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September 29, 2026

TO: Supervisor Hilda L. Solis, Chair
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Supervisor Lindsey P. Horvath
Supervisor Janice K. Hahn
Supervisor Kathryn Barger

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

SUBJECT: **LA HEALTH SERVICES' FISCAL OUTLOOK**

This report provides an updated fiscal forecast for the Los Angeles County (LA County) Department of Health Services (LA Health Services) for Fiscal Years (FY) 2025-26 through 2028-29. For FY 2025-26, LA Health Services (LAHS) had an operating deficit of $297.4 million, and the fund balance was used to cover the shortfall. Attachments I-A through I-D contain detailed projections for LAHS' major operational and financial areas, summarized below in this report.

INTRODUCTION

Since our last report, several rules and regulations have been published by the Centers for Medicare & Medicaid Services (CMS), providing us with a better understanding of the general framework and direction of changes to the Medicaid program. CMS' main goal is to significantly reduce federal funding of the Medicaid program through rule changes. LAHS is very concerned because new Medicaid rules could be implemented at any time and result in critically negative impacts to our Medi-Cal revenues. In fact, there are two rules currently pending the Office of Budget and Management's (OMB's) review. The contents of these proposed rules are unknown and this lack of information intensifies LAHS' concerns.

CMS has also initiated an unprecedented wave of broad-scope audits of states' Medicaid programs, including health plans and providers and escalated oversight actions, such as requiring states to submit detailed encounter data, imposing Medicaid payment deferrals and withholdings, etc. These types of aggressive actions create a fiscal environment which is not predictable, even in the short term. LAHS has strived over the years to limit the use of fund balance as much as possible for the purpose of ensuring sufficient reserves would be available during periods of fiscal stress. Given that LAHS expects CMS will continue to operate similarly and the fiscal stress will continue for the foreseeable future, we are taking a decidedly more conservative approach to the development of our fiscal projections than in past years.

COST EFFICIENCY MEASURES

LAHS entered FY 2025-26 facing a difficult financial landscape shaped by rising operational costs and expected reductions in key revenue streams. Costs for labor, supplies, and pharmaceuticals continued to rise, while policy changes affecting Medicaid eligibility, program scope, and federal funding signaled significant decreases in future revenue. These pressures compounded LAHS' ongoing structural deficit, making it clear that strong action was needed to stabilize spending and protect core services.

In response, LAHS established expenditure caps for every facility. These caps were anchored in FY 2024-25 actual expenditures, adjusted for cost-of-living increases, and paired with a uniform 3% reduction target. The intent was to create a realistic spending framework that addressed fiscal challenges without causing disruptions to patient care.

Meeting these targets required coordinated efforts across the system. LAHS implemented a hiring freeze beginning in July 2025 and substantially reduced overtime and nursing registry use. Utilization management processes were strengthened to improve care coordination, support appropriate patient repatriation, and ensure efficient use of resources. Facilities also adopted a range of smaller operational adjustments that collectively contributed to meaningful cost savings.

These efforts were supported by an expanded partnership between central and local LAHS finance teams. Weekly meetings provided a forum to review expenditure trends, validate cost-tracking practices, identify problem areas, and develop tailored solutions. This close collaboration supported transparency and alignment across facilities and allowed issues to be shared and addressed quickly, preventing small concerns from becoming larger challenges.

Executive oversight played a central role throughout the year. The Executive Leadership Team (ELT) reviewed biweekly dashboards detailing trends in labor, services, supplies, and other major categories. Facilities regularly submitted proposals to ELT on improving resource use, aligning staffing with patient volumes, and refining operational procedures. Monthly progress reports kept leadership apprised of real-time performance against expenditure targets, and when necessary, ELT led corrective actions to maintain momentum.

By the end of FY 2025-26, these efforts delivered significant results. LAHS achieved overall savings of 5.6%, totaling approximately $358.2 million – nearly twice the original reduction goal of 3%. Most importantly, these savings were achieved without compromising patient care services or disrupting essential operations. The results reflect a coordinated, disciplined approach to financial management and a strong commitment from both facility and central teams.

Given the success of this past year, LAHS has now adopted this cost-management approach as a core element of its ongoing strategic planning framework. FY 2025-26 demonstrated that systematic financial discipline, continuous leadership engagement, and close collaboration across facilities can effectively guide LAHS through challenging fiscal conditions. As LAHS moves forward, these practices will remain integral to maintaining

stability, supporting responsible stewardship of public resources, and ensuring high-quality care for the communities we serve.

TIMELINE FOR IMPLEMENTATION OF CHANGES

Attachment II provides a graphic timeline detailing the effective dates of federal, state, and county regulatory and legislative changes that have major impact on LAHS finances.

July 2025 & January 2026 State/Federal Actions – Medi-Cal Enrollment Reduced

During FY 2025-26, Medi-Cal managed care enrollments materially decreased as a result of both state and federal actions. In July 2025, temporary federal waivers of COVID-era Medicaid flexibilities were terminated. On January 1, 2026, California froze new enrollments in the state-only Medi-Cal expansion program for adults (19+years) with Unsatisfactory Immigration Status (UIS). Based on our latest data, the reduction in LAHS' assigned lives is 23%. As shown in the table below, the percent decrease in LAHS' assigned lives is over double that of the 3 major health plans in LA County. The larger share is likely due to the fact that LAHS has a higher share of UIS patients than the share in the County overall.

