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May 22, 2025

The Honorable Robert Rivas
Speaker of the CA State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Mike McGuire
CA Senate President pro Tempore
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8620
Sacramento, CA 95814

The Honorable Scott Wiener
Chair, Senate Budget Committee
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Dawn Addis
Chair, Assembly Budget Subcommittee 1
1021 O Street, Suite 4120
Sacramento, CA 95814

The Honorable Dr. Akilah Weber Pierson
Chair, Senate Budget Subcommittee 3
1021 O Street, Suite 7310
Sacramento, CA 95814

RE: Governor's May Revision Proposed Budget Solutions

Dear Senators McGuire, Wiener and Weber and Assemblymembers Rivas, Gabriel and Addis:

On behalf of CPCA Advocates, the advocacy affiliate of the California Primary Care Association (CPCA), we write to express deep concern with the Governor's May Revision proposals that threaten to reverse California's progress in advancing equitable access to health care for all. CPCA represents nearly 2,300 community health centers (CHCs) and clinics that serve 8 million Californians annually—one-third of all Medi-Cal patients. These centers provide comprehensive care, including primary, dental, and behavioral health, along with critical enabling and wraparound services that support underserved communities.

CHCs are often the only source of care in rural and underserved areas, and many patients return for ongoing care because of the trust they have built in the community and their leadership in providing culturally and linguistically concordant care. In 2023, more than 40% of our patients had limited English proficiency. These trusted relationships and accessible services are being threatened by budget proposals that would disproportionately impact the very communities our health system should be protecting.

We recognize the fiscal challenges facing the state, but we are deeply disappointed that the May Revision includes cuts that fall hardest on low-income and immigrant communities. After more than a decade of expanding coverage and access to care, these proposals would reverse California's progress. Furthermore, they would amplify federal efforts to restrict care for under-resourced populations and threaten the infrastructure that has advanced California's commitment to health equity. The Governor's May Revision does not reflect the values California has uplifted for the last decade and we encourage the Legislature to reject these harmful proposals.

Rollback of Coverage and Services for Immigrant Communities

The proposal to freeze enrollment for full-scope Medi-Cal for undocumented adults ages 19+, introduce substantial Medi-Cal premiums, and eliminate long-term care and dental coverage for individuals with

unsatisfactory immigration status (UIS) is deeply concerning. Health care needs will not disappear with the loss of coverage; instead, they will return as higher-cost emergency care, shifting the burden to counties and community providers. The infrastructure that once served uninsured populations has largely been dismantled due to the success of Medi-Cal expansion. These cuts would undo that progress and leave communities more vulnerable. We know that providing quality primary care saves our state money in the long-run and helps our communities stay healthy. For fiscal and policy reasons, maintaining care for all is the best outcome.

Elimination of PPS Payments for UIS Individuals at FQHCs/RHCs

The proposal to eliminate state-only Prospective Payment System (PPS) rates for undocumented individuals is not only harmful but unworkable. CHCs do not collect immigration status, and managed care plans are prohibited from sharing such data. Implementing this policy would require clinics to violate patient trust and compromise data privacy—placing them at legal and ethical risk.

This cut also undermines a delivery system that serves a third of all Medi-Cal patients while accounting for less than 16% of the Medi-Cal program’s General Fund spending – one of the most efficient investments the state makes. PPS payments are cost-based and essential to sustaining the comprehensive, team-based care CHCs provide – a model that ultimately lowers costs for the overall healthcare system. Studies show that [CHC patients have lower costs and fewer hospitalizations](#) than those treated elsewhere.

However, CHCs operate on narrow margins and cross-subsidize care across populations. Eliminating PPS for even one group jeopardizes services for all, threatening the financial sustainability of clinics that cannot legally or ethically segment care based on immigration status. Destabilizing this system will ripple across the safety net infrastructure, driving up costs and eroding access statewide.

