Health Services
LOS ANGELES COUNTY

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"To advance the health of our patients and our communities by providing extraordinary care"

September 30, 2025

TO: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis, Chair Pro Tem
Supervisor Holly J. Mitchell
Supervisor Lindsey P. Horvath
Supervisor Janice Hahn

FROM: Christina R. Ghaly, M.D.
Director

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

This is to provide an update to DHS' fiscal forecast for Fiscal Years (FY) 2024-25 through 2027-28. Attachment I-A (excluding Community Programs [CP] and Correctional Health Services [CHS]) is forecasting an available fund balance of $1.48 billion in FY 2024-25, $1.06 billion in FY 2025-26, $938.2 million in FY 2026-27, and ($197.7) million in FY 2027-28. In FY 2024-25, DHS had an operating deficit of ($149.7) million and DHS used $149.7 million of fund balance to cover the deficit. Three other attachments are provided for your information: Attachment I-B is for CP, Attachment I-C is for CHS, and Attachment I-D is a department-wide summary which includes DHS, CP and CHS.

As is widely known, significant changes are being made to the Medicaid program at the federal level, and the issuance of regulations providing specifics on rules and regulations are pending. The absence of specific information on what is required, what is allowed, etc., has made developing fiscal forecasts difficult. Until there is a clearer understanding of the specifics, DHS expects a high level of variability in future forecasts as adjustments will have to be made to take into account the latest available information. Although DHS has used all information currently available to develop the attached four-year forecast, we expect that our fiscal projections will seesaw from one forecast to the next as more information becomes known over time.

In anticipation of the expected uncertainties, DHS has proactively pursued additional revenues, e.g., increasing Measure B funding, In-Home Supportive Services (IHSS) rates, and L.A. Care Health Plan (L.A. Care) managed care rates. In addition, DHS is actively working to improve billing and collections for services provided to non-DHS Medi-Cal patients and making additional technical adjustments that will mitigate the operating deficit. In addition to increasing revenues, DHS has also implemented various cost cutting measures, including implementing a

hiring freeze, some of which are discussed below. The estimated impact of these activities is included in the four-year fiscal forecast.

These actions are just the beginning of our efforts to reduce costs and increase revenues. DHS is aggressively pursuing every potential opportunity, developing innovative revenue maximization efforts, and taking actions to improve efficiencies and reduce costs. In the expectation that these multiple efforts will produce positive results, and pending rule-making by the federal administration, DHS has set a best-case scenario of zero use of fund balance in FY 2025-26. However, if DHS' structural deficit continues and we require use of our fund balance to close the books, then DHS will need to implement more drastic measures (e.g., service reductions and/or facility closures) to align ongoing costs with ongoing revenue.

DHS' APPROACH TO FORECAST

As stated above, the financial outlook for DHS is difficult to forecast due to the present state of unprecedented uncertainties. There are regulations pending on multiple components of the Medicaid program from the Centers for Medicare and Medicaid Services (CMS). Once the CMS regulations are published, there may be court actions filed by California and/or other States challenging various provisions of the regulations. DHS will need to analyze in detail each of the finalized requirements to determine impact, and we anticipate that financial impacts will vary: some may result in lower or higher reductions than originally projected in the forecast. As we navigate this highly volatile and uncertain atmosphere, DHS has opted to take a conservative approach to forecasting.

Due to the financial circumstances of both the State and the County budgets, DHS has to develop its own solutions to pending revenue reductions and focus on ways to offset or mitigate these losses as much as possible. As this process moves forward, DHS will be working closely with the State to maximize revenues.

DHS is expecting the new regulations to be issued during this fiscal year which should provide clarity and enable DHS to better estimate potential revenue impact. DHS will keep the Board updated on significant developments and will provide revised forecasts based on the latest available information.

DHS' current understanding of the key provisions of the federal "big" bill (H.R.1) are described below.

MEDICAID ELIGIBILITY CHANGES

New Requirements for Medicaid Coverage Expansion (MCE) Population

The Affordable Care Act (ACA) provided for an MCE program, with an enhanced federal medical assistance percentage (FMAP) designed to expand Medicaid coverage to low-income adults under age 65. California and 40 other States have MCE programs. H.R.1 provides that, effective January 1, 2027, all MCE States must impose new "community engagement" requirements as a condition of eligibility. In general, this provision requires MCE enrollees to perform 80 hours of work, community service, or education per month, otherwise their Medicaid coverage will be terminated. The requirement cannot be waived.

Shortened Time Period for Redeterminations of MCE Eligibility

The redetermination period for States with MCE Medicaid programs, like California, will be changed from once every year to once every 6 months, starting on January 1, 2027. This provision will increase workload and administrative costs for State Medicaid agencies, health plans, and providers and is likely to result in many DHS MCE patients losing their eligibility.

Reducing Retroactive Medicaid Coverage Period

Medicaid coverage currently extends retroactively to cover services provided as early as the third month before the month in which an individual enrolls. This allows Medi-Cal to cover expenses that enrollees incurred prior to their application. This provision reduces this time frame to one month prior to the month of enrollment for MCE individuals and two months prior for all other enrollees. These changes apply to applications submitted on or after January 1, 2027.