	ASSIGNED LIVES		VARIANCE	% CHANGE
	July 2025	June 2026		
All Health Plans: Health Services	357,606	276,190	**(81,416)**	**(23%)**
All Health Plans: Total LA County	3,576,711	3,200,917	**(375,794)**	**(11%)**

The projected annual fiscal impact of this reduction in membership is a loss of approximately $150 million in revenue. LAHS expects many more people will continue to lose their Medi-Cal coverage and will become uninsured as a result of recent and upcoming State and Federal restrictions on Medi-Cal enrollment (e.g., every six-month redeterminations, community engagement requirements, Medi-Cal asset testing) Higher numbers of uninsured will put additional financial pressure on LAHS.

June 2026 – Measure ER Approved

On June 2, 2026, LA County voters approved Measure ER, a temporary ½ cent (0.5%) increase in the LA County sales tax for five years, effective October 1, 2026. Measure ER is estimated to generate $1 billion annually. The Board of Supervisors (BOS) adopted a spending plan allocating funds to a variety of priority needs, including community health clinics, the LAHS system, and public health programs. Based on the BOS' spending plan, LAHS will be allotted 22% of the sales tax collected, or roughly $220 million annually. This does not include a separate 2.5% allocation to Correctional Health Services, which is approximately $26 million annually. Measure ER funds are not included in LAHS' FY 2026-27 budget nor in the four-year forecast (Attachment I). LAHS anticipates that Measure ER will have a materially positive impact and help to reduce, although not eliminate, its structural deficit. LAHS will continue to focus on increasing efficiencies and maximizing revenue opportunities.

June 2026 – State Budget for FY 2026-27

The enacted state budget for FY 2026-27 includes $250 million in one-time funds for public health care systems. The allocation methodology is pending; however, LAHS expects to receive an estimated $50 million from this allotment. The budget also transitions UIS individuals on state-only Medi-Cal from managed care to Fee-for Service (FFS) effective January 1, 2027, which will reduce care coordination for these individuals. Finally, the budget lowers the asset test for seniors and persons with disabilities from $130,000 for an individual and $195,000 per couple (which became effective January 1, 2026) to $21,000 per individual and $31,000 per couple, effective July 1, 2027. This will cause fewer people to qualify for Medi-Cal, with the new caps applied upon Medi-Cal redetermination.

The budget left in place a $30 monthly premium for UIS individuals ages 19-59, effective July 1, 2027, but directed the next Governor to consider raising the premium to $50. The budget also delayed the elimination of full-scope Medi-Cal for asylees, human trafficking victims, and domestic violence victims, among others, to July 1, 2027.

October 2026

FMAP Reduction

For limited scope UIS Medicaid Coverage Expansion (MCE) patients, the Federal Medical Assistance Percentage (FMAP) will be reduced from 90% to 50% for emergency services. The FMAP reduction will affect emergency room services and emergency room-related inpatient services. This will shift costs from the federal government to states and local governments. LAHS is estimating a revenue decrease of $40 million for FY 2026-27 and $55 million annually going forward.

Hospital Presumptive Eligibility (HPE)

Currently, HPE provides immediate full scope FFS, zero share of cost, Medi-Cal coverage to eligible applicants for a temporary period of up to 60 days. Eligibility is determined based on the applicant's self-attestation and no other proof is required. In order to continue receiving Medi-Cal coverage past the temporary period, the HPE applicant has to complete the full application process, provide the required verifications, and be determined eligible.

CMS recently released a new interpretation of HPE and is now requiring states to modify their Medicaid procedures to ensure that non-Federal Financial Participation (FFP) eligible non-citizens are not included in their HPE claims. On average, LAHS takes approximately 1,000 HPE applications per month. LAHS is closely tracking this new development but it is clear that CMS' new HPE rule will have a negative impact on LAHS' Medicaid revenues.

January 1, 2027

1115 Waiver

CMS has indicated to the Department of Health Care Services (DHCS) that they intend to extend the Waiver, including the Global Payment Program (GPP), beyond its current

December 31, 2026, expiration date. The value to LAHS depends on the terms and conditions included in the extension. The exact details of the extension could have either a positive or a negative material impact on LAHS' fiscal outlook. Once the terms and conditions become available, LAHS will analyze the specific provisions and provide an updated fiscal outlook in the next report to the BOS. DHCS expects to receive the details of the terms and conditions sometime before the end of this calendar year.

Without CMS approval, GPP funding will revert back to Disproportionate Share Hospital (DSH) and those funds would be limited to hospital-based services only. This would negatively impact LAHS as costs for the uninsured seen in the Ambulatory Care Network would no longer be eligible for reimbursement.

Medicaid Work/Redetermination Requirements

Enrollees must show evidence of work, community service, school, or some combination of all three for 80 hours per month. If they cannot verify compliance or an exemption, they will lose their Medicaid coverage.