Managed Care Organization (MCO) Tax and Prop 35/Prop 56 Supplemental Payments

We appreciate the May Revision’s preservation of funding for the Community Clinic Directed Payment Program and Graduate Medical Education, but we are alarmed by the decision to redirect Prop 35 and Prop 56 funds away from their intended purpose—raising provider rates—to backfill general fund obligations.

This redirection undermines the voter mandate to increase access through fair provider compensation. Eliminating Prop 56 payments and repurposing Prop 35 reproductive health funds will result in drastic provider cuts and could result in the closure of up to one-third of California’s dedicated reproductive health clinics. At a time of aggressive federal attacks on reproductive care, this is unacceptable.

Additionally, the Department of Health Care Services (DHCS) has confirmed that the Prop 35 spend plan explicitly excludes FQHCs and RHCs from rate increases for primary and specialty care by using budget mechanisms that circumvent the initiative’s intent. This not only shortchanges the state’s core primary care network but, in combination with PPS cuts, threatens the financial viability of the very providers serving the highest-need populations.

Elimination of the Acupuncture Medi-Cal Benefit

We also oppose the proposed elimination of acupuncture services from Medi-Cal. Many CHCs offer acupuncture as a vital tool in managing chronic pain, stroke-related discomfort, and opioid alternatives. Eliminating this benefit removes a critical, culturally relevant service, especially for Asian American, Pacific Islander, and opioid-affected communities. Acupuncture is not cosmetic—it’s a non-invasive, evidence-

based, cost-effective alternative for addressing pain and the opioid crisis. Removing it risks increasing opioid use and worsening patient outcomes, especially in low-income populations who cannot afford private alternatives.

Health Enrollment Navigator Program

Finally, we urge the Legislature to include a continuation of funding for Medi-Cal Health Enrollment Navigators in any final budget solution. Navigators are trusted guides who help Californians—especially seniors, pregnant women, immigrants, and those with limited English proficiency—enroll in and retain health coverage. Navigator services deliver powerful results. In a [2024 survey](#), 97% of applicants successfully submitted applications when assisted by a Navigator, compared to only 70% without assistance.

Since 2019, the Legislature has invested \$40 million (\$80 million with federal match) in Health Enrollment Navigator services. This includes an essential one-time \$10 million General Fund investment (\$20 million including the federal match) in the 2023–24 budget for community health centers to expand these services. Through the Medi-Cal Health Enrollment Navigator Project for Clinics, health outreach and enrollment services are provided at 107 CHCs across 38 counties, supported by ten regional clinic consortia. These Federally Qualified Health Centers (FQHCs), tribal health programs, and other clinics are uniquely equipped to address barriers to coverage and care for Californians in underserved communities. Funding is set to expire June 30, 2025.

With looming eligibility changes at both state and federal levels, these workers are more vital than ever. We urge the Legislature to reject policies aimed at restricting enrollment and ensuring coverage loss and include funding for Health Enrollment Navigators in the final budget agreement.

Conclusion

These proposals do not just reverse California’s progress on equity; they threaten to dismantle the most efficient, community-based care delivery system we have. We understand that difficult choices are required to close the budget gap. But we urge the Legislature to protect foundational safety net investments like full-scope Medi-Cal coverage and benefits for all income-eligible Californians, PPS reimbursement, reproductive health access, and health enrollment navigators. These are not temporary expenditures. They are structural components of California’s health care infrastructure, especially for underserved and immigrant communities.

California’s budget must reflect not only fiscal prudence but also our enduring values of equity, access, and care for all. We urge you to reject these damaging cuts and prioritize a path that safeguards both the people and the programs most critical to our state’s health.

Thank you for your consideration. If you have any questions, please contact Laura Sheckler at Laura@cpcadvocates.org.

Sincerely,



Laura Sheckler
Director of Budget Advocacy and Strategic Policy
California Primary Care Association Advocates

cc:
Assembly Subcommittee No. 1 on Health
Senate Subcommittee 3 on Health and Human Services