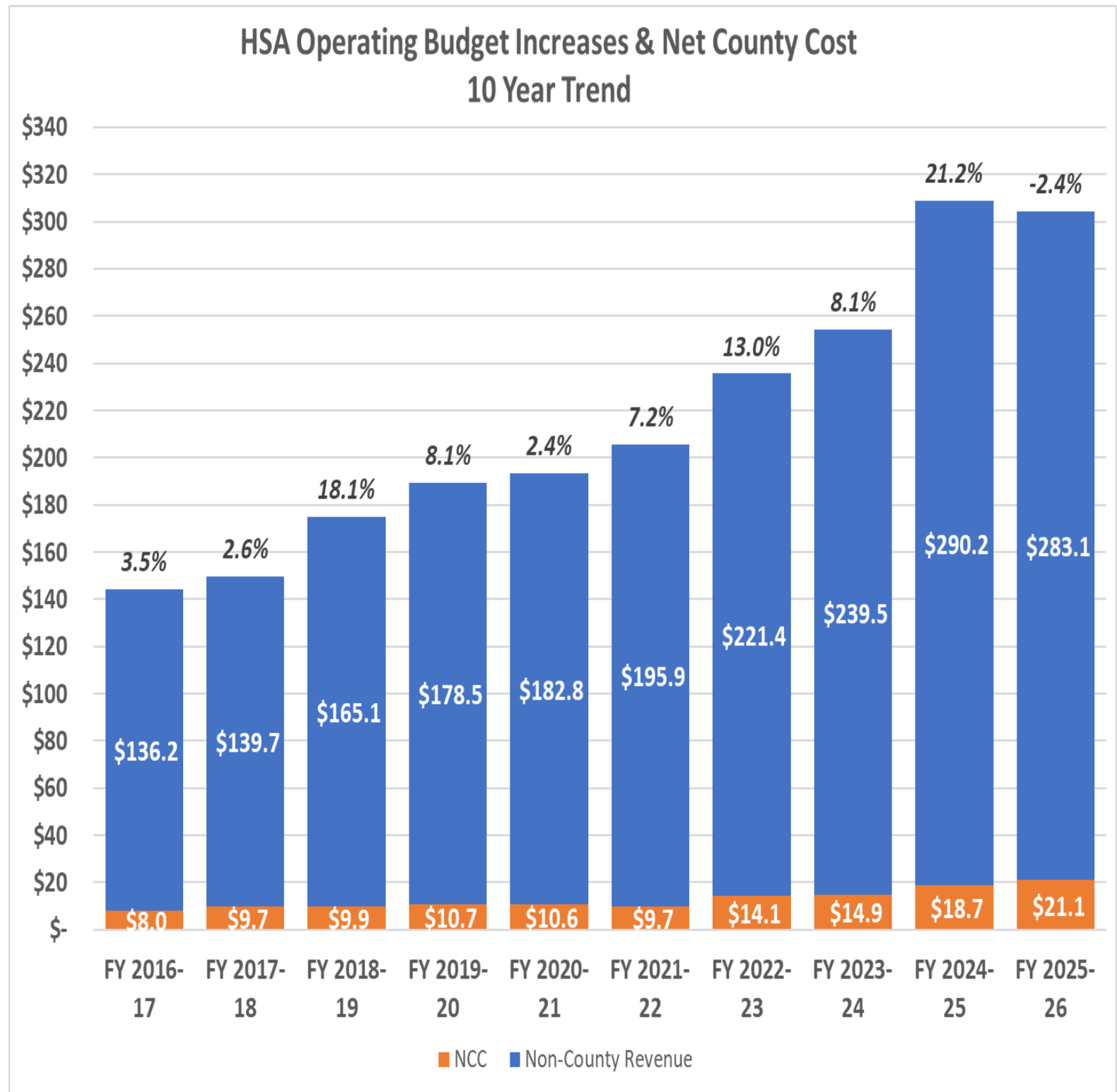
Homeless Persons Health Project

Visits and Patients