California will initiate the federally required 6-month redetermination cycle for MCE enrollees effective March 1, 2027.

The impact of Medicaid work requirements and more frequent redeterminations is projected to result in over 700,000 individuals in LA County losing their Medi-Cal coverage.

October 1, 2027

DSH

Congress authorized delaying the DSH cuts for two years, leaving one final year of DSH cuts scheduled to take effect on October 1, 2027. There are no further DSH cuts in existing legislation after this last and final year. Because Congress has never cut DSH funds over the last 10+ years, LAHS does not expect them to do so on the last scheduled and final cut. Therefore, LAHS has not included any DSH cut in its forecast.

January 1, 2028

State Directed Payments (SDPs)

H.R.1 requires that SDPs be reduced by 10% annually until payments reach 100% of Medicare rates. The Enhanced Payment Program (EPP) and Quality Incentive Program (QIP) are SDP programs that are major LAHS revenue streams. The reductions are incorporated into LAHS' forecast.

CORRECTIONAL HEALTH SERVICES (CHS)

While LAHS manages CHS operations, CHS is primarily funded with net County cost. LAHS requests additional funding for CHS, as needed, through the County's budget process. The BOS' spending plan for Measure ER will allocate 2.5% of the $1 billion

expected to be generated to CHS, or approximately $26 million annually. Measure ER funds are not included in CHS' FY 2026-27 budget nor in the four-year forecast. LAHS will continue to work with the CEO and the Sheriff's Department to address Department of Justice (DOJ)-related operational and staffing issues and will discuss any supplemental funding needs with the CEO should additional funding be necessary to comply with the DOJ consent decree.

COMMUNITY PROGRAMS (CP)

Community Programs was previously comprised of two units: Housing for Health (HFH) and Office of Diversion and Reentry (ODR). Effective January 1, 2026, HFH was transferred to the County's newly created Department of Homeless Services and Housing, while ODR remained in LAHS with CP. CP consist of five major program areas: ODR Housing, Misdemeanor Incompetent to Stand Trial (MIST), Felony Incompetent to Stand Trial (FIST), ODR Law Enforcement Assisted Diversion (LEAD) and Harm Reduction Division (HRD) programs.

ODR estimates that its ability to remove individuals with serious mental illness from County jails, through mental health diversion in the **ODR Housing program**, will plateau at approximately 60-70 per month starting in September-October 2026, when currently budgeted ODR Housing slots will be filled. ODR currently serves ~120 per month. ODR continues to improve efficiency, access new revenue sources (e.g. Medi-Cal), and work with the CEO DOJ Compliance and JCIT to seek funding for additional beds to support program expansion in support of County goals.

ODR also has two programs helping to serve the incompetent to stand trial (IST) population. The **ODR MIST program** has stable funding; however, ODR recently learned from one of its contractors that they will no longer be willing to support a site due to increased cost of living. ODR faces challenges securing and maintaining interim housing providers due to bed rates that are not competitive with other housing programs. The **ODR FIST program** will be fully funded for five years through the Department of State Hospitals once the IST Solutions Grant is renewed - pending final signatures.

The **ODR LEAD program** is currently funded for 780 Intensive Case Management Services (ICMS) slots and 260 Permanent Supportive Housing (PSH) slots across the County. Five out of seven program sites are full, and the other two will reach capacity within the next two months. Once full, LEAD can only accept referrals when turnover occurs. All 260 PSH slots are full, which leaves approximately 500+ LEAD participants with no direct pathway to housing. ODR continues to work with CEO DOJ Compliance and JCIT to seek funding for LEAD expansion and housing subsidies.

ODR HRD programs – which include Health Hubs, Overdose Response Teams, Drop-In spaces and services, PEH outreach, overdose education/naloxone distribution, contingency management, and workforce development – provide approximately 290,000 service encounters and nearly 14,000 overdose reversals annually. They are supported by a mix of one-time and long-term funding through AB 109, CFCI, and opioid settlement funds. Multiple programs are reliant on one-time funding and face sustainability challenges in the coming years. Health Hubs will face funding shortfalls beginning FY 2027-28. HRD is

working to diversify revenues with a combined Medi-Cal and locally-administered/grant-supported model for Health Hubs. HRD continues to pursue additional AB 109, CFCI, opioid settlement, and other funding to sustain and expand services beyond FY 2027-28.

HARBOR-UCLA MEDICAL CENTER (HARBOR-UCLA MC)

As of July 31, 2026, the Harbor-UCLA MC Inpatient Tower is 80% completed. Substantial completion is currently on target for the Board-approved completion date of August 31, 2027. The team is closely monitoring the schedule and working with Hensel Phelps to mitigate delays and maintain the planned timeline. Following acceptance of the building from the builder, Harbor-UCLA MC will begin fit out, furnishing, and activation activities. It is expected that the move into the Inpatient Tower will begin in early 2028.

The Inpatient Tower construction cost, including medical equipment, is $685 million. The total contingency budget is $74 million, of which $39 million has already been committed through change orders and is included in the current construction cost. Of the remaining $35 million, approximately $20 million is anticipated for known risks and pending change orders, leaving $15 million in unallocated contingency.

