

# **Policy Forces and CHC Actions: Advancing PHM Amidst Headwinds**

**March 4, 2026**

# Learning Objectives

By the end of the session, participants will be able to:



1

**Characterize the major policy forces** and their **high-level impacts** on CHCs in 2026.

2

**Identify CHCs' operational, clinical, and strategic responses** to these policy forces.

3

**Articulate specific ideas** about how to make continuous forward **progress on PHMI core competencies** in the challenging policy environment.

**Experiential Goal:** PHMI CHC participants will **connect** with other CHC leaders in similar roles to **share** experience and discuss how policy-driven impacts are affecting PHM efforts.

# Presenters



**Rachel Tobey**  
Health Policy Insights



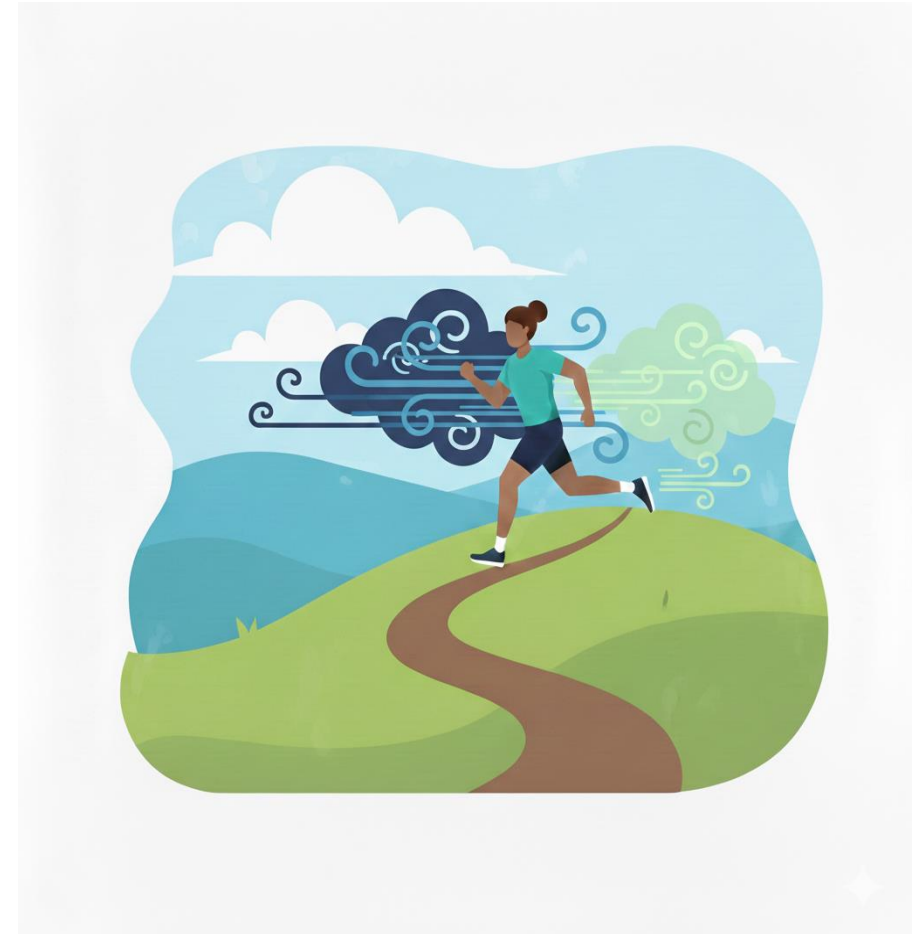
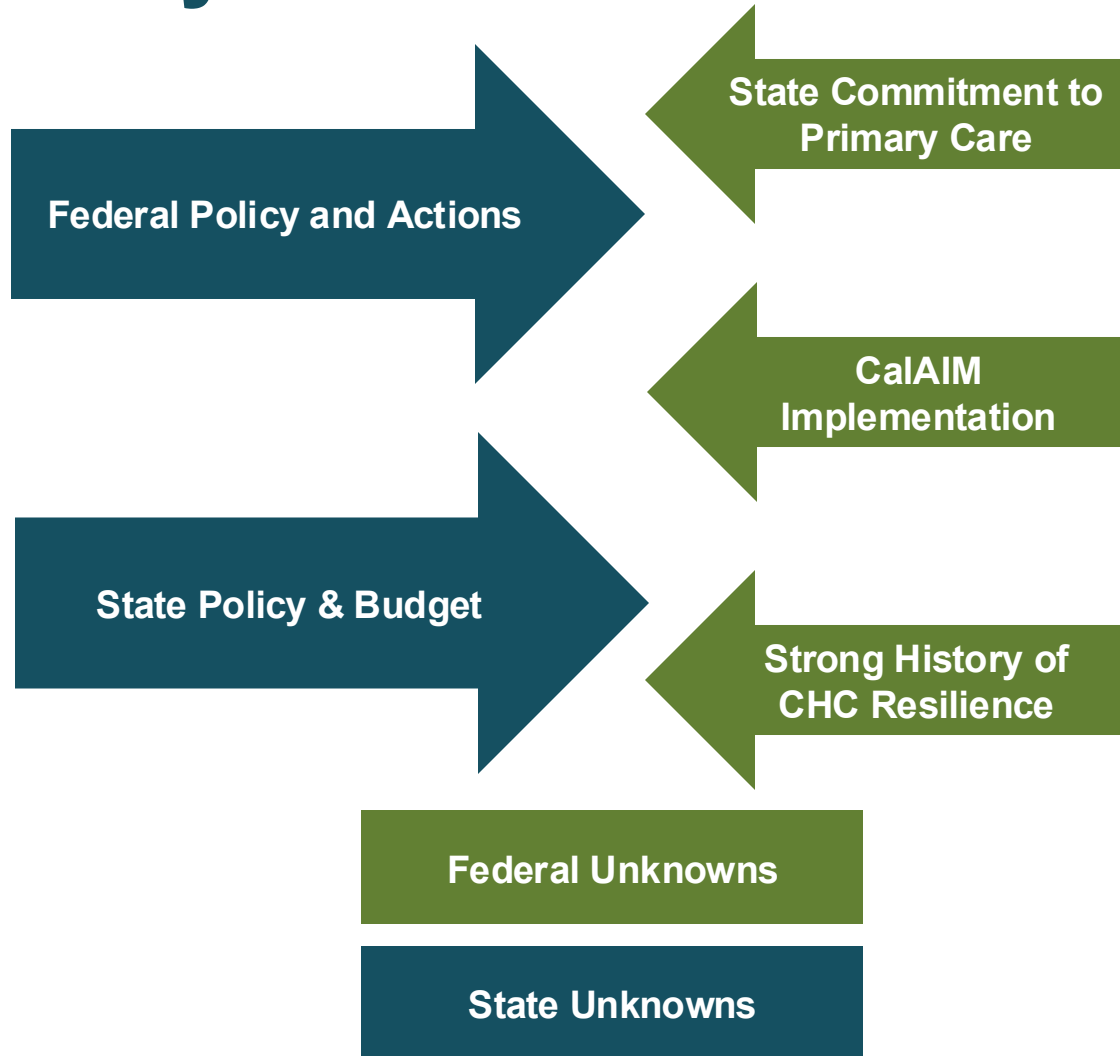
**Allie Budenz**  
CPCA



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El Cambio Consulting

# Federal & State Policy Landscape

# Policy Forces



# Headwinds: Federal Policy & Actions

JAN

OCT

2026

HR-1:  
Exchange  
Subsidy Cuts

HR-1: Changes to Immigration  
Status for refugees, asylees,  
humanitarian parolees, and  
survivors of domestic violence  
or human trafficking

