California Health Care Foundation

San Diego & Imperial Counties: Change and Consolidation Come to the Region's Hospitals



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Caroline Davis, MPP
Yegian Health Insights
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Agenda

01 Welcome and Project Overview — Kara Carter, MBA, MSc

02 Summary of Study Findings — Caroline Davis, MPP

03 Panel Discussion with Regional Experts

Douglas Cates, PhD, Chief Strategy Officer, UC San Diego Health
Gene Ma, MD, President & CEO, Tri-City Healthcare District
Melissa Major, CEO, Sharp Rees-Stealy Medical Centers
Amanda Simmons, MSHCT, Executive Vice President, Integrated Health Partners of Southern California
Kristof Stremikis, MPP, MPH, Director, Market Analysis & Insight, California Health Care Foundation (CHCF)

04 Audience Q&A



Panelists



Caroline Davis, MPP
Regional Lead
Yegian Health Insights



Douglas Cates, PhD
Chief Strategy Officer
UC San Diego Health



Gene Ma, MD
President & CEO
Tri-City Healthcare District



Melissa Major
CEO
Sharp Rees-Stealy Medical Centers

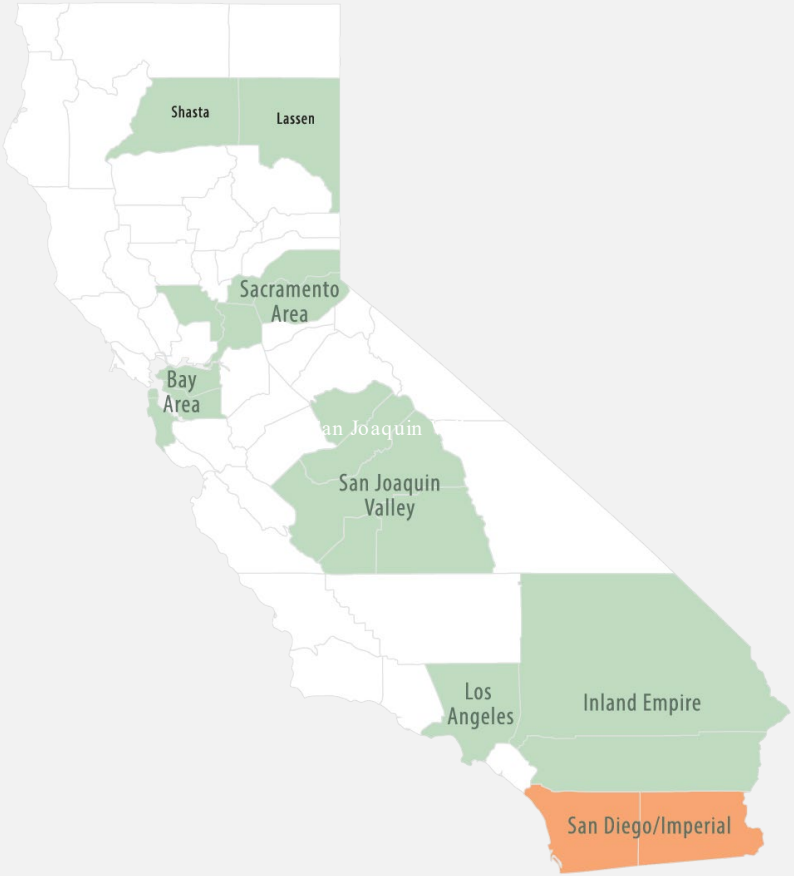


Amanda Simmons, MSHCT
Executive Vice President,
Integrated Health Partners
of Southern California

Views expressed by panelists are their own and do not necessarily reflect those of CHCF.

Project Overview

- The purpose of the study is to gain key insights into the organization, financing, and delivery of care in communities across California and over time. This is the **fifth round of the study** ; the first set of regional reports was released in 2009.
- The **markets in the 2025 study** are Inland Empire, Los Angeles, Sacramento, San Diego/Imperial, San Francisco Bay Area, San Joaquin Valley, and Shasta/Lassen.
- The **Yegian Health Insights consulting team includes** Jill Yegian, Ted Calvert, Caroline Davis, Len Finocchio, Marian Mulkey, Katy Wilson, Alwyn Cassil, and Karen Shore.
- **Seven reports** , along with webinars or in-person events, will be released in 2026.



