Health Services
LOS ANGELES COUNTY

March 25, 2025

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TO: Supervisor Kathryn Barger, Chair
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FROM: Christina R. Ghaly, M.D.
Director

SUBJECT: **DEPARTMENT OF HEALTH SERVICES' (DHS) FISCAL OUTLOOK**

This fiscal outlook report focuses on the potential impacts to DHS' finances that would occur if current proposals being considered by the federal government are implemented, in addition to ongoing fiscal pressures affecting DHS' budget.

With respect to the new federal administration, on February 25, 2025, the House of Representatives approved a fiscal year (FY) 2025 budget resolution that directs the Energy and Commerce (E&C) Committee to reduce the federal deficit by no less than $880 billion over 10 years. The E&C Committee has jurisdiction over the Medicaid budget and, in order to meet this target, it is expected that the majority of the $880 billion reductions would come from Medicaid. There are a variety of technical mechanisms through which these cuts could be achieved and, as a result, the specific impact to DHS as a public hospital system is unknown at this time. The following are a partial list of ideas that the E&C committee are considering to reach their goal of $880 billion in reductions.

Establish Medicaid Block Grants or Per Capita Caps

Under the current federal-state partnership for funding the Medicaid program, the federal government pays a fixed percentage of states' Medicaid costs, without limits. Under the new proposal, the federal contribution would be capped, and the state would receive a capped amount of federal Medicaid funding either in the aggregate or on a per-beneficiary basis. Because the annual increase in costs is expected to exceed annual increases in the block grant or per capita grant, such actions would have a substantial negative impact on DHS revenues.

Phase out 90% federal matching rate for the Affordable Care Act's Medicaid Expansion Program

This proposal would reduce the current Federal Medical Assistance Percentage (FMAP) matching rate of 90% for Medicaid expansion programs to a state's current FMAP percentage, e.g., in California, the FMAP is 50%. A reduction of this magnitude would shift substantial costs to both the state and the county in order to maintain expansion program coverage. Such a significant loss of federal funding may require states, including California, to severely limit or even eliminate their expansion programs. If this occurs, it will result in the loss of Medi-Cal coverage for a large number of DHS patients who would become uninsured.

Lower Medicaid Federal Matching Rates

Since the Medicaid program began in 1965, the FMAP minimum matching rate has been set at 50%, which is the FMAP percentage for California. There is a proposal to cut the minimum FMAP to 40% or less. The amount of federal matching funds lost would be substantial.

Establish work requirements for Medicaid Eligibility

Eligibility requirements for Medicaid vary by state, but generally include age, disability, and income but do not include work requirements. The imposition of onerous bureaucratic steps needed to document compliance with work requirements, which could significantly reduce the pool of individuals who are currently eligible for Medicaid, thus reducing DHS' Medi-Cal revenues and increasing our uninsured population.

Eliminate Provider Taxes

Almost all states, including California, use provider taxes to help finance a portion of the state Medicaid share and also help to pay for adjustments in provider reimbursements to keep pace with increases in health costs. Without provider taxes, it is likely that most states would be unable to generate sufficient alternative revenues to finance their Medicaid programs. In California, the main impact of eliminating provider taxes would be on private hospitals.

Regardless, as the Medicaid program represents approximately 80% of DHS' revenues, the implementation of any proposals to reduce Medicaid funding would have a materially negative fiscal impact on DHS. Without replacement revenues, service reductions and/or facility closures would likely be unavoidable.

In addition to the potential cuts stemming from E&C Committee, DHS is also concerned about the State's 1115 Waiver which is due to expire at the end of 2026 and needs to be renewed by the Centers for Medicare & Medicaid Services (CMS). A lack of renewal would also have a substantial negative impact on DHS' budget.

Since the Congressional budget reconciliation process is in the beginning phases, there are an unlimited number of possibilities that could occur that would affect DHS' revenues. In order to provide some perspective, DHS is providing two reduction scenarios in Attachment I that estimate the potential financial impacts to DHS, in addition to the "Baseline" budget forecast which reflects a continuation of existing programs and revenues. These two scenarios reflect neither the best nor the worst case scenarios of future possibilities, but are two "middle-ground" scenarios with two different magnitude of cuts from either regulatory or congressional action (or a combination thereof), each of which would have a moderately negative impact on DHS' budget.

Our Baseline projection is based on current law and existing regulatory policy. This includes the expectation that the Waiver for the Global Payment Program (GPP) will be renewed in Calendar Year (CY) 2027. This program was launched in 2016 as part of California's Medicaid 1115 Waiver. GPP targets patients with limited access to primary and preventive care services and aims to shift their care from high-cost emergency departments to more appropriate and cost-effective care in outpatient settings. Renewal of the GPP program is key to the continued success of emphasizing primary care over emergency care, allowing patients to access necessary primary and preventive care in the least costly settings possible. GPP is the first payment effort of its kind to use Medicaid Disproportionate Share Hospital (DSH) funds to encourage increased access to primary and preventive care, including care for chronic medical conditions among other medical diagnoses, for the uninsured.