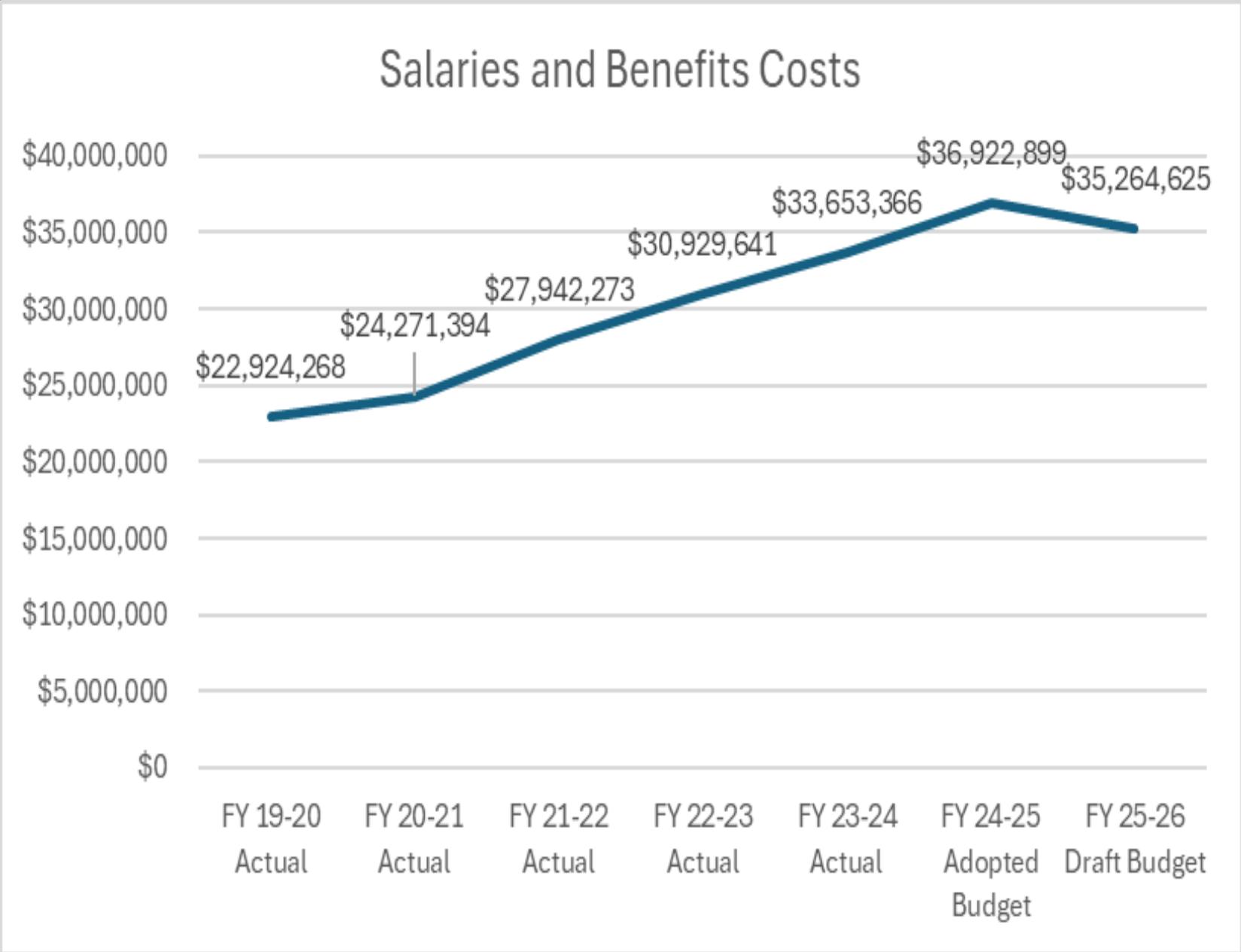


HSA's Fiscal History