MEDICAID FUNDING CHANGES

Disproportionate Share Hospital (DSH) Funding

Under the ACA, reductions in DSH funding were slated to begin in 2014. Since then, Congress has approved multiple delays and no DSH reductions have ever occurred. Although H.R.1 has no provision to delay the DSH cuts scheduled to begin October 1, 2025, if Congress takes action before September 30, 2026, they can delay the cuts retroactively to October 2025. Because Congress has repeatedly delayed these cuts over the past 10 years, DHS' forecast assumes that no DSH cuts will occur.

1115 Waiver

The current 1115 Waiver expires on December 31, 2026. The Department of Health Care Services (DHCS) has been developing its plans for renewal and released a concept paper in July 2025 seeking input from stakeholders. DHCS' Waiver renewal proposal includes multiple components including various California Advancing and Innovating Medi-Cal (CalAIM) and community support programs. For DHS, one of the most important components of the renewal proposal is the Global Payment Program (GPP). GPP was developed to expand the use of DSH funding, which is limited to hospital-based services, to also allow its use for non-hospital-based services which, in many instances, are more appropriate and cost-effective ways to provide patient care. GPP incentivizes the shift from hospital-based to non-hospital-based care and rewards health systems based on a point system that favors preventive and primary care services over emergency and inpatient care. If GPP is not renewed, the DSH program would replace GPP and limit DHS' ability to treat uninsured patients in the most appropriate settings. GPP is valued at approximately $600 million annually to DHS.

Three CalAIM services are authorized under the current Section 1115 Waiver, and would be subject to cancellation if the current waiver is not renewed. These include short-term post-hospitalization housing, which was only recently implemented in Los Angeles County, and recuperative care. The third is for reentry services which would provide targeted Medi-Cal

services for justice-involved individuals for a period of up to 90 days prior to release. At this time, DHS has not implemented this program and is working with DHCS to ensure that implementing this program will be financially feasible for DHS. The remaining Community Supports are authorized by the 1915(b) waiver and are subject to the conditions enumerated in there and are implemented via the Medi-Cal managed care plan contracts as in lieu of services and not subject to expiration with the current 1115 Waiver. Of note, transitional rent is not part of the Section 1115 Waiver noted above; it was recently separately authorized as part of the BH-Connect waiver which expires on December 31, 2029.

DHCS' timeline for 1115 Waiver renewal is as follows:

July 2025	Release concept paper (completed)
November 2025	Post draft renewal summary and public notices
January 2026	Submit 1115 Waiver application to CMS
January - July 2026	Draft standard terms and conditions
July 2026	Target for CMS approval of Waiver
December 2026	Waiver expires
January 2027	Effective date of renewed Waiver

It is important to point out that if CMS takes no affirmative action on California's request for renewal, the Waiver will automatically expire on December 31, 2026. It is also possible that parts of the Waiver could be approved while others could be excluded or significantly changed. In this forecast, DHS is assuming that the current components of GPP will be renewed with no changes. However, if GPP is not renewed, the funding will be converted back to the DSH program and use of DSH funds would again be limited to hospital-based services only. Unexpected consequences could result in such a scenario, and it is unclear how a transition from GPP back to DSH would impact DHS' bottom line.

An update to GPP will be included in the next Fiscal Outlook report based on the specific terms and conditions of the Waiver, if it is approved. DHS is actively involved with Waiver development issues, closely following its progress through the various stages, and will continue to follow developments diligently.

State Directed Payments

State directed payments are supplemental payments provided to Designated Public Hospitals, e.g., DHS, through managed care plans. DHS receives two major revenue streams from state directed payments: 1) Enhanced Payment Program (EPP) and 2) Quality Incentive Payments (QIP). H.R.1 permits state directed payment programs established prior to the bill's enactment to continue until January 1, 2028. After that, the total amount of the directed payment will be reduced by 10% each year until the total payment rate is below what Medicare would pay.

Elimination of 90/10 FMAP for Limited Scope Emergency Services

Effective October 1, 2026, H.R.1 prohibits States from claiming enhanced FMAPs, e.g., MCE rates, for emergency services provided to limited scope individuals. Although individuals without legal status will continue to be eligible for emergency Medi-Cal, the FMAP will be

reduced from the current 90%/10% matching rate to 50%/50%. The reduction in FMAP shifts costs from the federal government to States and local governments. The FMAP reduction applies only to emergency services.

Increase in Uninsured Patients

As implementation of federal actions are taking place and significant changes in Medicaid are planned, DHS expects there will be a steady decline in enrollment due to the addition of work requirements and a shortened redetermination period described above, beginning January 1, 2027. DHS expects further decreases to its enrollment from actions planned by the State to address its own budget issues. Beginning January 1, 2026, the State will freeze enrollment in the State-only Medi-Cal program for adults age 19 or older who have unsatisfactory immigration status (UIS). Beginning January 1, 2027, the State will require UIS individuals ages 19-59 years to pay a $30 per month premium to retain their coverage.