The significant decrease in DHS' available fund balance and increasing yearly deficits over the four-year fiscal forecast period reflected in Attachment I (see Baseline, Line 4, FYs 2024-25 through 2027-28) reflects a continuing structural deficit, even assuming continuation of current funding structures. The root cause of the ongoing structural deficit is the fact that the current system for financing public hospitals does not provide sufficient funding in Medi-Cal managed care and Fee-For-Service (FFS) revenues to cover the ongoing increases in costs that DHS' experiences and does not have revenues to cover. Public hospitals in California must self-finance (i.e., provide the non-federal share) for a large portion of their budgets, leaving public hospitals without sufficient revenues to fully cover their costs.

In our Baseline projection, the fund balance deficit starts in FY 2027-28 (see Column G, Line 4). In Scenario 1, we assume Medicaid funding would start to experience reductions in FY 2025-26 and DHS' deficit would occur one fiscal year earlier, i.e., in FY 2026-27 (see Column E, Line 8). Scenario 2 assumes that Medicaid funding would start to be reduced in CY 2027 with DHS' deficit occurring in FY 2027-28 (see Column G, Line 12). While there is much uncertainty pertaining to these scenarios, DHS anticipates having a better sense of which scenario, or which new scenario, may prevail within the next several months.

Updates to Major Fiscal Issues

DHS excluding Community Programs (CP) and Correctional Health Services (CHS) (Attachment II-A)

In the Baseline forecast, DHS is estimating a current fiscal year deficit of ($300.6) million, which is an improvement from our last fiscal outlook report on June 25, 2024. The reduction in the deficit for the current fiscal year is a result of various program updates and adjustments which increased revenues from those programs. The deficit is projected to increase to ($944.8) million by FY 2027-28. DHS plans to fund these annual deficits using fund balance; however, by FY 2027-28, there will not be enough fund balance left to balance DHS' budget. The estimated operating deficits and their impact on fund balance does not include any reductions in revenues that are being proposed by the current administration. The Baseline forecast makes the following assumptions for select major funding categories.

Disproportionate Share Hospital (DSH) Funding

Currently DSH cuts are on hold until April 1, 2025. DHS anticipates a further delay in cuts will be approved by Congress. DHS will continue to closely monitor any legislative activities related to DSH.

California Advancing & Innovating Medi-Cal (CalAIM)

DHS participates in a number of CalAIM programs which provide Medi-Cal revenues for a number of care coordination and social supports programs offered and/or operated by DHS. These programs include Enhanced Care Management, which is estimated to provide $7.1 million in revenues for FY 2024-25, and Community Supports, which comprises a number of housing and social supports, estimated at approximately $52.5 million in revenues for FY 2024-25. Revenues are subject to annual contract negotiations with Medi-Cal managed care plans and are projected to be stable for FY 2025-26.

DHS submitted an application for planning funds under Providing Access and Transforming Health (PATH) Round 3 for the mandated CalAIM Justice Involved Initiative. On December 23, 2024, the County was awarded $47.5 million for the program.

AB 85 Realignment

AB 85 establishes a formula to redirect a certain portion of "excess" state health realignment funds to social services programs based on a sharing ratio of 80% State and 20% County. Based on current estimates, DHS is projecting the AB 85 redirection amount to be $0 for the current fiscal year and continuing at $0 going forward.

DHS Community Programs (CP) (Attachment II-B)

DHS CP includes the Housing for Health program and the Office of Diversion and Reentry, including Harm Reduction activities. Housing for Health provides housing, intensive case management and health care to individuals experiencing homelessness. The Office of Diversion and Reentry provide services that primarily diverts people with

mental illness and substance use disorder from the LA County jails and places them in permanent supportive housing. Harm Reduction activities include conducting overdose prevention work and other community programs that serve individuals who use drugs. In addition, the DHS CP unit also manages Community Supports under the CalAIM Medi-Cal waiver and includes programs such as the Medical-Legal Community Partnership.

DHS CP is projecting that replacement funding of approximately $23.7 million will be needed starting in FY 2026-27 and up to $66.9 million will be needed in FY 2027-28. This is primarily due to the loss of CalAIM funding, one-time American Rescue Plan Act-enabled funding, one-time Encampment Resolution funding, and one-time Housing for a Healthy California grant funding, with no ability to reduce associated program costs without cutting services and/or housing placements. As a plan to mitigate this funding gap is still to be determined, DHS will work closely with the CEO Homeless Initiative to identify potential strategies to mitigate existing costs and/or identify potential alternative funding sources.

Correctional Health Services (CHS) (Attachment II-C)

While DHS manages CHS operations, CHS is primarily funded with net County cost. DHS requests additional funding for CHS, as needed, through the County's budget process. At this time, one-time funds will be used to ensure that CHS balances its budget for FY 2024-25. For FY 2025-26 and forward. both one-time and ongoing funds will be needed to balance CHS' budget. DHS continues to work with the CEO and the Sheriff to address various Department of Justice (DOJ)-related operational and staffing issues. DHS will continue to discuss any supplemental funding needs with the CEO should additional funding be necessary to comply with the DOJ consent decree.

Cost Reduction and Revenue Enhancement Activities

To address DHS' ongoing fiscal challenges, DHS is pursuing several cost reduction and revenue enhancement opportunities.