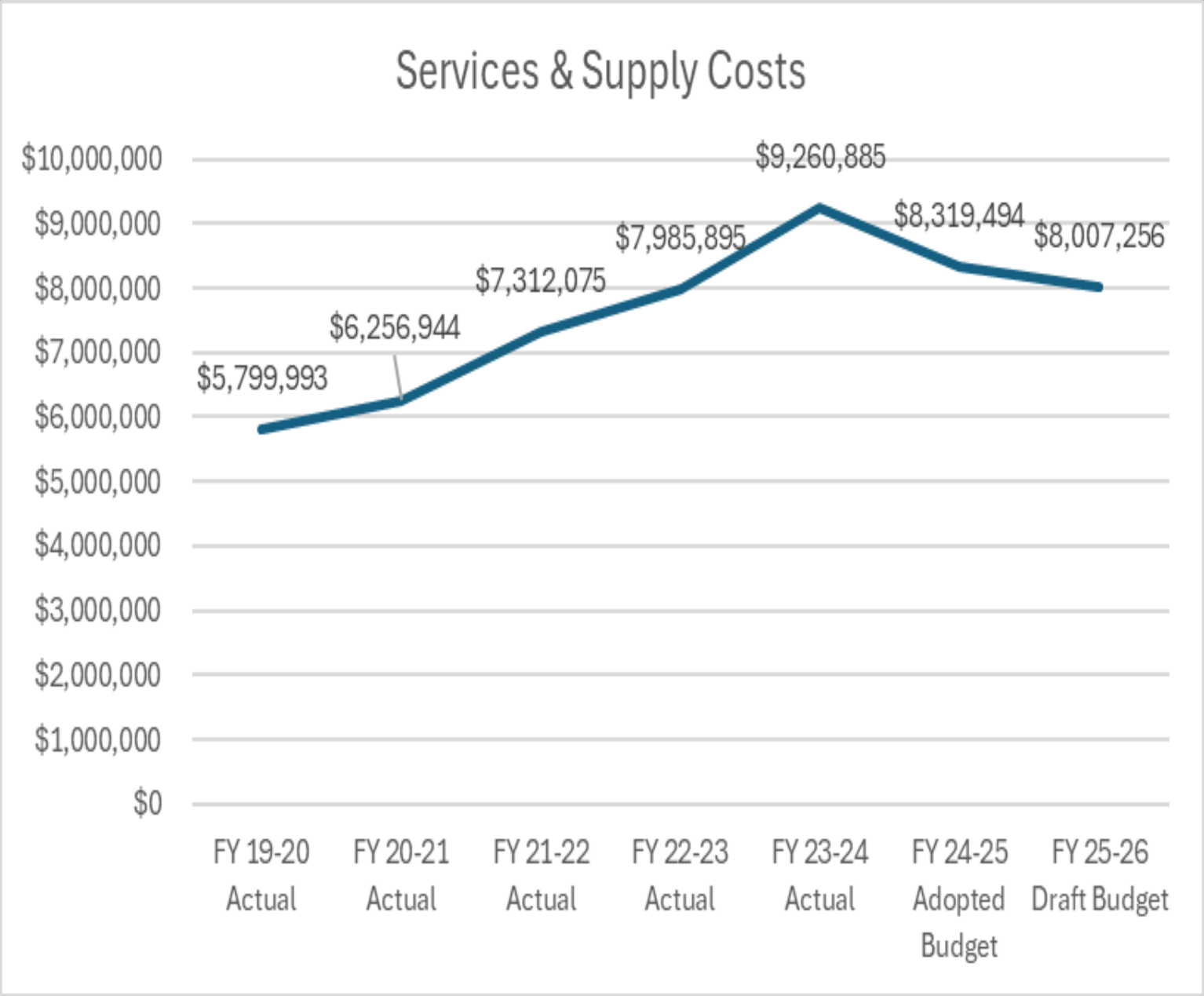
NCC = Net County Cost, also known as County General Fund