Federal Policy &  
Actions

HR-1:  
Work/Community  
Engagement  
Requirements for Adult  
Medi-Cal Expansion

**ONGOING ACTIONS  
CREATING FEAR,  
UNCERTAINTY &  
COMPLIANCE RISK:**

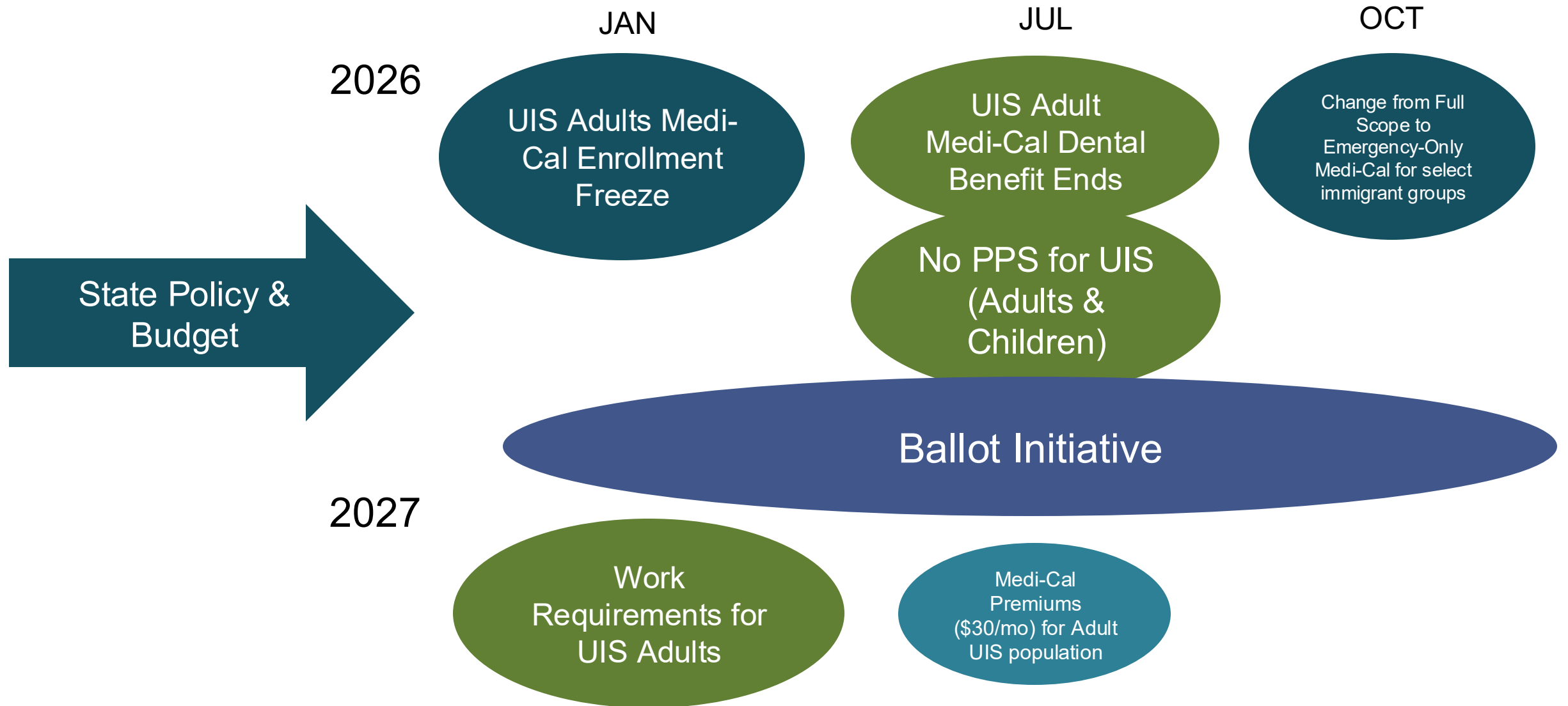
- Targeting Democratic States with Funding Cuts
- Threat: FQHC grants with clauses allowing “termination for convenience”
- PWORA: Interpretation could prevent CHCs from serving immigrants
- Aggressive immigration tactics
- CMS Data Sharing with Homeland Security (1)
- Executive orders regarding EDIB