We have implemented expenditure targets for each budget unit for FY 2024-25 and are developing targets for FY 2025-26 requiring each budget unit to look for ways to improve cost efficiencies and meet their expenditure targets.

In order to help with the deficit, by summer, DHS will be requesting the Board to approve an increase in Measure B funds which will generate $50 million to $75 million annually.

DHS is currently implementing the Monarch system to improve revenues. The Monarch system includes: (1) Voice Recognition Dictation which will improve the accuracy and timeliness of clinical documentation and create opportunities for higher levels of coding; (2) Computer Assisted Coding which will improve coding efficiency and accuracy by assisting with proper selection of All Patient Refined Diagnosis Related Groups (APR DRG); and (3) Clinical Documentation Improvement (CDI) Concurrent Reviews which

will provide more accurate and higher-level coding and improve case mix index through use of staff intervention and faster feedback on clinical documentation while patients are still in-house.

In addition, DHS is continuing its work on developing plans for a new patient accounting system. DHS currently uses the Affinity Revenue Cycle Only (RCO) patient accounting system, which is a legacy system that DHS needs to replace in order to meet current billing practices and maximizing revenues. DHS is planning to request Board approval to purchase the Cerner patient accounting system in spring of 2025 to replace the RCO system. The Cerner system will be integrated with DHS' electronic health record system (ORCHID) which will result in new billing protocols and efficiencies. In the existing RCO system, data is transferred to the billing vendor who then prepares and submits the claims through their own system, as well as following up on claims and management and appeals of denials. Under the new Cerner system, the data will reside in DHS' system and the billing vendors will perform these functions within the DHS system. Thus, creating transparency and creating a more robust collaboration between clinical and administrative functions.

DHS Finance is working with DHS' Contracts and Grants regarding the development of the Statement of Work for a Request for Proposals to select vendors for DHS' billing and recovery services for billing claims from the Cerner Patient Accounting System. We anticipate a phased implementation timeline starting in summer of 2026 ahead of the Cerner "go-live" to assure alignment of the implementation with our newly selected vendors internal policies and procedures. Once implementation of the Cerner Patient Accounting System begins, DHS will be operating dual billing systems, i.e., services provided after the new system's start date will be billed in the new Cerner system by the new vendor, while services provided before that date will be billed using the old RCO system and managed by the existing vendor. We estimate the termination of the dual systems will occur in December 2029, at which time only the new system will be online. Once the new system is live, DHS will be able to produce itemized bills, improve data capture, and maximize revenues from all payors.

DHS is also taking steps aimed at reducing costs including:

- Hiring of county staff upon attrition of items. This will be done across the board with close consideration of each vacated item, but, in particular, will be done for higher-level management positions that are not directly involved in patient care
- Continuing to reduce registry costs
- Limiting overtime to ensure it is used only for essential patient care
- Limiting purchase of new equipment and supplies
- Placing all non-critical capital projects on hold
- Suspending all non-essential travel and training

The current federal political environment poses substantial threats to DHS' fiscal sustainability. Our team will continue to keep your Board updated as expected federal actions become clear, including discussions of steps that DHS may need to take in

response. As always, we appreciate the Board's ongoing input and support as we navigate these difficult times.

If you have any questions or need additional information, please let me know, or you may contact Allan Wecker, Chief Financial Officer, at (626) 525-6100.

CRG:aw
Fiscal Outlook March 2025
609:005

Attachments (5)

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

ATTACHMENT I

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
SUMMARY SCHEDULE:
BASELINE AND TWO SCENARIOS

		A	B	C	D	E	F	G
		FY 2024-25 Forecast	Adjustments	FY 2025-26 Forecast	Adjustments	FY 2026-27 Forecast	Adjustments	FY 2027-28 Forecast
	BASELINE							
(1)	**Beginning Fund Balance**	**$ 1,710.582**	$ (832.718)	**$ 877.864**	$ 610.565	**$ 1,488.429**	$ (725.651)	**$ 762.778**
(2)	Surplus / (Deficit)	(300.552)	(179.146)	(479.698)	(230.784)	(710.482)	(234.281)	(944.763)
(3)	Long Term Receivables	(532.166)	1,622.429	1,090.263	(1,105.432)	(15.169)	(0.618)	(15.787)
(4)	**Ending Available Fund Balance**	**$ 877.864**	$ 610.565	**$ 1,488.429**	$ (725.651)	**$ 762.778**	$ (960.550)	**$ (197.772)**
	SCENARIO 1							
(5)	**Beginning Fund Balance**	**$ 1,710.582**	$ (832.718)	**$ 877.864**	$ (22.326)	**$ 855.538**	$ (1,296.983)	**$ (441.445)**
(6)	Surplus / (Deficit)	(300.552)	(812.037)	(1,112.589)	(169.225)	(1,281.814)	(184.131)	(1,465.945)
(7)	Long Term Receivables	(532.166)	1,622.429	1,090.263	(1,105.432)	(15.169)	(0.618)	(15.787)
(8)	**Ending Available Fund Balance**	**$ 877.864**	$ (22.326)	**$ 855.538**	$ (1,296.983)	**$ (441.445)**	$ (1,481.732)	**$ (1,923.177)**
	SCENARIO 2							
(9)	**Beginning Fund Balance**	**$ 1,710.582**	$ (832.718)	**$ 877.864**	$ 610.565	**$ 1,488.429**	$ (1,011.317)	**$ 477.112**
(10)	Surplus / (Deficit)	(300.552)	(179.146)	(479.698)	(516.450)	(996.148)	(469.797)	(1,465.945)
(11)	Long Term Receivables	(532.166)	1,622.429	1,090.263	(1,105.432)	(15.169)	(0.618)	(15.787)
(12)	**Ending Available Fund Balance**	**$ 877.864**	$ 610.565	**$ 1,488.429**	$ (1,011.317)	**$ 477.112**	$ (1,481.732)	**$ (1,004.620)**