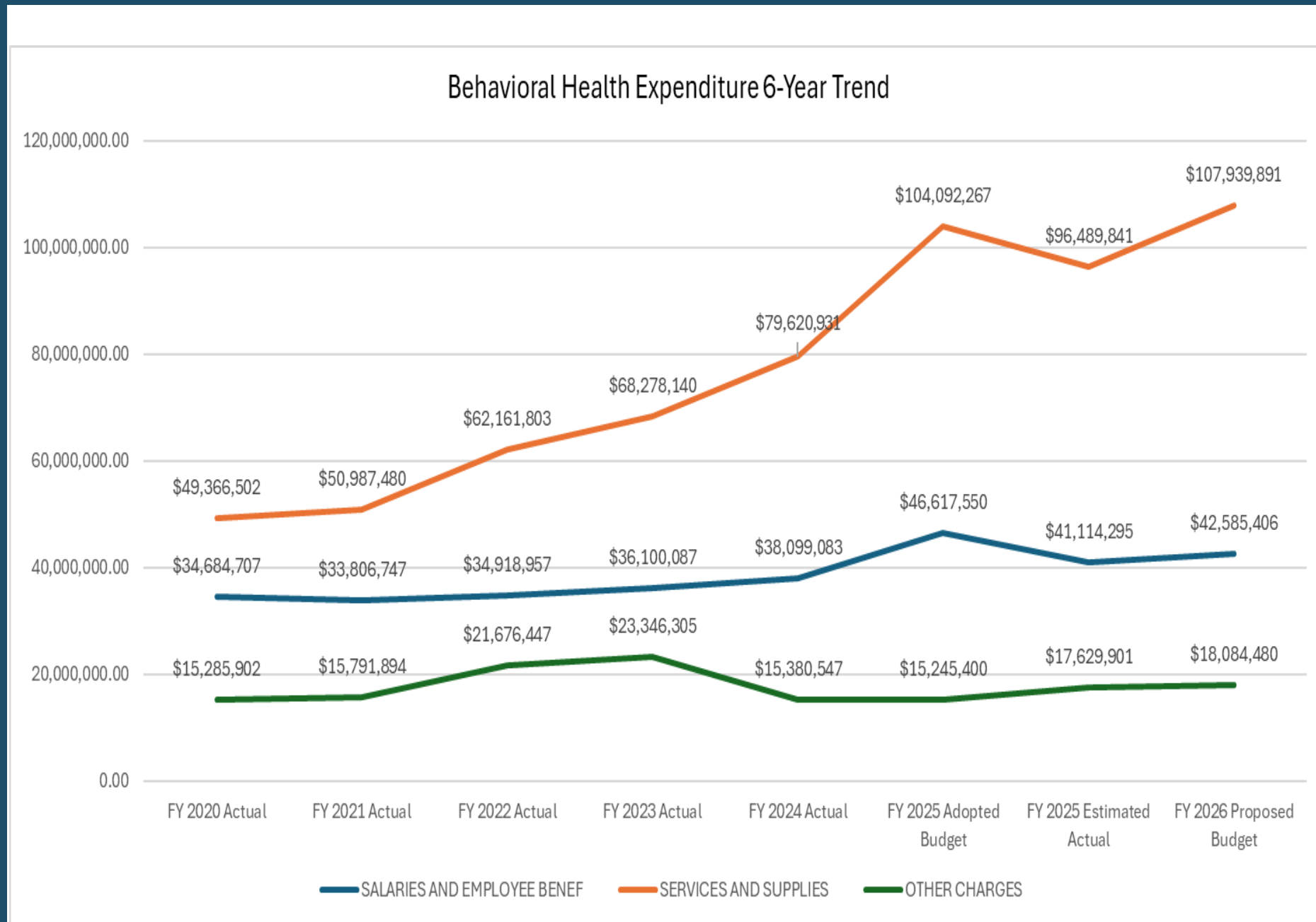
Health Centers Salary and Benefits



Health Centers Services and Supply Costs

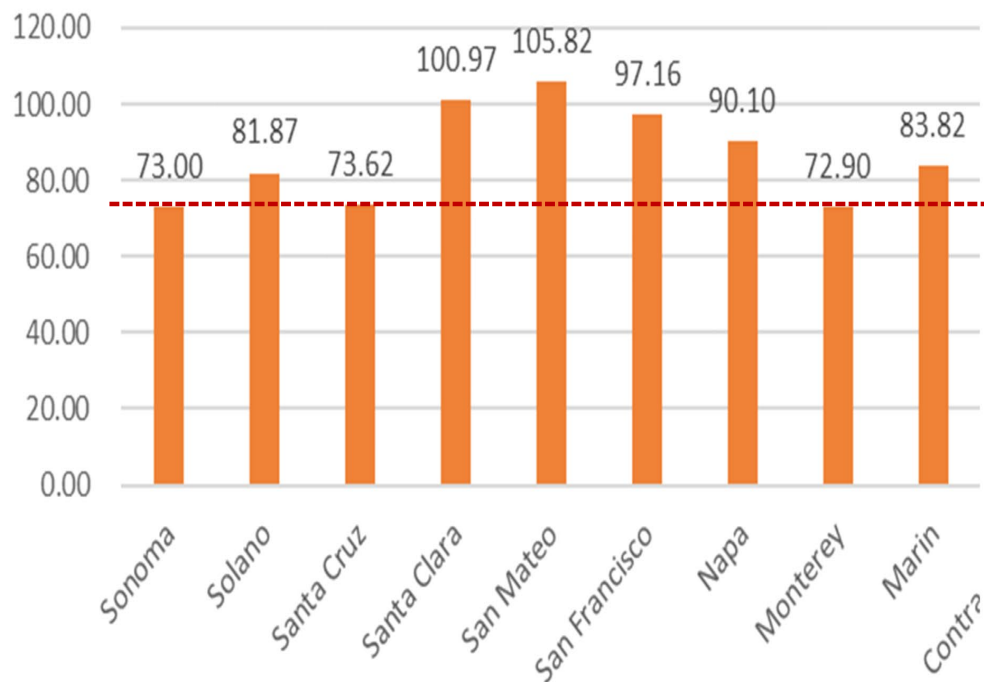


Behavioral Health Expenditures: 6-Year Trend

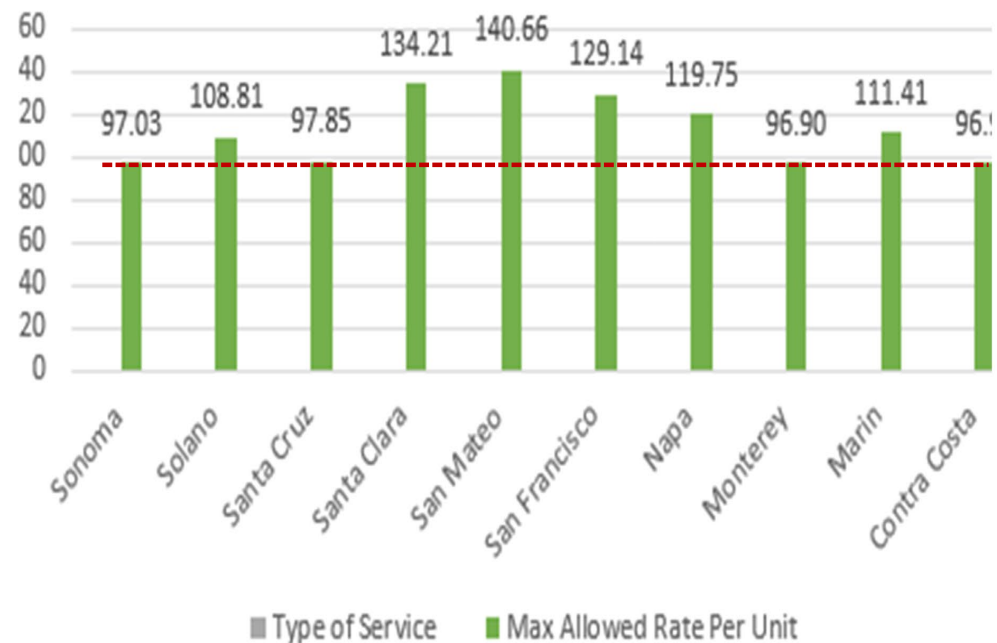


Santa Cruz County's new CalAIM reimbursement rates are far below adjacent Bay Area Counties

Bay Area Counties SMHS Rehab Service Rates by an MHRS (per 15 min)



Bay Area Counties SMHS rates for Assessment by an LCSW/MFT (per 15 min)



Federal Policy REAL Impacts

- Health Services Grants Eliminated, March 2025
 - Access to health (\$78k lost)
 - Microenterprise Home Kitchen Operation pilot project (\$26k lost)
 - Access to immunizations for COVID-19, flu and other vaccine-preventable diseases (\$330k lost)
 - Detection and prevention of emerging infectious diseases (fully expended)
 - 5.7 FTEs saved with other funding sources
 - HSA was able to pivot and sustain the services and staff through other funding sources.

Drivers of HSA's Budget Deficit

- Grant reductions, COVID, BH, etc.
- Clinics – low revenue
- Behavioral Health – Low Reimbursement Rates
- Extensive Non-Mandated Services
- Increase in Program Expenditures
- Increase Operational Expenditures: Labor, Supplies, Cost Plan, etc.
- Federal and State Policy Changes: Medi-Cal, DEI, etc.



Behavioral health crisis?

Our Mobile Crisis Response Teams serve all of Santa Cruz County.

Help is just a call away.