CONCLUSION

The current federal Medicaid program administration continues to implement expansive rules designed to significantly reduce or hold back federal funding. Since its main focus is to reduce federal Medicaid spending, all areas of the health care provider community are experiencing high levels of fiscal uncertainty. As mentioned in the Introduction to this report, LAHS has grave concerns about CMS' direction and how different rule changes could materially and negatively impact our Medi-Cal revenues. With this understanding, LAHS has immediately put into action a proactive plan with measurable steps to help navigate the changes while still guarding LAHS' commitment to its patients' health care. As noted above in this report, multiple actions were initiated last year and are continuing (e.g., imposition and close monitoring of expenditure caps, a hiring freeze, reductions in overtime and registry use, and many other operational adjustments), all of which contributed to substantial savings in FY 2025-26. The cost-saving approach, with emphasis on innovative efficiencies and revenue maximization, constitutes the foundational principle of LAHS' strategic plans going forward.

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

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FiscalOutlookSept2026
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Attachments (5)

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

ATTACHMENT I-A

LA HEALTH SERVICES
FISCAL FORECAST
FISCAL YEARS 2025-26 THROUGH 2028-29
($ IN MILLIONS)

A

LA HEALTH SERVICES
(Excluding Community Programs and Correctional Health Services)

		Year 1		Year 2		Year 3		Year 4	
		A	B	C	D	E	F	G	
		FY 2025-26 ACTUAL	Adjustments	FY 2026-27 FORECAST	Adjustments	FY 2027-28 FORECAST	Adjustments	FY 2028-29 FORECAST	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 4,211.000	$ 70.168	$ 4,281.168	$ 174.909	$ 4,456.077	$ 198.224	$ 4,654.301	(2)
(3)	Net Services & Supplies	2,546.005	186.387	2,732.392	(3.810)	2,728.582	101.432	2,830.014	(3)
(4)	Debt Service - Harbor Master Plan	72.135	(0.811)	71.324	(0.002)	71.322	-	71.322	(4)
(5)	Debt Service - Other	70.043	1.742	71.785	(0.417)	71.368	(0.449)	70.919	(5)
(6)	Other Charges	1,576.346	(235.412)	1,340.934	20.816	1,361.750	(13.947)	1,347.803	(6)
(7)	Capital Assets	29.135	2.914	32.049	3.205	35.254	3.525	38.779	(7)
(8)	Capital Projects & Deferred Maintenance	35.473	4.198	39.671	(6.739)	32.932	5.328	38.260	(8)
(9)	Intrafund Transfer	(151.251)	(5.333)	(156.584)	(5.480)	(162.064)	(5.672)	(167.736)	(9)
(10)	**Total Expenses**	$ 8,388.886	$ 23.853	$ 8,412.739	$ 182.482	$ 8,595.221	$ 288.441	$ 8,883.662	(10)
(11)	**Revenues**								(11)
(12)	Managed Care	1,815.217	(715.576)	1,099.641	(67.827)	1,031.814	7.080	1,038.894	(12)
(13)	Enhanced Payment Program (EPP)	775.821	-	775.821	-	775.821	-	775.821	(13)
(14)	Quality Incentive Program (QIP)	288.888	365.925	654.813	-	654.813	-	654.813	(14)
(15)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	2.088	(2.088)	-	-	-	-	-	(15)
(16)	Providing Access & Transforming Health (PATH)	0.751	(0.751)	-	-	-	-	-	(16)
(17)	Global Payment Program (GPP)	1,287.904	116.737	1,404.641	(5.285)	1,399.356	(16.167)	1,383.189	(17)
(18)	Medi-Cal Inpatient	238.174	31.475	269.649	14.037	283.686	14.799	298.485	(18)
(19)	Medi-Cal Outpatient - E/R	40.498	1.155	41.653	1.219	42.872	1.286	44.158	(19)
(20)	Medi-Cal CBRC	174.033	9.485	183.518	10.002	193.520	10.547	204.067	(20)
(21)	Medi-Cal SB 1732	11.942	-	11.942	-	11.942	-	11.942	(21)
(22)	Specialty Mental Health Services (SMHS)	185.011	(2.928)	182.083	-	182.083	-	182.083	(22)
(23)	Hospital Provider Fee	21.691	-	21.691	-	21.691	-	21.691	(23)
(24)	Medicare	484.072	20.039	504.111	4.609	508.720	4.747	513.467	(24)
(25)	Hospital Insurance Collection	151.464	22.720	174.184	5.226	179.410	5.382	184.792	(25)
(26)	Self-Pay	2.860	-	2.860	-	2.860	-	2.860	(26)
(27)	In-Home Supportive Services (IHSS)	120.107	17.291	137.398	-	137.398	-	137.398	(27)
(28)	Federal & State - Other	196.494	(14.645)	181.849	4.417	186.266	4.794	191.060	(28)
(29)	Other County Department (OCD)	592.119	20.724	612.843	21.450	634.293	22.200	656.493	(29)
(30)	Other	123.095	(0.149)	122.946	0.830	123.776	0.856	124.632	(30)
(31)	**Total Revenues**	$ 6,512.229	$ (130.586)	$ 6,381.643	$ (11.322)	$ 6,370.321	$ 55.524	$ 6,425.845	(31)
(32)	**Net Cost - Before PY**	$ 1,876.657	$ 154.439	$ 2,031.096	$ 193.804	$ 2,224.900	$ 232.917	$ 2,457.817	(32)
(33)	Prior-Year Surplus / (Deficit)	422.410	161.566	583.976	(583.976)	-	-	-	(33)
(34)	**Net Cost - After PY & AB 85 Redirection**	$ 1,454.247	$ (7.127)	$ 1,447.120	$ 777.780	$ 2,224.900	$ 232.917	$ 2,457.817	(34)
(35)	**Operating Subsidies**								(35)
(36)	Sales Tax & VLF	450.453	(12.232)	438.221	-	438.221	-	438.221	(36)
(37)	County Contribution	349.228	7.930	357.158	5.184	362.342	5.386	367.728	(37)
(38)	Tobacco Settlement	50.654	-	50.654	-	50.654	-	50.654	(38)
(39)	Measure B	306.475	4.510	310.985	-	310.985	-	310.985	(39)
(40)	**Total Operating Subsidies**	$ 1,156.810	$ 0.208	$ 1,157.018	$ 5.184	$ 1,162.202	$ 5.386	$ 1,167.588	(40)
(41)	**Surplus / (Deficit) = (40) - (34)**	**$ (297.437)**	$ 7.335	**$ (290.102)**	$ (772.596)	**$ (1,062.698)**	$ (227.531)	**$ (1,290.229)**	(41)
(42)	**Beginning Fund Balance**	**$ 1,475.436**	$ (40.050)	**$ 1,435.386**	$ (405.631)	**$ 1,029.755**	$ (793.304)	**$ 236.451**	(42)
(43)	Surplus / (Deficit)	(297.437)	7.335	(290.102)	(772.596)	(1,062.698)	(227.531)	(1,290.229)	(43)
(44)	Long-Term Receivables Reserve	257.387	(372.916)	(115.529)	384.923	269.394	369.246	638.640	(44)
(45)	**Available Fund Balance**	**$ 1,435.386**	$ (405.631)	**$ 1,029.755**	$ (793.304)	**$ 236.451**	$ (651.589)	**$ (415.138)**	(45)