ATTACHMENT II-A

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FORECAST
FISCAL YEARS 2024-25 THROUGH 2027-28
($ IN MILLIONS)

A

DHS
(Excluding Community Programs and Correctional Health Services)

		Year 1		Year 2		Year 3		Year 4	
		A	B	C	D	E	F	G	
		FY 2024-25 Forecast	Adjustments	FY 2025-26 Forecast	Adjustments	FY 2026-27 Forecast	Adjustments	FY 2027-28 Forecast	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 4,030.320	$ 263.116	$ 4,293.436	$ 177.587	$ 4,471.023	$ 183.049	$ 4,654.072	(2)
(3)	Net Services & Supplies	2,726.266	135.065	2,861.331	123.303	2,984.634	145.464	3,130.098	(3)
(4)	Debt Service - Harbor Master Plan	164.811	(79.896)	84.915	(0.002)	84.913	-	84.913	(4)
(5)	Debt Service - Other	73.399	(3.970)	69.429	(0.395)	69.034	(0.798)	68.236	(5)
(6)	Other Charges	1,890.734	(29.111)	1,861.623	46.996	1,908.619	59.891	1,968.510	(6)
(7)	Capital Assets	92.179	-	92.179	-	92.179	-	92.179	(7)
(8)	Capital Projects & Deferred Maintenance	65.118	10.381	75.499	(11.593)	63.906	(20.630)	43.276	(8)
(9)	Operating Transfers Out	31.558	1.262	32.820	1.313	34.133	1.365	35.498	(9)
(10)	Intrafund Transfer	(155.773)	-	(155.773)	-	(155.773)	-	(155.773)	(10)
(11)	**Total Expenses**	$ 8,918.612	$ 296.847	$ 9,215.459	$ 337.209	$ 9,552.668	$ 368.341	$ 9,921.009	(11)
(12)	**Revenues**								(12)
(13)	Managed Care	1,404.148	(15.834)	1,388.314	(18.050)	1,370.264	(18.788)	1,351.476	(13)
(14)	Enhanced Payment Program (EPP)	1,284.048	279.761	1,563.809	63.749	1,627.558	66.348	1,693.906	(14)
(15)	Quality Incentive Program (QIP)	611.753	117.138	728.891	9.082	737.973	30.084	768.057	(15)
(16)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	6.290	(0.676)	5.614	(2.807)	2.807	(2.807)	-	(16)
(17)	Providing Access & Transforming Health (PATH)	3.253	(3.253)	-	-	-	-	-	(17)
(18)	Global Payment Program (GPP)	1,277.392	35.811	1,313.203	22.585	1,335.788	23.036	1,358.824	(18)
(19)	Medi-Cal Inpatient	396.293	17.519	413.812	18.307	432.119	19.157	451.276	(19)
(20)	Medi-Cal Outpatient - E/R	72.868	1.722	74.590	1.803	76.393	1.887	78.280	(20)
(21)	Medi-Cal CBRC	200.964	12.180	213.144	6.760	219.904	10.076	229.980	(21)
(22)	Medi-Cal SB 1732	11.043	-	11.043	-	11.043	-	11.043	(22)
(23)	Specialty Mental Health Services (SMHS)	180.025	-	180.025	-	180.025	-	180.025	(23)
(24)	Managed Care Graduate Medical Education (GME)	217.725	-	217.725	-	217.725	-	217.725	(24)