24/7/365 support



Immediate Response



Professional & compassionate help



1-800-952-2335

santacruzhealth.org/CrisisResponse

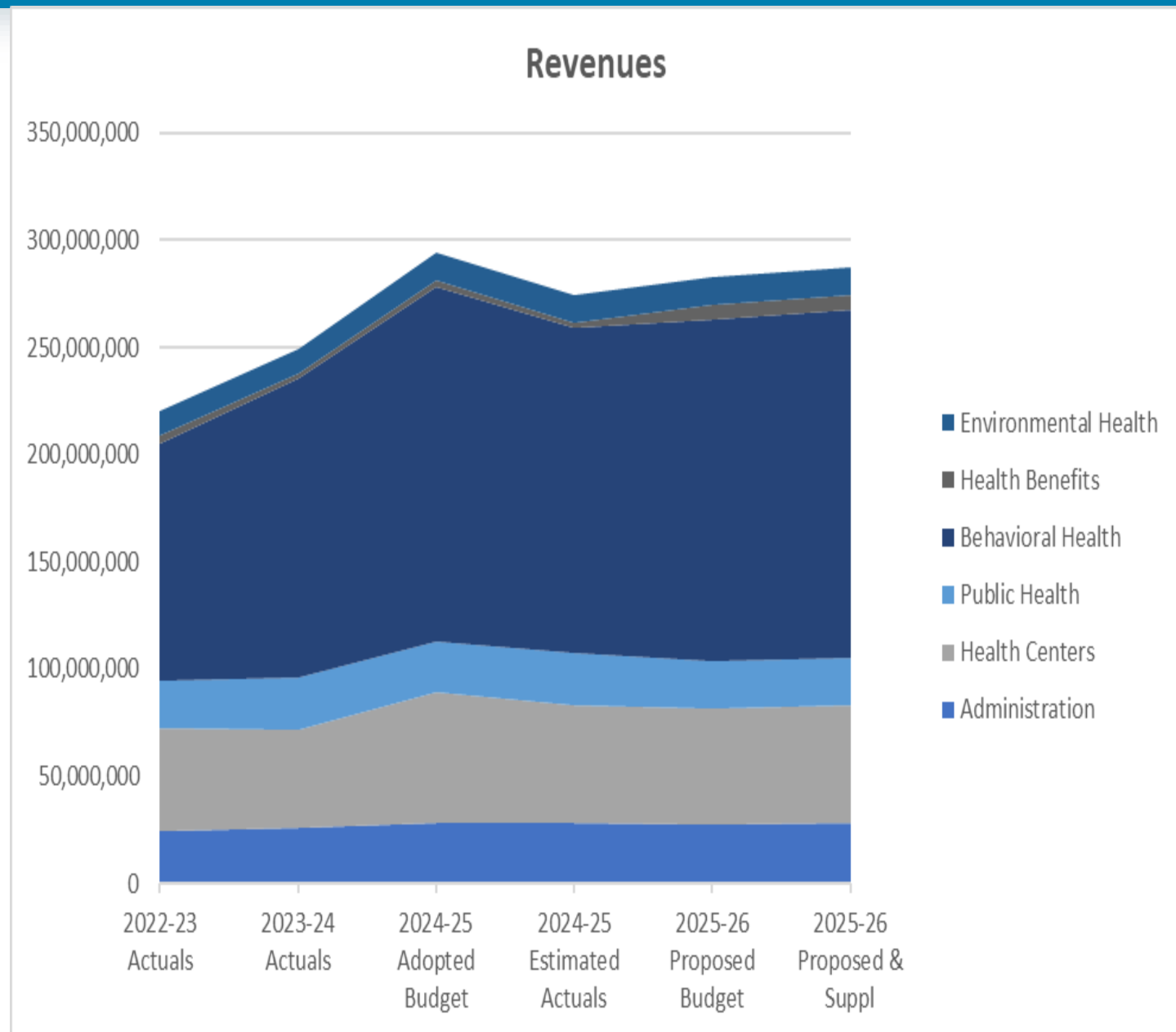


Health Services Agency

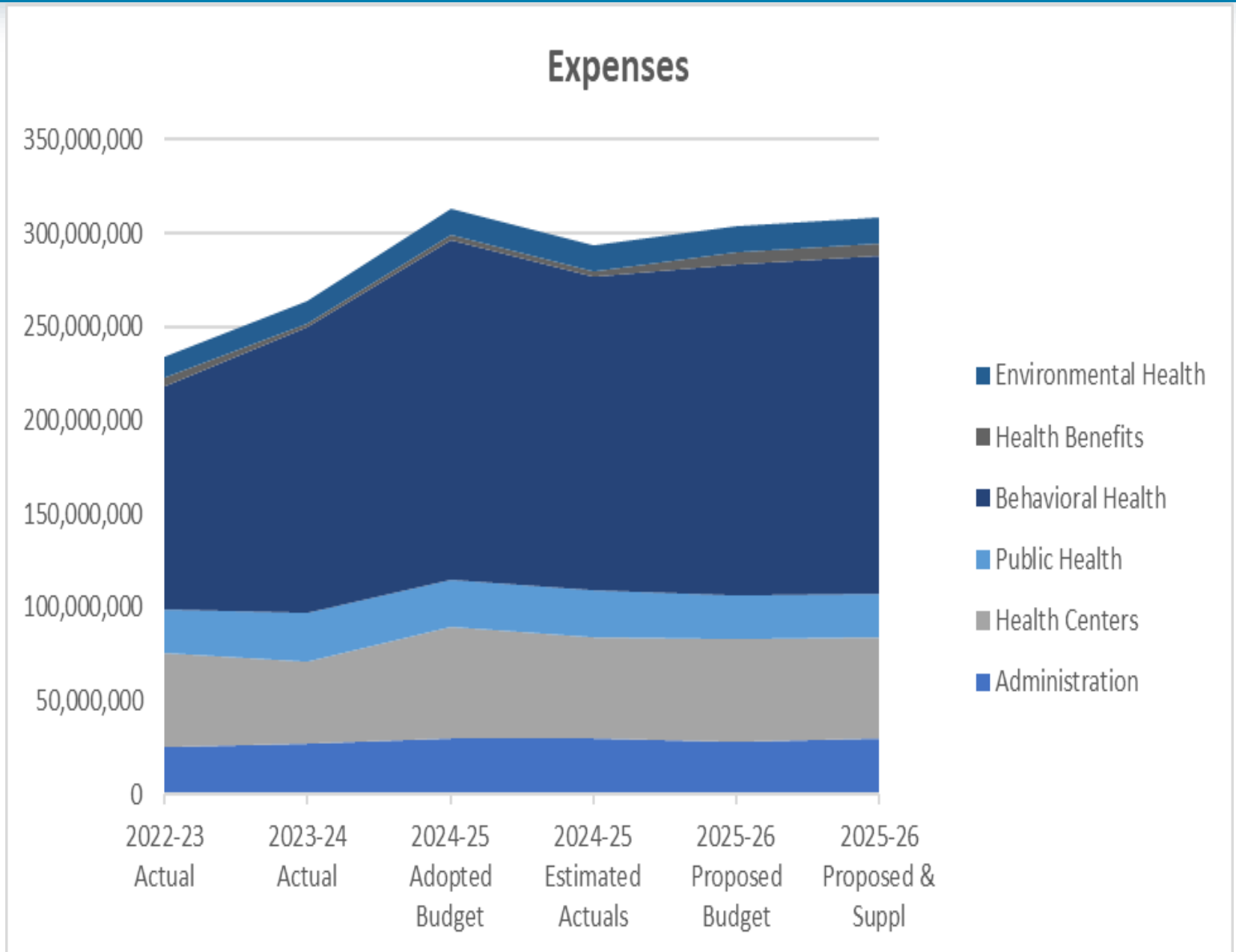
Summary of Proposed Budget

	2024-25 Adopted	2025-26 Proposed	Amount of Change	Percent Change
Revenues	\$294,117,248	\$287,480,486	(\$6,636,762)	-2.26%
Expenses	\$313,120,183	\$308,604,421	(\$4,515,762)	-1.44%
District Sales Tax Contribution	\$0	\$400,000	\$400,000	0.00%
General Fund Contribution	\$18,674,533	\$20,712,232	\$2,037,699	10.91%
Other Fund Contribution	\$328,402	\$11,703	(\$316,699)	-96.44%
Funded Staffing	733.25	658.85	(74.40)	-10.15%

Health Services Agency Revenues by Division









Health Services Agency Expenses by Division



Major Budget Changes from Adopted Revenues

	Amount	Title of change in revenue
↓	\$ 2,366,379	Decrease in Charges for Services mainly due to reduced outpatient health center fees, offset by increases in Patient Revenue
↓	\$ 4,718,817	Decrease in Intergovernmental Revenues mainly due to decreases in Mental Health Services Act (MHSA) & Federal Grant revenues, offset by increases in Drug Medi-Cal (DMC) & CalAIM Providing Access and Transforming Health (PATCH CITED)
↑	\$ 262,229	Increase Misc Revenue mainly due to increase from Fines, Forfeitures & Assessments
↑	\$119,333	Increase from Env Health Licenses, Permits & Franchise Fees
↑	\$65,000	Increase from Property Taxes
↑	\$1,872	Increase from Fines, Forfeitures, & Assessments