ATTACHMENT I-B

LA HEALTH SERVICES
FISCAL FORECAST
FISCAL YEARS 2025-26 THROUGH 2028-29
($ IN MILLIONS)

B

Community Programs -
Office of Diversion & Re-entry and Harm Reduction Division

		Year 1		Year 2		Year 3		Year 4	
		A	B	C	D	E	F	G	
		FY 2025-26 ACTUAL	Adjustments	FY 2026-27 FORECAST	Adjustments	FY 2027-28 FORECAST	Adjustments	FY 2028-29 FORECAST	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 33.952	$ 8.650	$ 42.602	$ 2.754	$ 45.356	$ 1.580	$ 46.936	(2)
(3)	Net Services & Supplies	276.484	47.095	323.579	(13.115)	310.464	(6.315)	304.149	(3)
(4)	Debt Service - Harbor Master Plan	-	-	-	-	-	-	-	(4)
(5)	Debt Service - Other	-	-	-	-	-	-	-	(5)
(6)	Other Charges	2.732	6.142	8.874	(7.681)	1.193	0.020	1.213	(6)
(7)	Capital Assets	-	-	-	-	-	-	-	(7)
(8)	Capital Projects & Deferred Maintenance	-	-	-	-	-	-	-	(8)
(9)	Intrafund Transfer	(42.622)	(5.111)	(47.733)	(1.443)	(49.176)	3.329	(45.847)	(9)
(10)	**Total Expenses**	$ 270.546	$ 56.776	$ 327.322	$ (19.485)	$ 307.837	$ (1.386)	$ 306.451	(10)
(11)	**Revenues**								(11)
(12)	Managed Care	-	-	-	-	-	-	-	(12)
(13)	Enhanced Payment Program (EPP)	-	-	-	-	-	-	-	(13)
(14)	Quality Incentive Program (QIP)	-	-	-	-	-	-	-	(14)
(15)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	12.063	(2.677)	9.386	(2.224)	7.162	(7.162)	-	(15)
(16)	Providing Access & Transforming Health (PATH)	-	3.452	3.452	(3.452)	-	-	-	(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)	Hospital Provider Fee	-	-	-	-	-	-	-	(23)
(24)	Medicare	-	-	-	-	-	-	-	(24)
(25)	Hospital Insurance Collection	-	-	-	-	-	-	-	(25)
(26)	Self-Pay	-	-	-	-	-	-	-	(26)
(27)	In-Home Supportive Services (IHSS)	-	-	-	-	-	-	-	(27)
(28)	Federal & State - Other	215.307	18.106	233.413	(10.032)	223.381	0.744	224.125	(28)
(29)	Other County Department (OCD)	-	-	-	-	-	-	-	(29)
(30)	Other	4.918	2.255	7.173	(3.459)	3.714	(0.427)	3.287	(30)
(31)	**Total Revenues**	$ 232.288	$ 21.136	$ 253.424	$ (19.167)	$ 234.257	$ (6.845)	$ 227.412	(31)
(32)	**Net Cost - Before PY**	$ 38.258	$ 35.640	$ 73.898	$ (0.318)	$ 73.580	$ 5.459	$ 79.039	(32)
(33)	Prior-Year Surplus / (Deficit)	(1.092)	1.092	-	-	-	-	-	(33)
(34)	**Net Cost - After PY & AB 85 Redirection**	$ 39.350	$ 34.548	$ 73.898	$ (0.318)	$ 73.580	$ 5.459	$ 79.039	(34)
(35)	**Operating Subsidies**								(35)
(36)	Sales Tax & VLF	-	-	-	-	-	-	-	(36)
(37)	County Contribution	39.350	34.548	73.898	(0.318)	73.580	5.459	79.039	(37)
(38)	Tobacco Settlement	-	-	-	-	-	-	-	(38)
(39)	Measure B	-	-	-	-	-	-	-	(39)
(40)	**Total Operating Subsidies**	$ 39.350	$ 34.548	$ 73.898	$ (0.318)	$ 73.580	$ 5.459	$ 79.039	(40)
(41)	**Surplus / (Deficit) = (40) - (34)**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(41)