(25)	Hospital Provider Fee	26.228	-	26.228	-	26.228	-	26.228	(25)
(26)	Medicare	366.659	-	366.659	-	366.659	-	366.659	(26)
(27)	Hospital Insurance Collection	137.436	-	137.436	-	137.436	-	137.436	(27)
(28)	Self-Pay	2.634	-	2.634	-	2.634	-	2.634	(28)
(29)	In-Home Supportive Services (IHSS)	71.603	64.755	136.358	-	136.358	-	136.358	(29)
(30)	Federal & State - Other	143.472	-	143.472	-	143.472	-	143.472	(30)
(31)	Measure H	-	-	-	-	-	-	-	(31)
(32)	Other County Department (OCD)	558.516	4.375	562.891	-	562.891	-	562.891	(32)
(33)	American Rescue Plan Act (ARPA) Revenue	-	-	-	-	-	-	-	(33)
(34)	Other	128.224	22.683	150.907	-	150.907	-	150.907	(34)
(35)	**Total Revenues**	$ 7,100.574	$ 536.181	$ 7,636.755	$ 101.429	$ 7,738.184	$ 128.993	$ 7,867.177	(35)
(36)	**Net Cost - Before PY**	$ 1,818.038	$ (239.334)	$ 1,578.704	$ 235.780	$ 1,814.484	$ 239.348	$ 2,053.832	(36)
(37)	Prior-Year Surplus / (Deficit)	423.840	(423.840)	-	-	-	-	-	(37)
(38)	AB 85 Redirection	-	-	-	-	-	-	-	(38)
(39)	**Net Cost - After PY & AB 85 Redirection**	$ 1,394.198	$ 184.506	$ 1,578.704	$ 235.780	$ 1,814.484	$ 239.348	$ 2,053.832	(39)
(40)	**Operating Subsidies**								(40)
(41)	Sales Tax & VLF	420.916	-	420.916	-	420.916	-	420.916	(41)
(42)	County Contribution	375.136	5.360	380.496	4.996	385.492	5.067	390.559	(42)
(43)	Tobacco Settlement	48.226	-	48.226	-	48.226	-	48.226	(43)
(44)	Measure B	249.368	-	249.368	-	249.368	-	249.368	(44)
(45)	**Total Operating Subsidies**	$ 1,093.646	$ 5.360	$ 1,099.006	$ 4.996	$ 1,104.002	$ 5.067	$ 1,109.069	(45)
(46)	**Surplus / (Deficit) = (45) - (39)**	**$ (300.552)**	$ (179.146)	**$ (479.698)**	$ (230.784)	**$ (710.482)**	$ (234.281)	**$ (944.763)**	(46)
(47)	Replacement Funding Needed	-	-	-	-	-	-	-	(47)
(48)	**Adjusted Surplus / (Deficit)**	**$ (300.552)**	$ (179.146)	**$ (479.698)**	$ (230.784)	**$ (710.482)**	$ (234.281)	**$ (944.763)**	(48)
(49)	**Beginning Fund Balance**	**$ 1,710.582**	$ (832.718)	**$ 877.864**	$ 610.565	**$ 1,488.429**	$ (725.651)	**$ 762.778**	(49)
(50)	Surplus / (Deficit)	(300.552)	(179.146)	(479.698)	(230.784)	(710.482)	(234.281)	(944.763)	(50)
(51)	Long Term Receivables	(532.166)	1,622.429	1,090.263	(1,105.432)	(15.169)	(0.618)	(15.787)	(51)
(52)	**Ending Available Fund Balance**	**877.864**	610.565	**1,488.429**	(725.651)	**762.778**	(960.550)	**(197.772)**	(52)