Monthly average Medi-Cal applications are expected to decrease further as many patients will likely choose not to apply. Anecdotally, our facilities are already reporting that patients are declining to apply in greater numbers, and some have inquired if they can terminate their existing Medi-Cal coverage and have their cases removed from the records. DHS expects this downward trend to continue which will result in a significant increase in the number of uninsured. Increases in uninsured will increase DHS' unreimbursed costs.

IHSS

IHSS Homecare Workers Health Care Plan is a commercial line of business contracted with the Personal Assistance Services Council (PASC) and operated by L.A. Care. There are currently 50,228 IHSS enrolled members and DHS provides services to approximately 88% of those enrollees. DHS' costs for providing these services significantly exceeds the net capitation revenue that DHS receives for those members. This shortfall has occurred because the IHSS rates had not been increased since 2012. Over the intervening years, there have been significant cost increases with no corresponding increases in IHSS rates.

Given current federal actions that will reduce DHS' revenues, all lines of business must break even. With respect to IHSS, we have been working closely with L.A. Care and its actuaries to increase the rates to appropriate levels. L.A. Care has submitted the proposed rate increase to the Department of Managed Health Care for approval. The rates are expected to be effective October 1, 2025. DHS is estimating its losses from the IHSS line of business to decrease from the current year's $124 million to $31 million annually due to the rate increase.

DHS had planned to work with L.A. Care each year to secure rate increases to keep pace with medical inflation and other changes. The recently passed Board action regarding the IHSS program reduced the available room within the health care allocation cap by shifting 10 cents of the per hour benefit rate from health benefits to the wage supplements. This percentage change in allocation reduces the annual health benefit by approximately $39 million. With less resources, DHS will not be able to secure an increase in rates to keep up with medical inflation and changes in enrollment, and deficits in this program will continue to increase. DHS will need to work with the County, L.A. Care, and PASC to assess and implement options to maintain annual program costs within existing revenue. With medical

cost inflation continuing to rise and no ability to increase the rates, options will have to be considered, e.g., limiting eligibility for health benefits, reducing benefit scope, or increasing cost-sharing. If such alternatives are not implemented, DHS will not be able to maintain its role as a provider of care in L.A. Care's PASC-IHSS line of business.

CORRECTIONAL HEALTH SERVICES (CHS)

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. In FY 2024-25, one-time funds of $47.6 million were allocated to support CHS operations and a portion of that funding is being used in FY 2025-26. In addition, one-time funding of $18.7 million annually for three years and $8.2 million annually for five years will be allocated to ensure CHS' budget is balanced. DHS continues to work with the Chief Executive Office (CEO) and the Sheriff to address Department of Justice (DOJ)-related operational and staffing issues. DHS will discuss any supplemental funding needs with the CEO should additional funding be necessary to comply with the DOJ consent decree.

COMMUNITY PROGRAMS (CP)

CP is comprised of two sections: 1) Housing for Health (HFH) which is included in the Fiscal Outlook until it transitions to the newly created Department of Homeless Services and Housing on January 1, 2026, and 2) the Office of Diversion and Re-entry (ODR) which will remain in DHS. Replacement funding for HFH of $129.9 million will be needed starting in FY 2026-27 and $179.7 million for 2027-28. This is primarily due to the loss of one-time Measure H funding and American Rescue Plan Act- enabled funding and CalAIM. ODR will require replacement funding of $3.7million beginning in FY 2027-28 due to the loss of CalAIM funding. Starting in FY 25-26 ODR has no further funding to expand services and will not be able to divert more individuals as a result unless the Board allocates additional funding.

AB 85

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 FY 2024-25.

PATIENT ACCOUNTING

Since our last update, two Request for Proposals (RFP) have been released related to DHS' patient accounting system. The first is for consulting services to assist with the implementation and change management workstreams of a new revenue cycle system to replace Affinity RCO and are in the final stages of scoring. The second RFP is to resolicit our billing and insurance collections, a role currently outsourced to Sutherland. We have completed the first phase of minimum mandatory review of the respondents to the RFP and will be sending out invitations to proceed to the next step this month. DHS will be submitting this contract for the Board's approval this fiscal year.

We also completed the scope of work for the new patient accounting system which is a sole source contract that will be submitted for Board approval within the current fiscal year. We are on target to begin a phased implementation of the new patient accounting system at the beginning of FY 2027-28.

COST EFFICIENCIES

DHS has been taking action to reduce costs wherever possible, limiting hiring with a particular focus on administrative and management positions, reducing registry and overtime, limiting non-essential purchases, freezing non-essential travel and training, limiting capital and deferred maintenance projects wherever possible, limiting nonessential leases, and deferring equipment purchases where it is not essential, among other steps. DHS is working on efficiencies across all operations in FY 2025-26 to meet expenditure caps, including reviewing operational models for cost saving opportunities, load balancing staff assignments with patient census, freezing vacant items on teams adequately staffed, and developing a schedule for deletion of long vacant and excess items.