Major Budget Changes from Adopted Expenses

	Amount	Title of change in expenditure/expense
	\$ 10,907,089	Decrease in intrafund transfers due to the change in facility charges to properly reflect the cost of facility services and utilities, transfers from the Voluntary Rate Range Program Intergovernmental Trust Fund and Transfer to the Opioid Settlement Trust Fund
	\$ 5,492,563	Decrease in Salaries & Benefits
	\$ 2,051,951	Decrease in Other Financing due to reduced transfers to the Capital Fund
	\$ 1,111,100	Decrease in Fixed Assets predominantly because of completion of the HVAC project at HPHP
	\$ 12,176,507	Increase in Services & Supplies, predominantly from increases to Professional Services, Custodial Services, Facility Improvements & Medical Supplies, offset by a decrease to outside hospital services
	\$2,870,434	Increase in Other Charges

HSA Major Budget Changes

Fiscal Year 25/26

- Loss of \$6.64 million in HSA revenue resulted in a net reduction of \$4.52 million
- Reduction of 74.40 FTE positions,
 - including 11.6 FTE filled positions,
 - primarily in Behavioral Health, Health Centers, and Public Health*

HSA Major Budget Changes

Fiscal Year 25/26

- Focus on mandated and reimbursable services
- Closure of lab and X-Ray services, moving to referrals
- Ending non-mandated services
 - MHCAN, Gemma, Suicide Prevention
- **Reductions Do NOT include potential impacts from federal & State policy changes!**

HSA

State Medi-Cal Looming Impacts

Behavioral Health

At least 191 undocumented individuals (3% of all clients served) accessed BH services between May 2024 and April 2025.

Under the new rules those individuals would be considered indigent and therefore services **would not be billable**.

Health Centers

- **5,500 undocumented patients**
 - 30% of total clinic clients
- **Eliminate Acupuncture**
 - All clients
 - *Impact of \$980,000*
- **Elimination of Dental**
 - Undocumented
 - *Impact of \$770,000*
- **Elimination of Prospective Payment**
 - Undocumented
 - *Impact of \$2.7 million*

Federal Threats to Health Services & Safety Net

Additional Risks

- Additional Medi-Cal impacts to clinical and behavioral health services
- Modifications of 1115 Waivers –
 - CalAIM, ECM, & CHW expanded services
- Termination of Ryan White Funding for HIV/AIDS healthcare
- Critical public health knowledge and research removed from federal websites
- Provisions of gender affirming healthcare
- Provisions of reproductive care in FQHCs

Clinical Care Options: MediCruz

- Counties have a statutory obligation to meet the health care needs of low-income people with no other sources of care
California Code, Welfare and Institutions Code - WIC § 17000
- MediCruz is the County's managed health care program of last resort for uninsured or underinsured community members
 - Referral-based from safety-net clinics
 - Residency and income eligibility
 - Covers specialty services
 - Served 556 patients in 2023 (prior to MC expansion for undocumented adults)
 - Budget of 3.8 million
- Decreased programming over time with Medi-Cal expansion
- Federal Medicaid and State Medi-Cal proposals could increase demand for MediCruz

Budget Considerations

- Reduction in services and programs will continue due to state and federal policy and budget changes
- Focus on statutorily mandates and services
- Focus on programs preventing imminent threats to morbidity and mortality
- Assess for innovation, efficiencies, and quality
- Equity and client centered
- Consider alternative funding source for behavioral health, such as ballot measure

Health Services Agency

Receive presentation on the proposed budget for the Health Services Agency, including any Supplemental Materials, which includes

- Revenues of \$287,480,486
- Expenses of \$308,604,421
- General Fund Contribution of \$20,712,232
- Staffing of 658.85 funded FTEs
- Continue to June 10, 2025 for approval of proposed budget
- Direct Health Services Agency to align Safe Use and Overdose Prevention Program with CDC evidence-based practices.

**Holding spot as a reminder that CEO
will provide slide to add**