CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

September 15, 2026

THIS LETTER SENT VIA EMAIL

Ms. Courtney Miller, Director
Division of Program Operations
Medicaid and CHIP Operations Group
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 0300
Kansas City, MO 64106-2898

STATE PLAN AMENDMENT 26-0019: MEDI-CAL FEE-FOR-SERVICE REIMBURSEMENT RATE UPDATES FOR CLINICAL LABORATORY OR LABORATORY SERVICE

Dear Ms. Miller:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 26-0019 for your review and approval. This SPA proposes to adjust certain Medi-Cal Fee-For-Service (FFS) reimbursement rates for clinical laboratory or laboratory services, effective July 1, 2026.

Pursuant to Welfare and Institutions Code Section 14105.22, Medi-Cal reimbursement rates for clinical laboratory or laboratory services shall not exceed the lowest of four factors, including: (1) the amount billed; (2) the charge to the general public; (3) the rate in effect on the Medi-Cal Fee schedule for the current state fiscal year; and (4) every three years, beginning on July 1, 2026, the average of the lowest prices third-party payers (excluding Medicare and Medicaid) are paying for similar services. DHCS proposes to conduct a Triennial rate review and adjust Medi-Cal fee-for-service rates in accordance with Welfare and Institutions Code section 14105.22.

A Notice of Public Interest and Request for Public Input for SPA 26-0019 was published on June 5, 2026, on the DHCS website. The 30-day public comment due date was July 31, 2026, and no public comments were received. In addition, DHCS has determined that a Tribal notice is not necessary for this proposal.

DHCS is submitting the following SPA documents for your review and approval:

- CMS 179 - Transmittal and Notice of Approval of State Plan Material
- Pages 3d, 3f-1, and 3f-2 of Attachment 4.19-B (Clean)
- Pages 3d, 3f-1, and 3f-2 of Attachment 4.19-B (Redline)
- Clinical Laboratory Services Access Study
- Budget Impact Explanation
- CMS Standard Funding Questions

If you have any questions or need additional information, please contact Aditya Voleti, Chief of Provider Rates, at (916) 345-8717 or by email at Aditya.Voleti@dhcs.ca.gov.

Sincerely,

[redacted]

Tyler Sadwith
State Medicaid Director
Chief Deputy Director, Health Care Programs
California Department of Health Care Services

Enclosures

cc: Saralyn M. Ang-Olson, JD, MPP
Chief Compliance Officer
Office of Compliance
California Department of Health Care Services
Saralyn.Ang-Olson@dhcs.ca.gov

Rafael Davtian
Deputy Director
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Aditya Voleti
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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26-0019

2. STATE: CA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
Title 42 CFR 447 Subpart F

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ (286,160)
b. FFY 2027 $ (1,144,641)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Supplement 29, Attachment 4.19-B, pages 3d, 3f-1, 3f-2

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Supplement 29, Attachment 4.19-B, pages 3d, 3f-1, 3f-2

9. SUBJECT OF AMENDMENT
Medi-Cal FFS reimbursement rate updates for clinical laboratory or laboratory services, effective July 1, 2026.

10. GOVERNOR'S REVIEW *(Check One)*
( ) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
(●) OTHER, AS SPECIFIED:
Please note: The Governor's Office does not wish to review the State Plan Amendment.

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Tyler Sadwith

13. TITLE
State Medicaid Director and Chief Deputy Director

14. DATE SUBMITTED
September 15, 2026

15. RETURN TO
Department of Health Care Services
Attn: Director's Office
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

Instructions on Back

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: California

4. Effective for dates of service on or after July 1, 2023, reimbursement rates for clinical laboratory or laboratory services as described in State Plan Attachment 3.1-A, page 1, paragraph 3, entitled "Other Laboratory and X-ray services," will be established using the following methodology:

   a) The reimbursement rate for clinical laboratory or laboratory services shall be the lowest of the following:
      (1) the amount billed;
      (2) the charge to the general public;
      (3) the rate in effect on the Medi-Cal fee schedule for the current state fiscal year, which shall be the lowest of the following:
         i. the rate in effect on the Medi-Cal fee schedule as of June 30 of the previous state fiscal year; or
         ii. 100 percent of the lowest maximum allowance established by the federal Medicare Clinical Laboratory fee schedule and Medicare Physician fee schedule effective January 1 of the previous state fiscal year for the same or similar service.
      (4) Beginning on July 1, 2026, and every three years thereafter, the weighted average of the lowest amount that third-party payers are paying for the same or similar services, but no less than 70 percent of the Medicare Clinical Laboratory rate and Medicare Physician rate effective January 1 of the previous state fiscal year for the same or similar service.
   b) The ten percent payment reductions included in Attachment 4.19-B, page 3.3, paragraph (13), shall apply to the new rates established using the methodology described paragraph (a).
      (1) For dates of services on or after July 1, 2022, clinical laboratory services that are 2019 novel coronavirus disease (COVID-19) diagnostic testing or specimen collection services are exempt from the ten percent payment reductions described in paragraph (13) on page 3.3 of this Attachment.
   c) Except as otherwise noted in the State Plan, state-developed fee schedules are the same for both governmental and private providers of radiological services. All Medi-Cal Fee-for-Service rates are published at: https://mcweb.apps.prd.cammis.medi-cal.ca.gov/rates?tab=rates

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: California

Reimbursement Methodology Table

Paragraph	Effective Date	Percentage/Methodology	Authority
4	July 1, 2026	The reimbursement rate shall be the lowest of the following: (1) the amount billed; (2) the charge to the general public; (3) the rate in effect on the Medi-Cal fee schedule for the current state fiscal year, which shall be the lowest of the following: (i) the rate in effect on the Medi-Cal fee schedule as of June 30 of the previous state fiscal year. (ii) 100% of the lowest maximum allowance established by the federal Medicare Clinical Laboratory fee schedule and Medicare Physician fee schedule effective January 1 of the previous state fiscal year for the same or similar service; (4) beginning on July 1, 2026, and every three years thereafter, the weighted average of the lowest amount that third-party payers are paying for the same or similar services, but no less than 70 percent of the Medicare Clinical Laboratory rate and Medicare Physician rate effective January 1 of the previous state fiscal year for the same or similar service.	California Welfare and Institutions Code sections 14105.22 and 14105.222

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: California

Reimbursement Methodology Table

1(f)(2)	January 1, 2023	Reimbursement rates will be established based upon the rates in effect and approved in the State Plan as of December 31, 2022.	California Welfare and Institutions Code section 14105.48
1(f)(2)	January 1, 2024	Reimbursement rates will be the rates in effect on the Medi-Cal Fee schedule for the current calendar year, which shall be the lowest of the following: i) The rate in effect on the Medi-Cal Fee Schedule as of December 31 of the preceding calendar year; or ii) 100 percent of the allowable rate for California established by the federal Medicare program for the same or similar item or service, as provided under the Medicare rural fee schedule for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies in the current calendar year	California Welfare and Institutions Code section 14105.48