ATTACHMENT I-C

LA HEALTH SERVICES
FISCAL FORECAST
FISCAL YEARS 2025-26 THROUGH 2028-29
($ IN MILLIONS)

C

Correctional Health Services

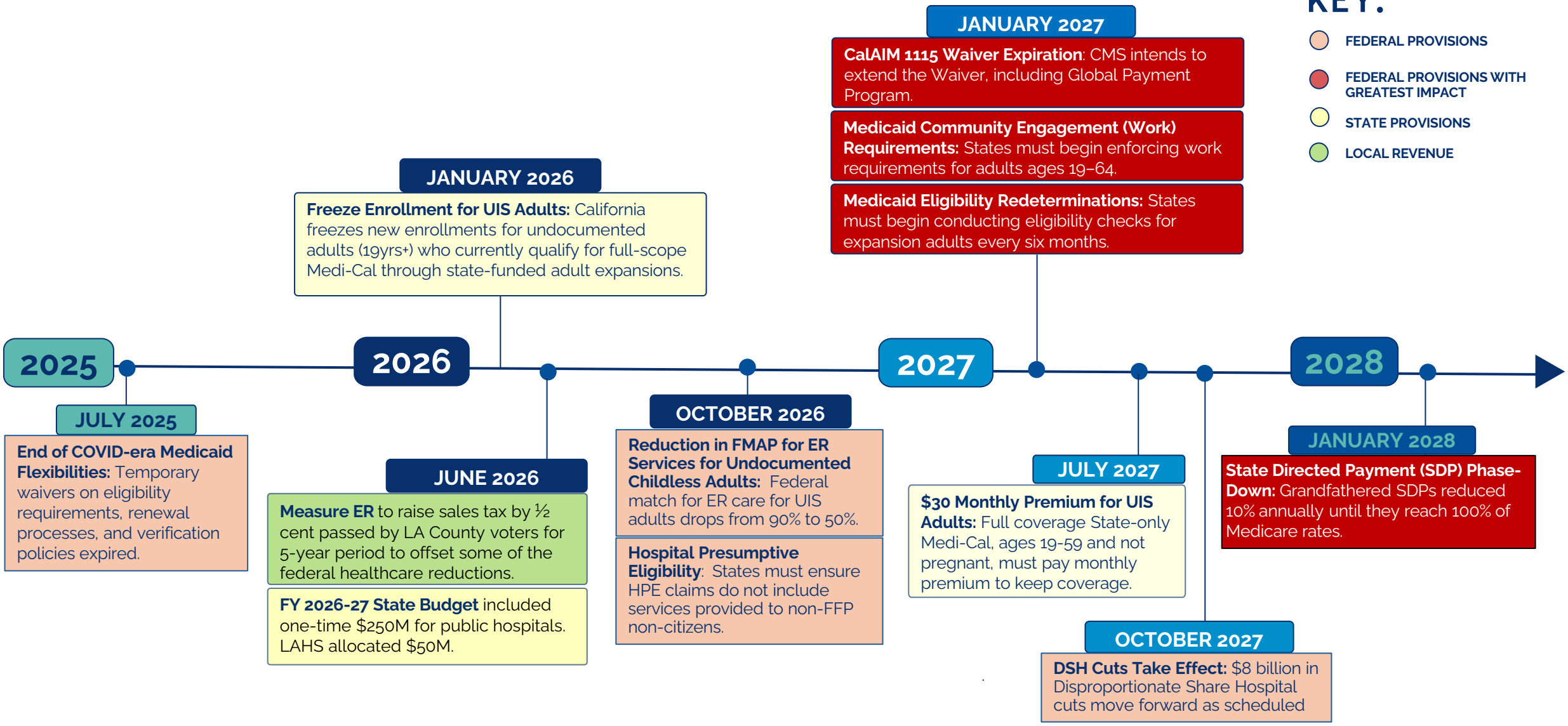
		Year 1		Year 2		Year 3		Year 4	
		A	B	C	D	E	F	G	
		FY 2025-26 ACTUAL	Adjustments	FY 2026-27 FORECAST	Adjustments	FY 2027-28 FORECAST	Adjustments	FY 2028-29 FORECAST	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 413.889	$ 6.553	$ 420.442	$ 16.936	$ 437.378	$ 18.539	$ 455.917	(2)
(3)	Net Services & Supplies	151.497	3.250	154.747	5.790	160.537	6.030	166.567	(3)
(4)	Debt Service - Harbor Master Plan	-	-	-	-	-	-	-	(4)
(5)	Debt Service - Other	-	-	-	-	-	-	-	(5)
(6)	Other Charges	3.757	4.081	7.838	-	7.838	-	7.838	(6)
(7)	Capital Assets	1.152	-	1.152	-	1.152	-	1.152	(7)
(8)	Capital Projects & Deferred Maintenance	-	-	-	-	-	-	-	(8)
(9)	Intrafund Transfer	(2.133)	-	(2.133)	-	(2.133)	-	(2.133)	(9)
(10)	**Total Expenses**	$ 568.162	$ 13.884	$ 582.046	$ 22.726	$ 604.772	$ 24.569	$ 629.341	(10)
(11)	**Revenues**								(11)
(12)	Managed Care	-	-	-	-	-	-	-	(12)
(13)	Enhanced Payment Program (EPP)	-	-	-	-	-	-	-	(13)
(14)	Quality Incentive Program (QIP)	-	-	-	-	-	-	-	(14)
(15)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	-	4.253	4.253	-	4.253	-	4.253	(15)