In addition, DHS is advancing productivity and efficiency strategies across core clinical operations covering laboratory, radiology, pharmacy, and nursing services. Examples of such work include optimizing test utilization to reduce unnecessary/duplicative testing, reviewing criteria for send-out tests, optimizing staffing models to patient census through dynamic scheduling and improved scheduling, consolidating imaging reads through enterprise-wide teleradiology, standardizing imaging protocols to reduce unnecessary repeat exams, and optimizing scheduling to balance capacity across sites, reviewing formulary management practices, and investigating opportunities to achieve 340b pricing in our non-hospital-based outpatient clinics.

Due to rising costs and anticipated revenue cuts, DHS implemented a hiring freeze effective July 18, 2025. The hiring freeze applies to DHS' four hospitals (L.A. General, Harbor, Olive View, and Rancho), the Ambulatory Care Network, and Health Services Administration. A position deemed essential for hire will need to be approved by facility executive leadership and also receive executive management approval at the system level in order to be hired on during the freeze. Through the hiring freeze, DHS' goal is to minimize the impact of future reductions to patients and workforce members.

NON-ESSENTIAL SERVICES

Efforts to preserve core and essential services is the top priority for DHS. An all-provider memo was distributed which reaffirmed the definition of non-covered and non-medically necessary services which should not be provided. This includes services not covered by Medi-Cal managed care plans and procedures performed in the absence of symptoms, documented functional impairment, or other clinical indications.

Certain non-covered or non-essential services that DHS currently provides, are being reviewed for potential future reductions. DHS will engage with counsel to review all clinical service/program changes and will comply with requirements for Beilenson hearings and SB1300 postings where appropriate. One more immediate action is a notice of termination provided to health plans for Enhanced Care Management and non-specialty mental health

contracts. This action was taken due to financial losses in both programs based on existing fee-for-service rates after extensive efforts to negotiate alternative arrangements were unsuccessful. Patients will still receive a constant level of services through the health plan by a non-DHS provider.

TECHNICAL ACCOUNTING CHANGE

For FY 2024-25, DHS is making a prior year technical change to its long-term payables and receivables related to Intergovernmental Governmental Transfer (IGT)-based programs. In prior years, DHS recognized IGT payments as short-term expenses while recording the expected revenues as Long Term Receivables (LTRs). Going forward, DHS will record both the IGT payments, and the associated revenues expected to be collected 12 months beyond year-end as long-term payables and receivables, respectively. This adjustment will decrease the amount of reserve funds needed for the LTRs with the corresponding change in long-term payables and will not impact the overall fund balance of DHS.

If you have any questions or need additional information, please let me know, or you may contact Allan Wecker, Chief Financial Officer, at (626) 525-6279.

CRG:aw
Fiscal Outlook sept 2025
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Attachments (4)