2027

HR-1: 6-month  
Renewals

Limits on MCO  
and provider taxes

# Headwinds: State Budget & Policy



## Tailwind: State Policy

**2024** - State set goals for increased primary care spend, total medical expense (TME) growth caps and value-based payment (VBP) adoption (1):

1. PC investment benchmark by 2034: **15% of TME allocated to PC**
2. Annual improvement benchmark (2025-2033): 0.5 -1% annual increase in PC spending as a % of TME
3. Total Medical Expense Growth cap (3-3.5% annual)
4. 75% of Medi-Cal members attributed to HCP-LAN Categories 3 and 4 VBP models by 2034



**State Commitment to  
Primary Care**

**2027** - DHCS will release All-Plan Letter (APL) to align DHCS requirements with State PC investment and VBP goals

## Tailwind: State Policy

2026 Medi-Cal MCPs required to implement **D-SNPs for dual-eligible members.**

- PHM capabilities could position CHCs well for contracts under D-SNP where per capita performance \$ could be higher

**Enhanced Care Management** continues.

- State Risk Stratification System should help identify more members for ECM starting 2027.



## Tailwind: History



**Strong History of CHC  
Resilience**

# Putting it Together: Policy Timeline for Health Centers



Doing PHM well is a way to lean into these headwinds and leverage tailwinds.