(16)	Providing Access & Transforming Health (PATH)	-	-	-	-	-	-	-	(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)	Hospital Provider Fee	-	-	-	-	-	-	-	(23)
(24)	Medicare	-	-	-	-	-	-	-	(24)
(25)	Hospital Insurance Collection	-	-	-	-	-	-	-	(25)
(26)	Self-Pay	-	-	-	-	-	-	-	(26)
(27)	In-Home Supportive Services (IHSS)	-	-	-	-	-	-	-	(27)
(28)	Federal & State - Other	41.289	-	41.289	-	41.289	-	41.289	(28)
(29)	Other County Department (OCD)	-	-	-	-	-	-	-	(29)
(30)	Other	8.362	-	8.362	-	8.362	-	8.362	(30)
(31)	**Total Revenues**	$ 49.651	$ 4.253	$ 53.904	$ -	$ 53.904	$ -	$ 53.904	(31)
(32)	**Net Cost - Before PY**	$ 518.511	$ 9.631	$ 528.142	$ 22.726	$ 550.868	$ 24.569	$ 575.437	(32)
(33)	Prior-Year Surplus / (Deficit)	1.182	(1.182)	-	-	-	-	-	(33)
(34)	**Net Cost - After PY & AB 85 Redirection**	$ 517.329	$ 10.813	$ 528.142	$ 22.726	$ 550.868	$ 24.569	$ 575.437	(34)
(35)	**Operating Subsidies**								(35)
(36)	Sales Tax & VLF	-	-	-	-	-	-	-	(36)
(37)	County Contribution	513.024	10.813	523.837	22.726	546.563	24.569	571.132	(37)
(38)	Tobacco Settlement	4.305	-	4.305	-	4.305	-	4.305	(38)
(39)	Measure B	-	-	-	-	-	-	-	(39)
(40)	**Total Operating Subsidies**	$ 517.329	$ 10.813	$ 528.142	$ 22.726	$ 550.868	$ 24.569	$ 575.437	(40)
(41)	**Surplus / (Deficit) = (40) - (34)**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(41)