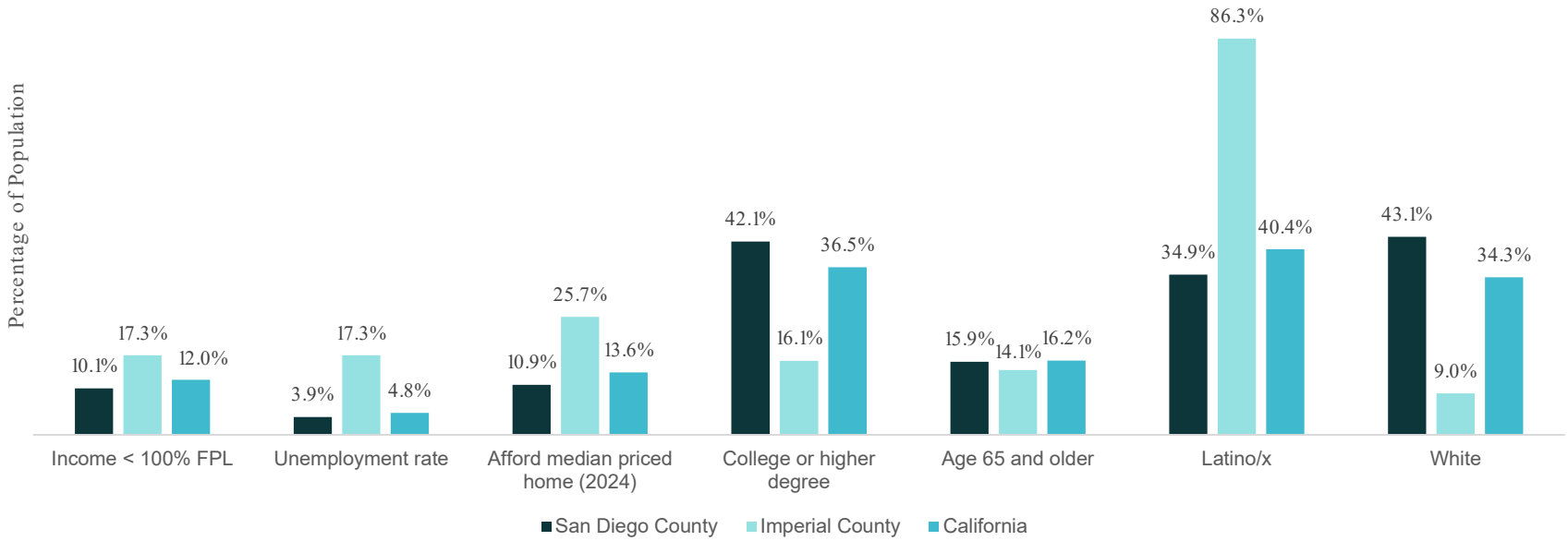
Approach and Information Sources

- Quantitative data from many sources, including the California Department of Health Care Access and Information (HCAI), US Census, California Health Interview Survey, and others
- News stories, industry reports, journal articles, policy analysis, government meeting proceedings
- Counties included in the region:
  - Imperial
  - San Diego
- Qualitative data generated by 29 interviews with regional leaders, including:
  - Hospitals, health systems, community health centers (CHCs), provider organizations
  - Medi-Cal managed care plans
  - County government
  - Community-based organizations
  - Regional experts
- Interviews conducted between October 2025 and January 2026