ATTACHMENT II-B

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FORECAST
FISCAL YEARS 2024-25 THROUGH 2027-28
($ IN MILLIONS)

B

Community Programs

		Year 1		Year 2		Year 3		Year 4	
		A	B	C	D	E	F	G	
		FY 2024-25 Forecast	Adjustments	FY 2025-26 Forecast	Adjustments	FY 2026-27 Forecast	Adjustments	FY 2027-28 Forecast	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 72.666	$ 5.960	$ 78.626	$ 3.564	$ 82.190	$ 3.570	$ 85.760	(2)
(3)	Net Services & Supplies	840.807	8.335	849.142	(16.906)	832.236	27.116	859.352	(3)
(4)	Debt Service - Harbor Master Plan	-	-	-	-	-	-	-	(4)
(5)	Debt Service - Other	2.381	(0.001)	2.380	(0.001)	2.379	0.003	2.382	(5)
(6)	Other Charges	105.148	(23.569)	81.579	0.208	81.787	0.468	82.255	(6)
(7)	Capital Assets	1.755	-	1.755	-	1.755	-	1.755	(7)
(8)	Capital Projects & Deferred Maintenance	-	-	-	-	-	-	-	(8)
(9)	Operating Transfers Out	-	-	-	-	-	-	-	(9)
(10)	Intrafund Transfer	(233.592)	-	(233.592)	-	(233.592)	-	(233.592)	(10)
(11)	**Total Expenses**	$ 789.165	$ (9.275)	$ 779.890	$ (13.135)	$ 766.755	$ 31.157	$ 797.912	(11)
(12)	**Revenues**								(12)
(13)	Managed Care	0.821	(0.018)	0.803	(0.023)	0.780	(0.022)	0.758	(13)
(14)	Enhanced Payment Program (EPP)	1.126	0.246	1.372	0.056	1.428	0.059	1.487	(14)
(15)	Quality Incentive Program (QIP)	-	-	-	-	-	-	-	(15)
(16)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	53.326	(2.596)	50.730	(37.755)	12.975	(12.975)	-	(16)
(17)	Providing Access & Transforming Health (PATH)	-	-	-	-	-	-	-	(17)
(18)	Global Payment Program (GPP)	48.942	1.372	50.314	0.865	51.179	0.883	52.062	(18)
(19)	Medi-Cal Inpatient	-	-	-	-	-	-	-	(19)
(20)	Medi-Cal Outpatient - E/R	-	-	-	-	-	-	-	(20)
(21)	Medi-Cal CBRC	-	-	-	-	-	-	-	(21)
(22)	Medi-Cal SB 1732	-	-	-	-	-	-	-	(22)
(23)	Specialty Mental Health Services (SMHS)	-	-	-	-	-	-	-	(23)
(24)	Managed Care Graduate Medical Education (GME)	-	-	-	-	-	-	-	(24)
(25)	Hospital Provider Fee	-	-	-	-	-	-	-	(25)
(26)	Medicare	-	-	-	-	-	-	-	(26)
(27)	Hospital Insurance Collection	-	-	-	-	-	-	-	(27)
(28)	Self-Pay	-	-	-	-	-	-	-	(28)
(29)	In-Home Supportive Services (IHSS)	0.001	-	0.001	-	0.001	-	0.001	(29)
(30)	Federal & State - Other	252.219	-	252.219	-	252.219	-	252.219	(30)
(31)	Measure H	263.358	-	263.358	-	263.358	-	263.358	(31)
(32)	Other County Department (OCD)	0.190	-	0.190	-	0.190	-	0.190	(32)
(33)	American Rescue Plan Act (ARPA) Revenue	-	-	-	-	-	-	-	(33)
(34)	Other	23.534	-	23.534	-	23.534	-	23.534	(34)
(35)	**Total Revenues**	$ 643.517	$ (0.996)	$ 642.521	$ (36.857)	$ 605.664	$ (12.055)	$ 593.609	(35)
(36)	**Net Cost - Before PY**	$ 145.648	$ (8.279)	$ 137.369	$ 23.722	$ 161.091	$ 43.212	$ 204.303	(36)
(37)	Prior-Year Surplus / (Deficit)	38.622	(38.622)	-	-	-	-	-	(37)
(38)	AB 85 Redirection	-	-	-	-	-	-	-	(38)
(39)	**Net Cost - After PY & AB 85 Redirection**	$ 107.026	$ 30.343	$ 137.369	$ 23.722	$ 161.091	$ 43.212	$ 204.303	(39)
(40)	**Operating Subsidies**								(40)
(41)	Sales Tax & VLF	17.305	-	17.305	-	17.305	-	17.305	(41)
(42)	County Contribution	87.293	30.343	117.636	-	117.636	-	117.636	(42)
(43)	Tobacco Settlement	2.428	-	2.428	-	2.428	-	2.428	(43)
(44)	Measure B	-	-	-	-	-	-	-	(44)
(45)	**Total Operating Subsidies**	$ 107.026	$ 30.343	$ 137.369	$ -	$ 137.369	$ -	$ 137.369	(45)
(46)	**Surplus / (Deficit) = (45) - (39)**	**$ -**	$ -	**$ -**	$ (23.722)	**$ (23.722)**	$ (43.212)	**$ (66.934)**	(46)
(47)	Replacement Funding Needed	-	-	-	23.722	23.722	43.212	66.934	(47)
(48)	**Adjusted Surplus / (Deficit)**	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -	**$ -**	(48)

ATTACHMENT II-C

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FORECAST
FISCAL YEARS 2024-25 THROUGH 2027-28
($ IN MILLIONS)