ATTACHMENT I-D

LA HEALTH SERVICES
FISCAL FORECAST
FISCAL YEARS 2025-26 THROUGH 2028-29
($ IN MILLIONS)

D = A + B + C

LA HEALTH SERVICES TOTAL

		Year 1		Year 2		Year 3		Year 4	
		A	B	C	D	E	F	G	
		FY 2025-26 ACTUAL	Adjustments	FY 2026-27 FORECAST	Adjustments	FY 2027-28 FORECAST	Adjustments	FY 2028-29 FORECAST	
(1)	**Expenses**								(1)
(2)	Salaries & Employee Benefits	$ 4,658.841	$ 85.371	$ 4,744.212	$ 194.599	$ 4,938.811	$ 218.343	$ 5,157.154	(2)
(3)	Net Services & Supplies	2,973.986	236.732	3,210.718	(11.135)	3,199.583	101.147	3,300.730	(3)
(4)	Debt Service - Harbor Master Plan	72.135	(0.811)	71.324	(0.002)	71.322	-	71.322	(4)
(5)	Debt Service - Other	70.043	1.742	71.785	(0.417)	71.368	(0.449)	70.919	(5)
(6)	Other Charges	1,582.835	(225.189)	1,357.646	13.135	1,370.781	(13.927)	1,356.854	(6)
(7)	Capital Assets	30.287	2.914	33.201	3.205	36.406	3.525	39.931	(7)
(8)	Capital Projects & Deferred Maintenance	35.473	4.198	39.671	(6.739)	32.932	5.328	38.260	(8)
(9)	Intrafund Transfer	(196.006)	(10.444)	(206.450)	(6.923)	(213.373)	(2.343)	(215.716)	(9)
(10)	**Total Expenses**	$ 9,227.594	$ 94.513	$ 9,322.107	$ 185.723	$ 9,507.830	$ 311.624	$ 9,819.454	(10)
(11)	**Revenues**								(11)
(12)	Managed Care	1,815.217	(715.576)	1,099.641	(67.827)	1,031.814	7.080	1,038.894	(12)
(13)	Enhanced Payment Program (EPP)	775.821	-	775.821	-	775.821	-	775.821	(13)
(14)	Quality Incentive Program (QIP)	288.888	365.925	654.813	-	654.813	-	654.813	(14)
(15)	Cali. Advancing & Innovating Medi-Cal (CalAIM)	14.151	(0.512)	13.639	(2.224)	11.415	(7.162)	4.253	(15)
(16)	Providing Access & Transforming Health (PATH)	0.751	2.701	3.452	(3.452)	-	-	-	(16)
(17)	Global Payment Program (GPP)	1,287.904	116.737	1,404.641	(5.285)	1,399.356	(16.167)	1,383.189	(17)
(18)	Medi-Cal Inpatient	238.174	31.475	269.649	14.037	283.686	14.799	298.485	(18)
(19)	Medi-Cal Outpatient - E/R	40.498	1.155	41.653	1.219	42.872	1.286	44.158	(19)
(20)	Medi-Cal CBRC	174.033	9.485	183.518	10.002	193.520	10.547	204.067	(20)
(21)	Medi-Cal SB 1732	11.942	-	11.942	-	11.942	-	11.942	(21)
(22)	Specialty Mental Health Services (SMHS)	185.011	(2.928)	182.083	-	182.083	-	182.083	(22)
(23)	Hospital Provider Fee	21.691	-	21.691	-	21.691	-	21.691	(23)
(24)	Medicare	484.072	20.039	504.111	4.609	508.720	4.747	513.467	(24)
(25)	Hospital Insurance Collection	151.464	22.720	174.184	5.226	179.410	5.382	184.792	(25)
(26)	Self-Pay	2.860	-	2.860	-	2.860	-	2.860	(26)
(27)	In-Home Supportive Services (IHSS)	120.107	17.291	137.398	-	137.398	-	137.398	(27)
(28)	Federal & State - Other	453.090	3.461	456.551	(5.615)	450.936	5.538	456.474	(28)
(29)	Other County Department (OCD)	592.119	20.724	612.843	21.450	634.293	22.200	656.493	(29)
(30)	Other	136.375	2.106	138.481	(2.629)	135.852	0.429	136.281	(30)
(31)	**Total Revenues**	$ 6,794.168	$ (105.197)	$ 6,688.971	$ (30.489)	$ 6,658.482	$ 48.679	$ 6,707.161	(31)
(32)	**Net Cost - Before PY**	$ 2,433.426	$ 199.710	$ 2,633.136	$ 216.212	$ 2,849.348	$ 262.945	$ 3,112.293	(32)
(33)	Prior-Year Surplus / (Deficit)	422.500	161.476	583.976	(583.976)	-	-	-	(33)
(34)	**Net Cost - After PY & AB 85 Redirection**	$ 2,010.926	$ 38.234	$ 2,049.160	$ 800.188	$ 2,849.348	$ 262.945	$ 3,112.293	(34)
(35)	**Operating Subsidies**								(35)
(36)	Sales Tax & VLF	450.453	(12.232)	438.221	-	438.221	-	438.221	(36)
(37)	County Contribution	901.602	53.291	954.893	27.592	982.485	35.414	1,017.899	(37)
(38)	Tobacco Settlement	54.959	-	54.959	-	54.959	-	54.959	(38)
(39)	Measure B	306.475	4.510	310.985	-	310.985	-	310.985	(39)
(40)	**Total Operating Subsidies**	$ 1,713.489	$ 45.569	$ 1,759.058	$ 27.592	$ 1,786.650	$ 35.414	$ 1,822.064	(40)
(41)	**Surplus / (Deficit) = (40) - (34)**	**$ (297.437)**	$ 7.335	**$ (290.102)**	$ (772.596)	**$ (1,062.698)**	$ (227.531)	**$ (1,290.229)**	(41)
(42)	**Beginning Fund Balance**	**$ 1,475.436**	$ (40.050)	**$ 1,435.386**	$ (405.631)	**$ 1,029.755**	$ (793.304)	**$ 236.451**	(42)
(43)	Surplus / (Deficit)	(297.437)	7.335	(290.102)	(772.596)	(1,062.698)	(227.531)	(1,290.229)	(43)
(44)	Long-Term Receivables Reserve	257.387	(372.916)	(115.529)	384.923	269.394	369.246	638.640	(44)
(45)	**Available Fund Balance**	**$ 1,435.386**	$ (405.631)	**$ 1,029.755**	$ (793.304)	**$ 236.451**	$ (651.589)	**$ (415.138)**	(45)

TIMELINE OF CHANGES