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

ATTACHMENT I-A

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

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 ACTUALS	Adjustments	FY 2025-26 FORECAST	Adjustments	FY 2026-27 FORECAST	Adjustments	FY 2027-28 FORECAST	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 4,043.556	$ 152.124	$ 4,195.680	$ 204.811	$ 4,400.491	$ 212.460	$ 4,612.951	(2)
(3)	Net Services & Supplies	2,648.726	(7.527)	2,641.199	134.561	2,775.760	108.204	2,883.964	(3)
(4)	Debt Service - Harbor Master Plan	34.338	36.987	71.325	-	71.325	-	71.325	(4)
(5)	Debt Service - Other	58.845	10.584	69.429	(0.395)	69.034	(0.798)	68.236	(5)
(6)	Other Charges	1,466.401	184.864	1,651.265	19.888	1,671.153	26.668	1,697.821	(6)
(7)	Capital Assets	69.811	(30.857)	38.954	-	38.954	-	38.954	(7)
(8)	Capital Projects & Deferred Maintenance	36.782	7.420	44.202	(7.463)	36.739	1.510	38.249	(8)
(9)	Operating Transfers Out	-	-	-	-	-	-	-	(9)
(10)	Intrafund Transfer	(155.926)	(0.066)	(155.992)	-	(155.992)	-	(155.992)	(10)
(11)	**Total Expenses**	$ 8,202.533	$ 353.529	$ 8,556.062	$ 351.402	$ 8,907.464	$ 348.044	$ 9,255.508	(11)
(12)	**Revenues**								(12)
(13)	Managed Care	1,528.777	(3.808)	1,524.969	(28.312)	1,496.657	(84.236)	1,412.421	(13)
(14)	Enhanced Payment Program (EPP)	791.942	7.712	799.654	34.089	833.743	35.543	869.286	(14)
(15)	Quality Incentive Program (QIP)	378.518	237.962	616.480	16.343	632.823	17.038	649.861	(15)
(16)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	5.317	(2.818)	2.499	(0.593)	1.906	(1.906)	-	(16)
(17)	Global Payment Program (GPP)	1,187.075	(32.506)	1,154.569	19.483	1,174.052	20.186	1,194.238	(17)
(18)	Medi-Cal Inpatient	333.970	13.359	347.329	13.893	361.222	14.449	375.671	(18)
(19)	Medi-Cal Outpatient - E/R	62.286	2.492	64.778	2.592	67.370	2.695	70.065	(19)
(20)	Medi-Cal CBRC	185.669	7.427	193.096	7.724	200.820	8.033	208.853	(20)
(21)	Medi-Cal SB 1732	12.107	-	12.107	-	12.107	-	12.107	(21)
(22)	Specialty Mental Health Services (SMHS)	183.112	(3.087)	180.025	-	180.025	-	180.025	(22)
(23)	Managed Care Graduate Medical Education (GME)	217.725	-	217.725	-	217.725	-	217.725	(23)
(24)	Hospital Provider Fee	26.378	2.169	28.547	-	28.547	-	28.547	(24)
(25)	Medicare	439.906	-	439.906	-	439.906	-	439.906	(25)
(26)	Hospital Insurance Collection	157.356	-	157.356	-	157.356	-	157.356	(26)
(27)	Self-Pay	3.729	-	3.729	-	3.729	-	3.729	(27)
(28)	In-Home Supportive Services (IHSS)	56.440	71.840	128.280	25.774	154.054	-	154.054	(28)
(29)	Federal & State - Other	202.986	-	202.986	-	202.986	-	202.986	(29)
(30)	Measure H	-	-	-	-	-	-	-	(30)
(31)	Measure A	-	-	-	-	-	-	-	(31)
(32)	Other County Department (OCD)	578.820	23.575	602.395	24.096	626.491	25.060	651.551	(32)
(33)	American Rescue Plan Act (ARPA) Revenue	-	-	-	-	-	-	-	(33)
(34)	Other	111.047	1.098	112.145	0.495	112.640	-	112.640	(34)
(34)	**Total Revenues**	$ 6,463.160	$ 325.415	$ 6,788.575	$ 115.584	$ 6,904.159	$ 36.862	$ 6,941.021	(34)
(35)	**Net Cost - Before PY**	$ 1,739.373	$ 28.114	$ 1,767.487	$ 235.818	$ 2,003.305	$ 311.182	$ 2,314.487	(35)
(36)	Prior-Year Surplus / (Deficit)	464.969	(289.233)	175.736	(175.736)	-	-	-	(36)
(37)	AB 85 Redirection	-	-	-	-	-	-	-	(37)
(38)	**Net Cost - After PY & AB 85 Redirection**	$ 1,274.404	$ 317.347	$ 1,591.751	$ 411.554	$ 2,003.305	$ 311.182	$ 2,314.487	(38)
(39)	**Operating Subsidies**								(39)
(40)	Sales Tax & VLF	452.155	(13.934)	438.221	-	438.221	-	438.221	(40)
(41)	County Contribution	368.215	19.936	388.151	4.859	393.010	5.270	398.280	(41)
(42)	Tobacco Settlement	54.959	(4.305)	50.654	-	50.654	-	50.654	(42)
(43)	Measure B	249.342	54.913	304.255	-	304.255	-	304.255	(43)
(44)	**Total Operating Subsidies**	$ 1,124.671	$ 56.610	$ 1,181.281	$ 4.859	$ 1,186.140	$ 5.270	$ 1,191.410	(44)
(45)	**Surplus / (Deficit) = (44) - (38)**	**$ (149.733)**	$ (260.737)	**$ (410.470)**	$ (406.695)	**$ (817.165)**	$ (305.912)	**$ (1,123.077)**	(45)
(46)	Replacement Funding Needed	-	-	-	-	-	-	-	(46)
(47)	**Adjusted Surplus / (Deficit)**	**$ (149.733)**	$ (260.737)	**$ (410.470)**	$ (406.695)	**$ (817.165)**	$ (305.912)	**$ (1,123.077)**	(47)
(48)	**Beginning Fund Balance**	**$ 1,710.582**	$ (235.146)	**$ 1,475.436**	$ (418.718)	**$ 1,056.718**	$ (118.527)	**$ 938.191**	(48)
(49)	Surplus / (Deficit)	(149.733)	(260.737)	(410.470)	(406.695)	(817.165)	(305.912)	(1,123.077)	(49)
(50)	Long-Term Receivables Reserve	(85.413)	77.165	(8.248)	706.886	698.638	(711.480)	(12.842)	(50)
(51)	**Available Fund Balance**	**$ 1,475.436**	$ (418.718)	**$ 1,056.718**	$ (118.527)	**$ 938.191**	$ (1,135.919)	**$ (197.728)**	(51)