C

Correctional Health Services

		Year 1		Year 2		Year 3		Year 4	
		A	B	C	D	E	F	G	
		FY 2024-25 Forecast	Adjustments	FY 2025-26 Forecast	Adjustments	FY 2026-27 Forecast	Adjustments	FY 2027-28 Forecast	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 387.806	$ 20.275	$ 408.081	$ 16.519	$ 424.600	$ 17.097	$ 441.697	(2)
(3)	Net Services & Supplies	175.275	(9.252)	166.023	5.803	171.826	6.220	178.046	(3)
(4)	Debt Service - Harbor Master Plan	-	-	-	-	-	-	-	(4)
(5)	Debt Service - Other	-	-	-	-	-	-	-	(5)
(6)	Other Charges	0.465	-	0.465	-	0.465	-	0.465	(6)
(7)	Capital Assets	7.336	-	7.336	-	7.336	-	7.336	(7)
(8)	Capital Projects & Deferred Maintenance	-	-	-	-	-	-	-	(8)
(9)	Operating Transfers Out	-	-	-	-	-	-	-	(9)
(10)	Intrafund Transfer	(2.543)	-	(2.543)	-	(2.543)	-	(2.543)	(10)
(11)	**Total Expenses**	$ 568.339	$ 11.023	$ 579.362	$ 22.322	$ 601.684	$ 23.317	$ 625.001	(11)
(12)	**Revenues**								(12)
(13)	Managed Care	-	-	-	-	-	-	-	(13)
(14)	Enhanced Payment Program (EPP)	-	-	-	-	-	-	-	(14)
(15)	Quality Incentive Program (QIP)	-	-	-	-	-	-	-	(15)
(16)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	-	-	-	-	-	-	-	(16)
(17)	Providing Access & Transforming Health (PATH)	-	-	-	-	-	-	-	(17)
(18)	Global Payment Program (GPP)	-	-	-	-	-	-	-	(18)
(19)	Medi-Cal Inpatient	-	-	-	-	-	-	-	(19)
(20)	Medi-Cal Outpatient - E/R	-	-	-	-	-	-	-	(20)
(21)	Medi-Cal CBRC	-	-	-	-	-	-	-	(21)
(22)	Medi-Cal SB 1732	-	-	-	-	-	-	-	(22)
(23)	Specialty Mental Health Services (SMHS)	-	-	-	-	-	-	-	(23)
(24)	Managed Care Graduate Medical Education (GME)	-	-	-	-	-	-	-	(24)
(25)	Hospital Provider Fee	-	-	-	-	-	-	-	(25)
(26)	Medicare	-	-	-	-	-	-	-	(26)
(27)	Hospital Insurance Collection	-	-	-	-	-	-	-	(27)
(28)	Self-Pay	-	-	-	-	-	-	-	(28)
(29)	In-Home Supportive Services (IHSS)	-	-	-	-	-	-	-	(29)
(30)	Federal & State - Other	37.128	5.000	42.128	-	42.128	-	42.128	(30)
(31)	Measure H	1.728	-	1.728	-	1.728	-	1.728	(31)
(32)	Other County Department (OCD)	-	-	-	-	-	-	-	(32)
(33)	American Rescue Plan Act (ARPA) Revenue	1.310	(1.310)	-	-	-	-	-	(33)
(34)	Other	0.946	-	0.946	-	0.946	-	0.946	(34)
(35)	**Total Revenues**	$ 41.112	$ 3.690	$ 44.802	$ -	$ 44.802	$ -	$ 44.802	(35)
(36)	**Net Cost - Before PY**	$ 527.227	$ 7.333	$ 534.560	$ 22.322	$ 556.882	$ 23.317	$ 580.199	(36)
(37)	Prior-Year Surplus / (Deficit)	1.958	(1.958)	-	-	-	-	-	(37)
(38)	AB 85 Redirection	-	-	-	-	-	-	-	(38)
(39)	**Net Cost - After PY & AB 85 Redirection**	$ 525.269	$ 9.291	$ 534.560	$ 22.322	$ 556.882	$ 23.317	$ 580.199	(39)
(40)	**Operating Subsidies**								(40)
(41)	Sales Tax & VLF	-	-	-	-	-	-	-	(41)
(42)	County Contribution	525.269	(28.880)	496.389	-	496.389	-	496.389	(42)
(43)	Tobacco Settlement	-	-	-	-	-	-	-	(43)
(44)	Measure B	-	-	-	-	-	-	-	(44)
(45)	**Total Operating Subsidies**	$ 525.269	$ (28.880)	$ 496.389	$ -	$ 496.389	$ -	$ 496.389	(45)
(46)	**Surplus / (Deficit) = (45) - (39)**	**$ -**	$ (38.171)	**$ (38.171)**	$ (22.322)	**$ (60.493)**	$ (23.317)	**$ (83.810)**	(46)
(47)	Replacement Funding Needed	-	38.171	38.171	22.322	60.493	23.317	83.810	(47)
(48)	**Adjusted Surplus / (Deficit)**	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -	**$ -**	(48)

ATTACHMENT II-D

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES

FORECAST

FISCAL YEARS 2024-25 THROUGH 2027-28

($ IN MILLIONS)

