

# MEMORANDUM



**DATE:** March 27, 2026

**TO:** Protect Access to Health Care Act Stakeholder Advisory Committee (PAHCA-SAC)

**FROM:** Rafael Davtian  
Deputy Director, Health Care Financing, DHCS

**SUBJECT:** May 2026 Meeting & Updates Since January 2026

DHCS is tentatively scheduling the next PAHCA-SAC meeting for May 28, 2026, and has confirmed a quorum to convene the meeting. The PAHCA-SAC will meet at 1700 K Street, Sacramento, California; virtual attendance by PAHCA-SAC members will be available if needed, more communication will be forthcoming. The meeting agenda and public notice are under development and will be published in advance of the meeting in accordance with State law.

In advance of the May 2026 meeting, DHCS is providing certain updates and technical information:

- **Federal guidance**—In February 2026, the Centers for Medicare & Medicaid Services (CMS) published [final guidance](#) to states regarding health care-related taxes. Specific to California’s Managed Care Organization (MCO) Tax, this guidance leaves intact California’s approved tax waiver for the MCO Tax through December 31, 2026, at which time the approved tax structure will sunset. This permits implementation of the 2026 Spending Plan as outlined at the January committee meeting, with certain proposed modifications. The January meeting materials are available on the [PAHCA-SAC website](#).
- **Prop. 35: 2025 investments**—DHCS continues to await federal approval of State Plan Amendments (SPAs) submitted in September 2025 for supplemental payments for Emergency Department (ED) physician and Ground Emergency Medical Transportation (GEMT) services for July 1 through December 31, 2025. In the meantime, please see the following interim updates:
  - Following recalculation of Managed Care Base Rate Increases as discussed at the January 2026 meeting, DHCS intends to update the payment

methodology to allocate the full CY 2025 Spending Plan allocation (\$50 million) to provide UDI add-ons for GEMT services for dates of service from July 1, 2025, through December 31, 2025.

- DHCS intends to submit the amended SPA package to CMS by March 31, 2026, for these revisions to supplemental payments for GEMT services.
- Likewise, DHCS will publish an addendum to the GEMT services SPA (25-0003-B) Public Notices. The SPA Public Notice Addendum is a prerequisite for the amended SPA package submission.
- **Prop. 35: 2026 investments**—DHCS plans to provide 2026 Spending Plan status updates and discuss related considerations at the May 2026 PAHCA-SAC meeting. In the meantime, please see the following interim updates:
  - ED Physician: DHCS will publish an addendum to the SPA 26-0007 Public Notice to extend the UDI add-on period for dates of service for January 1, 2026, through December 31, 2026, based on the full CY 2026 Spending Plan allocation (\$93 million).
  - GEMT: DHCS will publish an addendum to the SPA 26-0006 Public Notice to extend the UDI add-on period for dates of service for January 1, 2026, through December 31, 2026, and, following recalculation of Managed Care Base Rate Increases as discussed at the January 2026 meeting, update the payment methodology to allocate the full CY 2026 Spending Plan allocation (\$50 million) to provide UDI add-ons for GEMT services for CY 2026.
  - These federal public notices will fulfill the prerequisites for subsequent SPA package submissions but do not, by themselves, constitute requests for federal approval of a payment methodology.
  - DHCS intends to submit SPA packages to CMS, with the above proposed changes, by March 31, 2026.
  - Behavioral Health (BH) Facility Throughputs: While the 2026 Spending Plan proposes uses of funds for all other domains, BH Facility Throughputs remains unallocated for the full CY 2026 allocation (\$300 million). A copy-and-paste display error in the January 2026 meeting presentation for the CY 2026 Spending Plan incorrectly refers to the investments in the CY 2025 Spending Plan. A CY 2026 proposal will be discussed at a future PAHCA-SAC meeting.

- **Next PAHCA-SAC meeting**—DHCS plans to share additional details regarding the topics listed above at the next PAHCA-SAC meeting, and to seek your consultation regarding Proposition 35 investments in accordance with State law.

As always, thank you for your continued consultation and assistance in implementing Proposition 35.

cc: [PAHCA SAC Website](#)