~20%+ Decline in Medi-Cal Enrollment by 2028

~15%+ Decline in FQHC Patient Revenue by 2028

# Projected Impact on Health Centers of Policy Changes

# Impact

**1. There will be less  
Medi-Cal patients and  
less revenue**

**3. Patients will have  
access to different  
benefits and services**

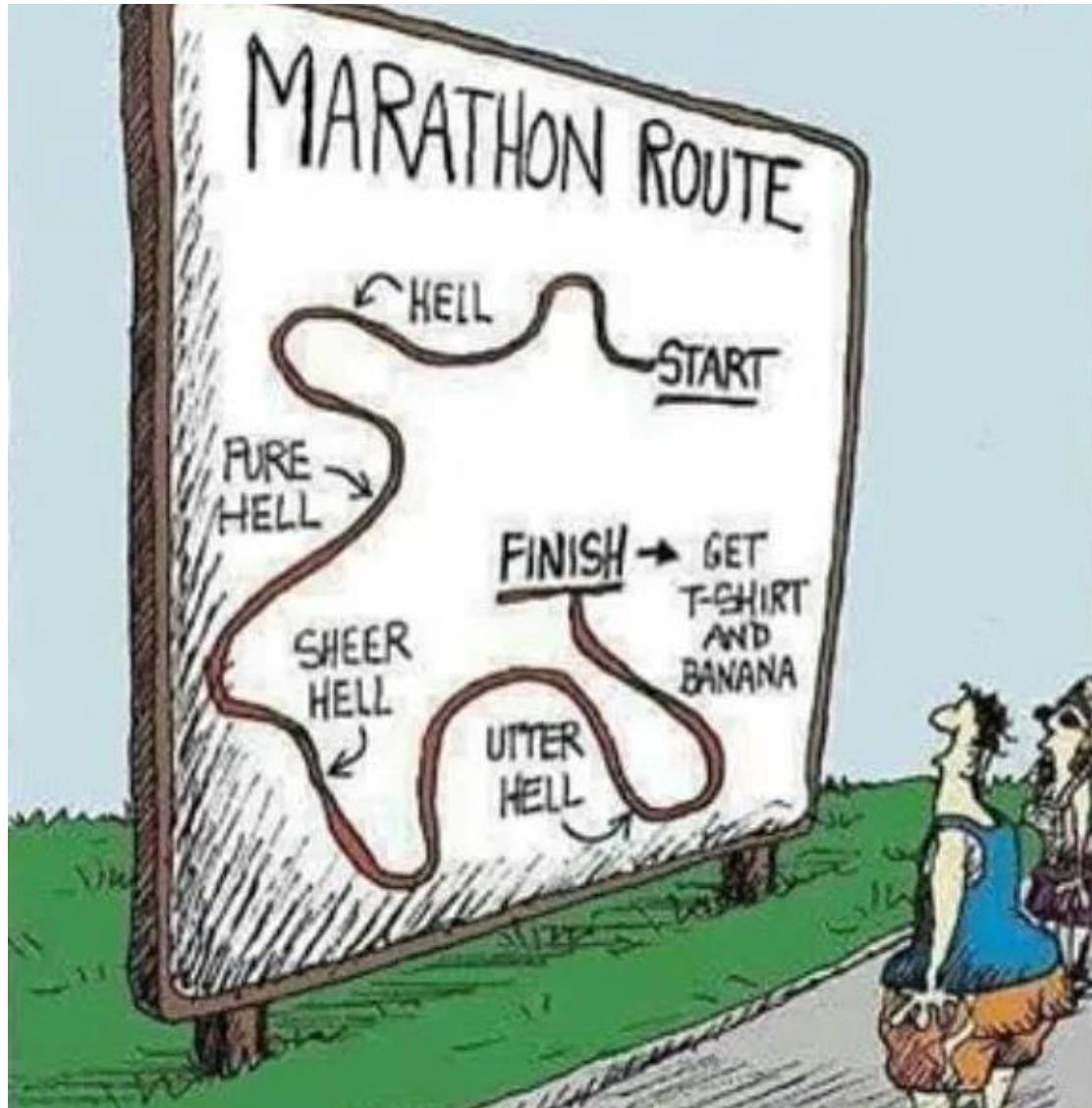
**5. Increased compliance  
risk with federal  
government**

**2. Demand likely to  
continue outpace FQHC  
capacity**

**4. Payor/provider  
partners under financial  
stress**

**6. Patient aging,  
workforce shortage, and  
technology trends  
unchanged**

**UNCERTAINTY**



This is a marathon,  
not a sprint.

“Steal shamelessly” and  
implement wisely.

Clinics DO deliver on  
quadruple aim.

# Actions CHCs Are Taking: Short Term

## Dynamic Budget Projections/Scenario Planning

Budget multiple budget scenarios and plan for service changes driven by Medi-Cal coverage/benefit changes

## Staff/Board Communication

Build staff and Board loyalty, alignment and confidence via value-forward communication, transparency and frequent touches

## Financial Stability

Optimize FQHC access and productivity, maximize patient service revenue, improve operational efficiency / cost effectiveness, and scale essential and self-sustaining services

## Coverage Retention/Navigation

Maximize and flex enrollment support, navigation and community outreach that results in Medi-Cal retention and enrollment by eligible patients

## Immigrant Care/Access

Adapt care modalities (e.g., telehealth, mobile) to maximize essential access at a lower cost threshold...and prioritize communication and outreach

# Actions CHCs Are Taking: Long Term

## Services/Lines of Business

Adapt to demographic, technology and payer changes – services mix won't necessarily look the same

## Diversified Financial Models

Optimize FQHC performance, leverage technology, and diversify revenue sources and payment models

## Mission Forward

Explore new and creative strategies to assert your mission

## Strategic Partnership

Seek out strategic partnerships that leverage core strengths, position the health center for the future and respond to acute partner needs or gaps

# Round Table Discussion

# Round Table Discussion (30 min)

## Clinical Leaders

- What changes are you planning for in service delivery (e.g., discontinuing services, leveraging telehealth)?
- How are you changing roles on the care team to address needs for outreach/engagement, care gap reduction, care coordination, BHI?
- How are community partnerships changing (e.g., to address social needs)?