D = A + B + C

DHS Total

		Year 1		Year 2		Year 3		Year 4	
		A	B	C	D	E	F	G	
		FY 2024-25 Forecast	Adjustments	FY 2025-26 Forecast	Adjustments	FY 2026-27 Forecast	Adjustments	FY 2027-28 Forecast	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 4,490.792	$ 289.351	$ 4,780.143	$ 197.670	$ 4,977.813	$ 203.716	$ 5,181.529	(2)
(3)	Net Services & Supplies	3,742.348	134.148	3,876.496	112.200	3,988.696	178.800	4,167.496	(3)
(4)	Debt Service - Harbor Master Plan	164.811	(79.896)	84.915	(0.002)	84.913	-	84.913	(4)
(5)	Debt Service - Other	75.780	(3.971)	71.809	(0.396)	71.413	(0.795)	70.618	(5)
(6)	Other Charges	1,996.347	(52.680)	1,943.667	47.204	1,990.871	60.359	2,051.230	(6)
(7)	Capital Assets	101.270	-	101.270	-	101.270	-	101.270	(7)
(8)	Capital Projects & Deferred Maintenance	65.118	10.381	75.499	(11.593)	63.906	(20.630)	43.276	(8)
(9)	Operating Transfers Out	31.558	1.262	32.820	1.313	34.133	1.365	35.498	(9)
(10)	Intrafund Transfer	(391.908)	-	(391.908)	-	(391.908)	-	(391.908)	(10)
(11)	**Total Expenses**	$ 10,276.116	$ 298.595	$ 10,574.711	$ 346.396	$ 10,921.107	$ 422.815	$ 11,343.922	(11)
(12)	**Revenues**								(12)
(13)	Managed Care	1,404.969	(15.852)	1,389.117	(18.073)	1,371.044	(18.810)	1,352.234	(13)
(14)	Enhanced Payment Program (EPP)	1,285.174	280.007	1,565.181	63.805	1,628.986	66.407	1,695.393	(14)
(15)	Quality Incentive Program (QIP)	611.753	117.138	728.891	9.082	737.973	30.084	768.057	(15)
(16)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	59.616	(3.272)	56.344	(40.562)	15.782	(15.782)	-	(16)
(17)	Providing Access & Transforming Health (PATH)	3.253	(3.253)	-	-	-	-	-	(17)
(18)	Global Payment Program (GPP)	1,326.334	37.183	1,363.517	23.450	1,386.967	23.919	1,410.886	(18)
(19)	Medi-Cal Inpatient	396.293	17.519	413.812	18.307	432.119	19.157	451.276	(19)
(20)	Medi-Cal Outpatient - E/R	72.868	1.722	74.590	1.803	76.393	1.887	78.280	(20)
(21)	Medi-Cal CBRC	200.964	12.180	213.144	6.760	219.904	10.076	229.980	(21)
(22)	Medi-Cal SB 1732	11.043	-	11.043	-	11.043	-	11.043	(22)
(23)	Specialty Mental Health Services (SMHS)	180.025	-	180.025	-	180.025	-	180.025	(23)
(24)	Managed Care Graduate Medical Education (GME)	217.725	-	217.725	-	217.725	-	217.725	(24)
(25)	Hospital Provider Fee	26.228	-	26.228	-	26.228	-	26.228	(25)
(26)	Medicare	366.659	-	366.659	-	366.659	-	366.659	(26)
(27)	Hospital Insurance Collection	137.436	-	137.436	-	137.436	-	137.436	(27)
(28)	Self-Pay	2.634	-	2.634	-	2.634	-	2.634	(28)
(29)	In-Home Supportive Services (IHSS)	71.604	64.755	136.359	-	136.359	-	136.359	(29)
(30)	Federal & State - Other	432.819	5.000	437.819	-	437.819	-	437.819	(30)
(31)	Measure H	265.086	-	265.086	-	265.086	-	265.086	(31)
(32)	Other County Department (OCD)	558.706	4.375	563.081	-	563.081	-	563.081	(32)
(33)	American Rescue Plan Act (ARPA) Revenue	1.310	(1.310)	-	-	-	-	-	(33)
(34)	Other	152.704	22.683	175.387	-	175.387	-	175.387	(34)
(35)	**Total Revenues**	$ 7,785.203	$ 538.875	$ 8,324.078	$ 64.572	$ 8,388.650	$ 116.938	$ 8,505.588	(35)
(36)	**Net Cost - Before PY**	$ 2,490.913	$ (240.280)	$ 2,250.633	$ 281.824	$ 2,532.457	$ 305.877	$ 2,838.334	(36)
(37)	Prior-Year Surplus / (Deficit)	464.420	(464.420)	-	-	-	-	-	(37)
(38)	AB 85 Redirection	-	-	-	-	-	-	-	(38)
(39)	**Net Cost - After PY & AB 85 Redirection**	$ 2,026.493	$ 224.140	$ 2,250.633	$ 281.824	$ 2,532.457	$ 305.877	$ 2,838.334	(39)
(40)	**Operating Subsidies**								(40)
(41)	Sales Tax & VLF	438.221	-	438.221	-	438.221	-	438.221	(41)
(42)	County Contribution	987.698	6.823	994.521	4.996	999.517	5.067	1,004.584	(42)
(43)	Tobacco Settlement	50.654	-	50.654	-	50.654	-	50.654	(43)
(44)	Measure B	249.368	-	249.368	-	249.368	-	249.368	(44)
(45)	**Total Operating Subsidies**	$ 1,725.941	$ 6.823	$ 1,732.764	$ 4.996	$ 1,737.760	$ 5.067	$ 1,742.827	(45)
(46)	**Surplus / (Deficit) = (45) - (39)**	**$ (300.552)**	$ (217.317)	**$ (517.869)**	$ (276.828)	**$ (794.697)**	$ (300.810)	**$ (1,095.507)**	(46)
(47)	Replacement Funding Needed	-	38.171	38.171	46.044	84.215	66.529	150.744	(47)
(48)	**Adjusted Surplus / (Deficit)**	**$ (300.552)**	$ (179.146)	**$ (479.698)**	$ (230.784)	**$ (710.482)**	$ (234.281)	**$ (944.763)**	(48)
(49)	**Beginning Fund Balance**	**$ 1,710.582**	$ (832.718)	**$ 877.864**	$ 610.565	**$ 1,488.429**	$ (725.651)	**$ 762.778**	(49)
(50)	Surplus / (Deficit)	(300.552)	(179.146)	(479.698)	(230.784)	(710.482)	(234.281)	(944.763)	(50)
(51)	Long Term Receivables	(532.166)	1,622.429	1,090.263	(1,105.432)	(15.169)	(0.618)	(15.787)	(51)
(52)	**Ending Available Fund Balance**	**877.864**	610.565	**1,488.429**	(725.651)	**762.778**	(960.550)	**(197.772)**	(52)