ATTACHMENT I-B

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FISCAL 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 ACTUALS	Adjustments	FY 2025-26 FORECAST	Adjustments	FY 2026-27 FORECAST	Adjustments	FY 2027-28 FORECAST	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 75.295	$ 16.266	$ 91.561	$ 3.032	$ 94.593	$ 3.855	$ 98.448	(2)
(3)	Net Services & Supplies	771.575	281.137	1,052.712	(115.051)	937.661	(10.206)	927.455	(3)
(4)	Debt Service - Harbor Master Plan	-	-	-	-	-	-	-	(4)
(5)	Debt Service - Other	2.382	-	2.382	-	2.382	-	2.382	(5)
(6)	Other Charges	71.740	(51.915)	19.825	14.101	33.926	(27.904)	6.022	(6)
(7)	Capital Assets	0.888	(0.145)	0.743	(0.743)	-	-	-	(7)
(8)	Capital Projects & Deferred Maintenance	-	-	-	-	-	-	-	(8)
(9)	Operating Transfers Out	-	-	-	-	-	-	-	(9)
(10)	Intrafund Transfer	(193.081)	(103.873)	(296.954)	59.163	(237.791)	0.875	(236.916)	(10)
(11)	**Total Expenses**	$ 728.799	$ 141.470	$ 870.269	$ (39.498)	$ 830.771	$ (33.380)	$ 797.391	(11)
(12)	**Revenues**								(12)
(13)	Managed Care	0.854	(0.854)	-	-	-	-	-	(13)
(14)	Enhanced Payment Program (EPP)	0.927	(0.927)	-	-	-	-	-	(14)
(15)	Quality Incentive Program (QIP)	-	-	-	-	-	-	-	(15)
(16)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	67.581	1.384	68.965	(34.941)	34.024	(34.024)	-	(16)
(17)	Global Payment Program (GPP)	45.481	(45.481)	-	-	-	-	-	(17)
(18)	Medi-Cal Inpatient	-	-	-	-	-	-	-	(18)
(19)	Medi-Cal Outpatient - E/R	-	-	-	-	-	-	-	(19)
(20)	Medi-Cal CBRC	-	-	-	-	-	-	-	(20)
(21)	Medi-Cal SB 1732	-	-	-	-	-	-	-	(21)
(22)	Specialty Mental Health Services (SMHS)	-	-	-	-	-	-	-	(22)
(23)	Managed Care Graduate Medical Education (GME)	-	-	-	-	-	-	-	(23)
(24)	Hospital Provider Fee	-	-	-	-	-	-	-	(24)
(25)	Medicare	-	-	-	-	-	-	-	(25)
(26)	Hospital Insurance Collection	-	-	-	-	-	-	-	(26)
(27)	Self-Pay	-	-	-	-	-	-	-	(27)
(28)	In-Home Supportive Services (IHSS)	0.001	(0.001)	-	-	-	-	-	(28)
(29)	Federal & State - Other	235.934	1.700	237.634	(21.882)	215.752	0.200	215.952	(29)
(30)	Measure H	228.213	(228.213)	-	-	-	-	-	(30)
(31)	Measure A	-	377.216	377.216	(87.213)	290.003	(7.337)	282.666	(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	18.336	10.629	28.965	0.740	29.705	(3.973)	25.732	(34)
(34)	**Total Revenues**	$ 597.327	$ 115.643	$ 712.970	$ (143.296)	$ 569.674	$ (45.134)	$ 524.540	(34)
(35)	**Net Cost - Before PY**	$ 131.472	$ 25.827	$ 157.299	$ 103.798	$ 261.097	$ 11.754	$ 272.851	(35)
(36)	Prior-Year Surplus / (Deficit)	51.846	(44.708)	7.138	(7.138)	-	-	-	(36)
(37)	AB 85 Redirection	-	-	-	-	-	-	-	(37)
(38)	**Net Cost - After PY & AB 85 Redirection**	$ 79.626	$ 70.535	$ 150.161	$ 110.936	$ 261.097	$ 11.754	$ 272.851	(38)
(39)	**Operating Subsidies**								(39)
(40)	Sales Tax & VLF	-	-	-	-	-	-	-	(40)
(41)	County Contribution	79.626	48.060	127.686	3.488	131.174	(41.724)	89.450	(41)
(42)	Tobacco Settlement	-	-	-	-	-	-	-	(42)
(43)	Measure B	-	-	-	-	-	-	-	(43)
(44)	**Total Operating Subsidies**	$ 79.626	$ 48.060	$ 127.686	$ 3.488	$ 131.174	$ (41.724)	$ 89.450	(44)
(45)	**Surplus / (Deficit) = (44) - (38)**	**$ -**	$ (22.475)	**$ (22.475)**	$ (107.448)	**$ (129.923)**	$ (53.478)	**$ (183.401)**	(45)
(46)	Replacement Funding Needed	-	22.475	22.475	107.448	129.923	53.478	183.401	(46)
(47)	**Adjusted Surplus / (Deficit)**	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -	**$ -**	(47)