San Diego & Imperial Counties: Population Overview

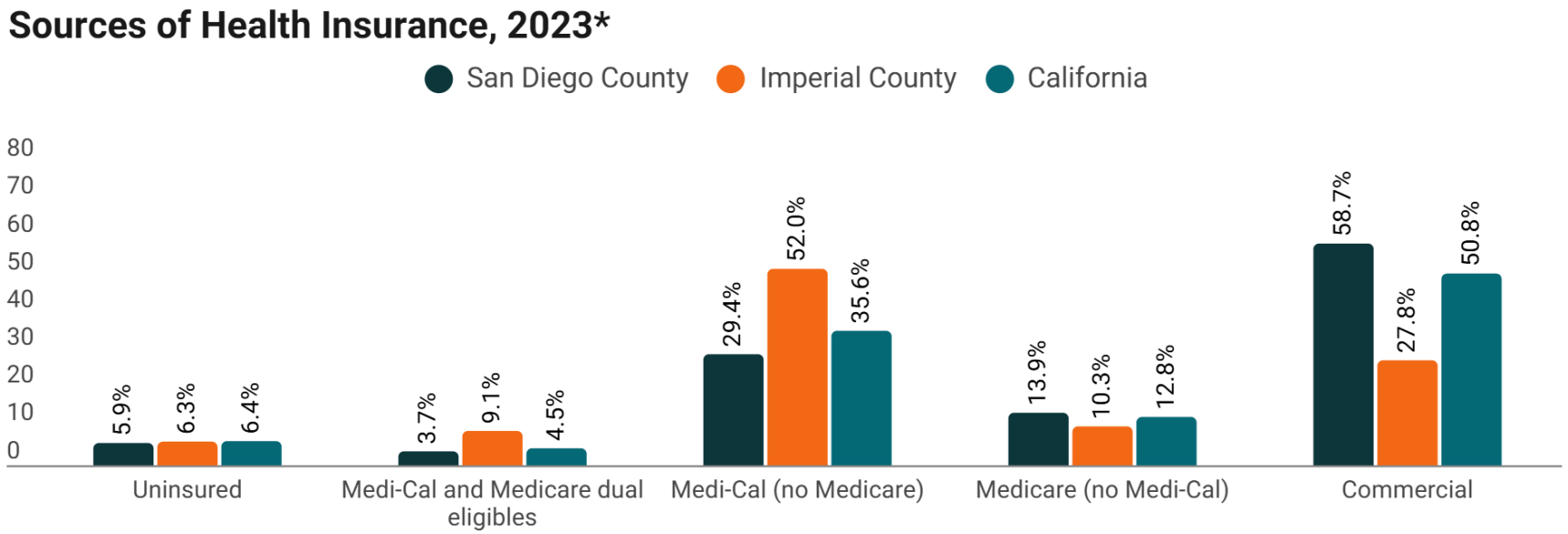
(2023 data unless noted)

San Diego County is home to **3.3 million** people while **182,000** people call Imperial County home



For data sources and more detail, see Table 1 in *San Diego and Imperial Counites: Change and Consolidation Come to the Region's Hospitals*, https://www.chcf.org/resource/2026/09/23/san -diego-and-imperial-counties-regional-market-report-2026/

San Diego Residents More Likely to Have Commercial Coverage, While Imperial Residents More Likely to Rely on Medi-Cal



*Percentages may sum to more than 100% due to people being included in more than one category.

CHCF, 2026

New Local Imperial Medi-Cal Plan Created, Lone FQHC Expands

In 2024, local stakeholders launched a new, public health plan as part of the switch to the Medi-Cal managed care Single Plan Model.

- Community Health Plan of Imperial Valley (the local plan) and Kaiser serve the Imperial Medi-Cal market.

Innercare, the lone FQHC in Imperial County, plays a critical safety-net role for residents.

- Almost 2/3 of patients had incomes <100% FPL in 2023.
- Launched the first Program of All-Inclusive Care for the Elderly (PACE) in Imperial County in 2026.

State Law Consolidates Imperial Health Care Districts and Hospitals

Imperial County's two hospitals have struggled financially for many years.

- To help address the hospitals' financial challenges, state legislation created a single health care district in Imperial County.
- Pioneers Memorial and Heffernan Memorial Healthcare Districts combined to create new Imperial Valley Healthcare District (IVHD) in 2023.
- IVHD required to acquire El Centro Regional Medical Center.
- UCSD Health has held a management services agreement with El Centro Regional Medical Center since 2015 and will assume day-to-day operations of the consolidated health system.

Strong Hospital Financial Performance in San Diego

Largest Acute Care Hospital Systems, 2023

Hospital System	Number of Hospitals	Available Beds	Net Income Margin*	Share of Discharges in Region	% Medi-Cal (Discharges)	% Medicare (Discharges)
Sharp HealthCare	4	1,783	13%	30%	33%	40%
Scripps Health†	4	1,299	9%	26%	20%	50%
University of California San Diego Health	1	754	6%	13%	33%	34%
Kaiser Foundation Hospitals	2	764	-5%	10%	8%	47%
Prime Healthcare Services	2	597	-3%	4%	44%	37%
No system affiliation	4	1,272	16%	20%	35%	35%
San Diego County	17	6,389	9%	100%	29%	41%
California	334	77,339	4%	n/a	31%	42%

**Net income margin* is net income divided by the sum of net patient revenue, other operating revenue, and nonoperating revenue.

