

**Department of Health Care Services  
Proposed Trailer Bill Language**

**Suspend Skilled Nursing Facility Backup Power Requirement**

**Fact Sheet**

**Issue Title: Suspend Skilled Nursing Facility (SNF) Backup Power Requirement.** The Department of Health Care Services (DHCS) proposes to suspend the requirement for SNFs to have an alternative source of power for no fewer than 96 hours during any type of power outage until the Legislature has appropriated sufficient funds for the express purpose of providing a rate add-on to SNFs' Medi-Cal per diem rate for the projected cost of complying with the new requirement.

**Background:** Existing law requires SNFs to have an alternative source of power for no fewer than 96 hours during any type of power outage by January 1, 2026 (Health and Safety Code (HSC) Section 1418.22). This requirement was established by AB 2511 (Chapter 788, Statutes of 2022) and then subsequently delayed by SB 1511 (Chapter 42, Statutes of 2024) from January 1, 2024, to January 1, 2026.

The Medi-Cal Long-Term Care Reimbursement Act (Article 3.8 (commencing with section 14126) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code and the California Medicaid State Plan require DHCS to provide a rate add-on to SNFs' Medi-Cal per diem rate for the projected cost of complying with new requirements.

As of the Fiscal Year 2025-26 Governor's Budget, DHCS estimated in the Medi-Cal Local Assistance Estimate ([Policy Change 98](#)) that the implementation of this new requirement was projected to cost \$249.6 million (\$98.2 million General Fund) in 2025-26 and \$350.4 million (\$137.9 million General Fund) in 2026-27. The 2025 May Revision eliminates funding for the implementation of this new requirement.

**Justification for Change:** In order to address the state budget shortfall, DHCS proposes to suspend the requirement for SNFs to have an alternative source of power for no fewer than 96 hours during any type of power outage until the Legislature has appropriated sufficient funds for the express purpose of providing a rate add-on to SNFs' Medi-Cal per diem rate for the projected cost of complying with the new requirement (HSC Section 1418.22(f)(2)(A)). SNFs would not need to comply with the backup power requirements until the first day of the Medi-Cal rate year for which DHCS publishes a written notice on DHCS' website that the appropriation has been made to provide an add-on to the Medi-Cal per diem rate to SNFs for the projected cost of complying with the requirements of this policy. DHCS would also be authorized to implement the provision by means of provider bulletins, policy letters, or other similar instructions, without taking regulatory action (HSC Section 1418.22(f)(2)(B)).

**Summary of Arguments in Support:**

- The proposed statutory changes prevent SNFs from needing to implement a new requirement until such time that adequate funding is provided.
- The proposed statutory changes allow DHCS to remain in compliance with the requirements of the Medi-Cal Long-Term Care Reimbursement Act and

California Medicaid State Plan. Because the California Medicaid State Plan is an agreement with the federal government for the operation of the Medi-Cal program, enforcing compliance with the new requirement without providing a rate add-on would jeopardize federal financial participation for the Medi-Cal program.