ATTACHMENT I-C

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FISCAL 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 ACTUALS	Adjustments	FY 2025-26 FORECAST	Adjustments	FY 2026-27 FORECAST	Adjustments	FY 2027-28 FORECAST	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 394.412	$ 25.059	$ 419.471	$ 15.372	$ 434.843	$ 20.560	$ 455.403	(2)
(3)	Net Services & Supplies	153.756	39.612	193.368	7.036	200.404	7.479	207.883	(3)
(4)	Debt Service - Harbor Master Plan	-	-	-	-	-	-	-	(4)
(5)	Debt Service - Other	-	-	-	-	-	-	-	(5)
(6)	Other Charges	2.142	(0.995)	1.147	-	1.147	-	1.147	(6)
(7)	Capital Assets	2.271	(2.271)	-	-	-	-	-	(7)
(8)	Capital Projects & Deferred Maintenance	-	-	-	-	-	-	-	(8)
(9)	Operating Transfers Out	-	-	-	-	-	-	-	(9)
(10)	Intrafund Transfer	(2.447)	-	(2.447)	-	(2.447)	-	(2.447)	(10)
(11)	**Total Expenses**	$ 550.134	$ 61.405	$ 611.539	$ 22.408	$ 633.947	$ 28.039	$ 661.986	(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)	Global Payment Program (GPP)	-	-	-	-	-	-	-	(17)
(18)	Medi-Cal Inpatient	-	-	-	-	-	-	-	(18)
(19)	Medi-Cal Outpatient - E/R	-	-	-	-	-	-	-	(19)
(20)	Medi-Cal CBRC	-	-	-	-	-	-	-	(20)
(21)	Medi-Cal SB 1732	-	-	-	-	-	-	-	(21)
(22)	Specialty Mental Health Services (SMHS)	-	-	-	-	-	-	-	(22)
(23)	Managed Care Graduate Medical Education (GME)	-	-	-	-	-	-	-	(23)
(24)	Hospital Provider Fee	-	-	-	-	-	-	-	(24)
(25)	Medicare	-	-	-	-	-	-	-	(25)
(26)	Hospital Insurance Collection	-	-	-	-	-	-	-	(26)
(27)	Self-Pay	-	-	-	-	-	-	-	(27)
(28)	In-Home Supportive Services (IHSS)	-	-	-	-	-	-	-	(28)
(29)	Federal & State - Other	32.189	-	32.189	-	32.189	-	32.189	(29)
(30)	Measure H	1.346	(1.346)	-	-	-	-	-	(30)
(31)	Measure A	-	-	-	-	-	-	-	(31)
(32)	Other County Department (OCD)	-	-	-	-	-	-	-	(32)
(33)	American Rescue Plan Act (ARPA) Revenue	0.696	(0.696)	-	-	-	-	-	(33)
(34)	Other	20.189	(11.800)	8.389	-	8.389	-	8.389	(34)
(34)	**Total Revenues**	$ 54.420	$ (13.842)	$ 40.578	$ -	$ 40.578	$ -	$ 40.578	(34)
(35)	**Net Cost - Before PY**	$ 495.714	$ 75.247	$ 570.961	$ 22.408	$ 593.369	$ 28.039	$ 621.408	(35)
(36)	Prior-Year Surplus / (Deficit)	0.666	(0.666)	-	-	-	-	-	(36)
(37)	AB 85 Redirection	-	-	-	-	-	-	-	(37)
(38)	**Net Cost - After PY & AB 85 Redirection**	$ 495.048	$ 75.913	$ 570.961	$ 22.408	$ 593.369	$ 28.039	$ 621.408	(38)
(39)	**Operating Subsidies**								(39)
(40)	Sales Tax & VLF	-	-	-	-	-	-	-	(40)
(41)	County Contribution	495.048	75.913	570.961	22.408	593.369	28.039	621.408	(41)
(42)	Tobacco Settlement	-	-	-	-	-	-	-	(42)
(43)	Measure B	-	-	-	-	-	-	-	(43)
(44)	**Total Operating Subsidies**	$ 495.048	$ 75.913	$ 570.961	$ 22.408	$ 593.369	$ 28.039	$ 621.408	(44)
(45)	**Surplus / (Deficit) = (44) - (38)**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(45)
(46)	Replacement Funding Needed	-	-	-	-	-	-	-	(46)
(47)	**Adjusted Surplus / (Deficit)**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(47)

