



NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: APRIL 24, 2026

Changes to Reimbursement of State-Only Services in Federally Qualified Health Centers and Rural Health Centers

This notice provides information of public interest about forthcoming guidance from the Department of Health Care Services (DHCS) regarding Federally Qualified Health Centers (FQHC)/Rural Health Centers (RHC) reimbursement for state-only services transitioning from the Prospective Payment System (PPS) to non-PPS methodologies, effective July 1, 2026.

Assembly Bill 116 (Chapter 21, Statutes of 2025) amended Welfare & Institutions Code (WIC) section 14132.100, subdivision (c), effective July 1, 2026, to specify that only services that are eligible for federal financial participation shall be reimbursed using the PPS. The forthcoming guidance will effectuate the necessary changes to reimbursement methodologies, billing procedures, and other requirements to transition reimbursement for FQHC/RHC services that are ineligible for federal financial participation to non-PPS methodologies, effective July 1, 2026.

State-only services are services ineligible for federal financial participation under the federal Medicaid program, but are covered under California's Medi-Cal program, including services provided to members with federally unsatisfactory immigration status other than pregnancy and emergency-related services, as well as other Medi-Cal services.

- **Fee-For-Service (FFS) Delivery System:** Effective July 1, 2026, for state-only services provided to members in FFS, DHCS will reimburse FQHCs/RHCs at the FFS rate otherwise applicable to community clinic providers.
- **Managed Care Delivery System:** For state-only services provided to members in the managed care delivery system, managed care plans (MCP) will reimburse FQHCs/RHCs at the applicable rate negotiated between the FQHC/RHC and the MCP, subject to any state, federal, or contractual requirements. Managed care visits for state-only services will be ineligible for additional differential "wrap" payments from DHCS and will be excluded from the annual PPS reconciliation.

This change will not apply to the following Tribal Health Clinics: Indian Health Services (IHS)/Memorandum of Agreement (MOA), Tribal FQHCs, and Urban Indian Organizations.



DHCS will provide additional technical guidance and assistance to providers to effectuate these changes.

Stakeholder Review and Input

WIC section 14132.100 subdivision (r) authorizes DHCS, notwithstanding any other law, to implement, interpret, or make specific this section by means of a provider bulletin or similar instruction without taking regulatory action pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

DHCS is requesting input from interested parties and appropriate stakeholders regarding the proposed changes. In accordance with WIC section 14132.100 subdivision (r), DHCS will:

1. Schedule at least one meeting with interested parties and appropriate stakeholders to discuss the proposed guidance.
2. Provide a draft of the proposed guidance at least 10 business days prior to the meeting described above.
3. Accept written input regarding the proposed guidance and provide summary written responses in conjunction with the issuance of the applicable final guidance.

The draft proposed guidance will be published at the following webpage as an addendum to this public notice: [FQHCs and RHCs](#).

Please email FQHCBenefitsandRates@dhcs.ca.gov with your name and organizational affiliation (if any) if you would like to be notified of the draft guidance once it is available, and to be invited to participate in the interested parties and stakeholders meeting once it is scheduled. Please indicate "FQHC/RHC State-Only Services" in the subject line or message.

To be assured receipt of the draft proposed guidance and invitation to the interested parties and stakeholder meeting, the request must be received no later than May 14, 2026. Please note that requests will continue to be accepted after May 14, 2026, but DHCS may be unable to assure consideration prior to distributing the draft proposed guidance and convening the interested parties and stakeholder meeting.