## Operations Leaders

- What technology strategies are you considering or adopting to be more efficient or effective with PHM?
- How are relationships with MCOs changing regarding data sharing and real-time coordination across health system?
- How are you optimizing contracts or processes with MCOs?

## Business and Strategy Leaders (e.g., CEO, CFO, CSO)

- What new business strategies are you exploring for sustainability of PHM (e.g., partnerships, outsourcing, service changes, new funding sources)?
- How are you planning to stay true to your mission in the context of evolving policy environment?
- How do your actions related to financial sustainability relate to your strategies for spread?

# Round Table Report Out (15 min)

# Closing: Final Reflections



# Health Center Leadership Roundtable



## Next Sessions

Virtual Sessions in April

June SWLS

# Appendix: Detail Policy Tables

# Federal Policy



## Federal Policy

Policy Provision	Start Date	Impact to CA Uninsured	Impact \$
HR-1: Exchange Subsidy Cuts	Jan. 2026	69,000 (1)	New uninsured patients
HR-1: Changes to Immigration Status for refugees, asylees, humanitarian parolees, and survivors of domestic violence or human trafficking	Oct. 2026	?	Fewer Full-scope Medi-Cal members, some may continue to seek care
HR-1: Work/Community Engagement Requirements for Adult Medi-Cal Expansion	Jan. 2027	1,400,000 (2)	Fewer Medi-Cal members, some may continue to seek care → less revenue & same care
HR-1: 6-month Renewals	Jan. 2027	400,000 (2)	
HR-1: Limits on MCO and provider taxes	Jan. 2027		Likely reductions in state directed payments to FQHCs for backfilling 340(b)
HR-1 Cost sharing	Oct. 2028		Small: FQHCs are exempt

# Federal Actions



## Federal Actions

Action	Timing	Impact
Targeting Democratic States with Funding Cuts	ongoing	State funding decline
Threat: FQHC grants with clauses allowing “termination for convenience”	ongoing	Administrative Compliance Risk
PWORA: Interpretation could prevent CHCs from serving immigrants	unknown	Uncertain Administrative Risk if court allows PWORA reinterpretation to proceed
Aggressive immigration tactics	ongoing	Reductions in seeking care & re-enrolling in Medi-Cal
CMS Data Sharing with Homeland Security (1)	Last confirmed Dec. 2025	Reductions in seeking care & re-enrolling in Medi-Cal
Executive orders regarding EDIB	Jan 2025 and ongoing	Administrative Compliance Risk

# State Budget & Policy

State Policy & Budget

Policy Provision	Start Date	Impact to Uninsured	Impact \$
State Policy: UIS Adults Medi-Cal Enrollment Freeze	Jan. 2026	~500,000 – 1M based on current UIS population statewide (2)	Reduced UIS enrollment → reduced revenue ~
State Policy: Work Requirements for UIS Adults	Jan. 2027		25% UIS enrollment reduction in 2026 up to 50% by 2028 (1) Reduced UIS enrollment → reduced revenue
State Policy: UIS Adult Medi-Cal Dental Benefit Ends	Jul. 2026		Reduced revenue ~ UIS Adult Dental visits X PPS
State Policy: No PPS for UIS (Adults & Children)	Jul. 2026		Reduced revenue ~ UIS visits X (difference of PPS and Medi-Cal FFS)
State Budget: Change from Full Scope to Emergency-Only Medi-Cal for select immigrant groups (3)	Oct. 2026		
Ballot Initiative	Jan. 2027		Existential
State Policy: Medi-Cal Premiums (\$30/mo) for Adult UIS population	Jul. 2027		
SB 525 Minimum Wage (4)			Cost increase: \$25/hr min by Jul. 2027