ATTACHMENT I-D

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FISCAL 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 ACTUALS	Adjustments	FY 2025-26 FORECAST	Adjustments	FY 2026-27 FORECAST	Adjustments	FY 2027-28 FORECAST	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 4,513.263	$ 193.449	$ 4,706.712	$ 223.215	$ 4,929.927	$ 236.875	$ 5,166.802	(2)
(3)	Net Services & Supplies	3,574.057	313.222	3,887.279	26.546	3,913.825	105.477	4,019.302	(3)
(4)	Debt Service - Harbor Master Plan	34.338	36.987	71.325	-	71.325	-	71.325	(4)
(5)	Debt Service - Other	61.227	10.584	71.811	(0.395)	71.416	(0.798)	70.618	(5)
(6)	Other Charges	1,540.283	131.954	1,672.237	33.989	1,706.226	(1.236)	1,704.990	(6)
(7)	Capital Assets	72.970	(33.273)	39.697	(0.743)	38.954	-	38.954	(7)
(8)	Capital Projects & Deferred Maintenance	36.782	7.420	44.202	(7.463)	36.739	1.510	38.249	(8)
(9)	Operating Transfers Out	-	-	-	-	-	-	-	(9)
(10)	Intrafund Transfer	(351.454)	(103.939)	(455.393)	59.163	(396.230)	0.875	(395.355)	(10)
(11)	**Total Expenses**	$ 9,481.466	$ 556.404	$ 10,037.870	$ 334.312	$ 10,372.182	$ 342.703	$ 10,714.885	(11)
(12)	**Revenues**								(12)
(13)	Managed Care	1,529.631	(4.662)	1,524.969	(28.312)	1,496.657	(84.236)	1,412.421	(13)
(14)	Enhanced Payment Program (EPP)	792.869	6.785	799.654	34.089	833.743	35.543	869.286	(14)
(15)	Quality Incentive Program (QIP)	378.518	237.962	616.480	16.343	632.823	17.038	649.861	(15)
(16)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	72.898	(1.434)	71.464	(35.534)	35.930	(35.930)	-	(16)
(17)	Global Payment Program (GPP)	1,232.556	(77.987)	1,154.569	19.483	1,174.052	20.186	1,194.238	(17)
(18)	Medi-Cal Inpatient	333.970	13.359	347.329	13.893	361.222	14.449	375.671	(18)
(19)	Medi-Cal Outpatient - E/R	62.286	2.492	64.778	2.592	67.370	2.695	70.065	(19)
(20)	Medi-Cal CBRC	185.669	7.427	193.096	7.724	200.820	8.033	208.853	(20)
(21)	Medi-Cal SB 1732	12.107	-	12.107	-	12.107	-	12.107	(21)
(22)	Specialty Mental Health Services (SMHS)	183.112	(3.087)	180.025	-	180.025	-	180.025	(22)
(23)	Managed Care Graduate Medical Education (GME)	217.725	-	217.725	-	217.725	-	217.725	(23)
(24)	Hospital Provider Fee	26.378	2.169	28.547	-	28.547	-	28.547	(24)
(25)	Medicare	439.906	-	439.906	-	439.906	-	439.906	(25)
(26)	Hospital Insurance Collection	157.356	-	157.356	-	157.356	-	157.356	(26)
(27)	Self-Pay	3.729	-	3.729	-	3.729	-	3.729	(27)
(28)	In-Home Supportive Services (IHSS)	56.441	71.839	128.280	25.774	154.054	-	154.054	(28)
(29)	Federal & State - Other	471.109	1.700	472.809	(21.882)	450.927	0.200	451.127	(29)
(30)	Measure H	229.559	(229.559)	-	-	-	-	-	(30)
(31)	Measure A	-	377.216	377.216	(87.213)	290.003	(7.337)	282.666	(31)
(32)	Other County Department (OCD)	578.820	23.765	602.585	24.096	626.681	25.060	651.741	(32)
(33)	American Rescue Plan Act (ARPA) Revenue	0.696	(0.696)	-	-	-	-	-	(33)
(34)	Other	149.572	(0.073)	149.499	1.235	150.734	(3.973)	146.761	(34)
(34)	**Total Revenues**	$ 7,114.907	$ 427.216	$ 7,542.123	$ (27.712)	$ 7,514.411	$ (8.272)	$ 7,506.139	(34)
(35)	**Net Cost - Before PY**	$ 2,366.559	$ 129.188	$ 2,495.747	$ 362.024	$ 2,857.771	$ 350.975	$ 3,208.746	(35)
(36)	Prior-Year Surplus / (Deficit)	517.481	(334.607)	182.874	(182.874)	-	-	-	(36)
(37)	AB 85 Redirection	-	-	-	-	-	-	-	(37)
(38)	**Net Cost - After PY & AB 85 Redirection**	$ 1,849.078	$ 463.795	$ 2,312.873	$ 544.898	$ 2,857.771	$ 350.975	$ 3,208.746	(38)
(39)	**Operating Subsidies**								(39)
(40)	Sales Tax & VLF	452.155	(13.934)	438.221	-	438.221	-	438.221	(40)
(41)	County Contribution	942.889	143.909	1,086.798	30.755	1,117.553	(8.415)	1,109.138	(41)
(42)	Tobacco Settlement	54.959	(4.305)	50.654	-	50.654	-	50.654	(42)
(43)	Measure B	249.342	54.913	304.255	-	304.255	-	304.255	(43)
(44)	**Total Operating Subsidies**	$ 1,699.345	$ 180.583	$ 1,879.928	$ 30.755	$ 1,910.683	$ (8.415)	$ 1,902.268	(44)
(45)	**Surplus / (Deficit) = (44) - (38)**	**$ (149.733)**	$ (283.212)	**$ (432.945)**	$ (514.143)	**$ (947.088)**	$ (359.390)	**$ (1,306.478)**	(45)
(46)	Replacement Funding Needed	-	22.475	22.475	107.448	129.923	53.478	183.401	(46)
(47)	**Adjusted Surplus / (Deficit)**	**$ (149.733)**	$ (260.737)	**$ (410.470)**	$ (406.695)	**$ (817.165)**	$ (305.912)	**$ (1,123.077)**	(47)
(48)	**Beginning Fund Balance**	**$ 1,710.582**	$ (235.146)	**$ 1,475.436**	$ (418.718)	**$ 1,056.718**	$ (118.527)	**$ 938.191**	(48)
(49)	Surplus / (Deficit)	(149.733)	(260.737)	(410.470)	(406.695)	(817.165)	(305.912)	(1,123.077)	(49)
(50)	Long-Term Receivables Reserve	(85.413)	77.165	(8.248)	706.886	698.638	(711.480)	(12.842)	(50)
(51)	**Available Fund Balance**	**$ 1,475.436**	$ (418.718)	**$ 1,056.718**	$ (118.527)	**$ 938.191**	$ (1,135.919)	**$ (197.728)**	(51)