† Scripps Health includes Scripps Green Hospital, which is not reflected in the totals.

Source: *2023 Pivot Table - Hospital Annual Selected File (October 2025 Extract)*, California Department of Health Care Access and Information.

For more detail, see Table 12 in *San Diego and Imperial Counties: Change and Consolidation Come to the Region's Hospitals*
https://www.chcf.org/resource/2026/09/23/san -diego-and-imperial-counties-regional-market-report-2026/

San Diego's Health Systems Expand as Smaller Hospitals Consolidate

- **UCSD Health:**
  - Acquired Alvarado Hospital (306 beds) from Prime Healthcare in 2023
  - Finalized Joint Powers Authority with Palomar Health in 2026 (522 beds)
- **Sharp HealthCare finalized agreement to operate Tri-City Medical Center (314 beds) in 2026.**
- **Rady Children's Hospital merged with Children's Hospital of Orange County in 2024.**
- **Scripps Health intends to build a new 128-bed hospital by 2029 (with capacity for additional 128 beds) in northern San Diego County.**

San Diego's Medical Groups, Independent Practice Associations (IPAs) Seek Growth

- Sharp Community Medical Group – San Diego's largest IPA – created FocusHealth Medical Group to acquire practices from physicians exiting or retiring from private practice.
- Optum and Astrana – large corporate-owned physician services entities – acquired practices in San Diego.
- Unclear whether San Diego's already-consolidated physician sector will sustain outside investor interest, given how few independent practices remain.

San Diego's Medi-Cal Managed Care Enrollment Grows, Number of Health Plans Contracts

- One of two counties statewide – the other is Sacramento – that participates in Geographic Managed Care model for Medi-Cal.
- Since 2022, three plans have exited the Medi-Cal market.
- Four plans currently serve the County's Medi-Cal population.
- California plans to re-procure the Medi-Cal health plans no sooner than 2029.

TABLE 10. Medi-Cal Managed Care Plans,
San Diego County, 2019 and 2024

	MARKET SHARE*	
Plan	2019	2024
Community Health Group	37.0%	41.2%
Molina Healthcare of California	31.0%	30.3%
Blue Shield of California Promise	11.9%	20.1%
Kaiser Permanente	7.0%	7.7%
Health Net	9.4%	0.0%
UnitedHealthcare of California	1.8%	0.0%
Aetna Better Health	1.6%	0.0%

* Plan-level Medi-Cal managed care market share is as of December 2019 and December 2024, respectively.

Source: *Medi-Cal Managed Care Enrollment Report*, California Department of Health Care Services, accessed in 2025.

San Diego's Community Health Centers (CHCs) Seek to Diversify Payer Mix

- No county-operated CHCs serve San Diego County's residents.
- 19 community-based CHCs serve a critical safety net role.
- Integrated Health Partners – a subsidiary of the regional clinic consortium – contracts with health plans via a clinically integrated network for both Medi-Cal and Medicare patients.

TABLE 14. Largest Community Health Center Systems,
San Diego County, 2023

Community Health Center System	Encounters	Patient Income Below 100% Federal Poverty Level	Medi-Cal as Share of Net Patient Revenue
Family Health Centers of San Diego	952,248	81%	89%
San Ysidro Health	582,386	69%	85%
Neighborhood Healthcare	312,211	64%	90%
TrueCare	305,008	61%	90%
Vista Community Clinic	225,390	72%	86%
San Diego County	**2,958,165**	**72%**	**86%**
California	**26,871,453**	**70%**	**78%**

Notes: Excludes 30 sites statewide that report 100% of their revenue from California's Program of All-Inclusive Care for the Elderly. Excludes county-owned and -operated FQHCs in the region as this information is not reported to the Department of Health Care Access and Information.
Source: *2023 Primary Care Clinic Annual Utilization Data (November 2024)*, California Department of Health Care Access and Information, last updated May 29, 2026.

Strong Regional Workforce Supply, Although Access Challenges Persist

- There are more physicians, advanced practice providers (APPs), and nurses across the region than the statewide averages.
- Behavioral health providers comparable to statewide average, although one interviewee noted "there are never enough."
- More than 1/3 of regional population is Latino/x; only 10.5% of physicians are Latino/x.

2024 Data	San Diego and Imperial (% of Statewide Average)	California
LICENSED PROVIDERS PER 100,000 POPULATION		
Physicians	415 (116%)	358
Advanced practice providers	152 (119%)	128
Nurses	1,360 (101%)	1,353
Behavioral health providers	384 (100%)	384
PHYSICIAN DETAIL BY SPECIALTY AND HOURS WORKED		
Physicians per 100,000 population		
Physicians working 20+ hours/ week	332 (113%)	294
- Primary care	129 (109%)	118
- Specialty	203 (116%)	176
- Psychiatry	21 (116%)	18

For data sources and more detail, see Table 15 in San Diego and Imperial Counites: Change and Consolidation Come to the Regions Hospitals, https://www.chcf.org/resource/2026/09/23/san-diego-and-imperial-counties-regional-market-report-2026/

Many Efforts Underway to Address Workforce Shortages

- UCSD's medical school launched a new physician assistant program in 2024.
- Two San Diego CHCs offer family medicine residencies through the federal Teaching Health Care Graduate Medical Education program, and Imperial's CHC plans to do so as well.

- CHCs in the region participate in California's Licensed Physicians from Mexico Pilot Program to support clinically and linguistically aligned services for their patient populations.
- Behavioral health departments in both counties are working to expand the behavioral health workforce.

CalAIM Initiatives Welcomed Despite Implementation Challenges

- Regional enrollment in Enhanced Care Management (ECM) and Community Supports (CS) exceeded statewide levels.
  - About 2.9% of Medi-Cal members received Enhanced Care Management (ECM) services in San Diego/Imperial, 1.5% statewide
  - About 2.5% of Medi-Cal members received Community Supports (CS) services in San Diego/Imperial, 1.9% statewide
- Overall, respondents endorsed CalAIM's broad goal of better serving the whole person.
- CalAIM implementation was viewed as challenging, particularly for the three housing-related CS.

TABLE 17. Medi-Cal and CalAIM,
San Diego and Imperial Counties vs. California, 2024

	San Diego and Imperial Counties	California
ENHANCED CARE MANAGEMENT (ECM) ENROLLMENT*		
ECM enrollment	31,234	206,501
Share of Medi-Cal managed care enrollees receiving ECM	2.9%	1.5%
COMMUNITY SUPPORTS (CS) ENROLLMENT†		
CS enrollment	27,362	258,141
Share of Medi-Cal managed care enrollees receiving CS	2.5%	1.9%

* *ECM enrollment* is the number of unique members who received ECM in the last 12 months of the reporting period ending September 30, 2024.

† *CS enrollment* is the number of members receiving services in the 12 months of the reporting period ending September 2024.

Source: *ECM and Community Supports Quarterly Implementation Report (data through September 30, 2024)*, California Department of Health Care Services, last updated March 2025, data tables for charts 1.7.1 and 3.9.1.

Efforts Underway to Expand Behavioral Health Access

- San Diego County emphasizes preventive care and management of chronic conditions and added facilities to address access to behavioral health services.
- San Diego County also worked to increase Medi-Cal rates for fee-for-service acute psychiatric inpatient services.

- Imperial County operates a number of outpatient clinics as well as two “wellness centers.” The County reaches individuals living in remote areas through Medi-Cal's mobile crisis benefit.
- Several Behavioral Health Continuum Infrastructure Program grants will add behavioral health beds and outpatient facilities over the next few years.

Large Federal and State Budget Cuts Spark Significant Concern

- Interviews were conducted after federal H.R. 1 was signed into law but before most implementation guidance had been issued.
- Many respondents were worried about how to weather the changes to Medi-Cal and health care coverage in the coming years.

- Health plans and providers expect negative financial impacts due to expected increase in number of uninsured residents, increase in uncompensated.
- Safety-net hospitals voiced concerns about changes to federal Medicaid financing that will reduce Medi-Cal direct payments.

Issues to Track

- What will be the impact of increasing financial pressure on the region's health systems and hospitals?
- Will the Joint Powers Authority (JPA) between UCSD Health and Palomar stabilize Palomar? How will the Palomar JPA and UCSD Health's expanded role in Imperial County impact costs and access regionally?
- Will Optum and Astrana continue to expand regionally?
- Will higher reimbursement rates for Medi-Cal inpatient behavioral health services in San Diego be sustained?

Before you go . . . We would love your feedback

- Scan the QR code to **take our survey** (2-3 minutes).
- **Your input helps us:**
  - Improve future CHCF events
  - Shape topics that matter most to you
  - Better support your work and region
- **Thank you for being part of today's conversation.**