



Michelle Baass | Director

DATE: June 23, 2026

ALL PLAN LETTER 26-013

TO: ALL MEDI-CAL MANAGED CARE PLANS

SUBJECT: H.R. 1 – FEDERAL PAYMENTS TO PROHIBITED ENTITIES – IMPORTANT UPDATE: END OF ONE-YEAR RESTRICTION ON FEDERAL PAYMENTS

PURPOSE:

The purpose of this All Plan Letter (APL) is to provide updated guidance to Medi-Cal managed care plans (MCPs) on the handling of payments to Medi-Cal Providers who were impacted by Section 71113 of H.R. 1 (Public Law No: 119-21)¹ between the dates of July 4, 2025, and July 3, 2026. **This update is specific to claims or Encounters with Dates of Service (DOS) on or after July 4, 2026.**

For claims or Encounters with DOS July 4, 2025, through July 3, 2026, MCPs should refer to APL 25-011 (revised September 17, 2025) or any subsequent revision or superseding APL.² Please note that both preliminary injunctions referenced within APL 25-011 have since been vacated and the cases dismissed.

POLICY:

Payments and Claims/Encounter Processing

Effective July 4, 2026, the one-year restriction on federal payments to “Prohibited Entities” under H.R. 1 Section 71113 will no longer be in effect. As such, Medi-Cal Providers who meet the definition of “Prohibited Entity,” as described in H.R. 1 Section 71113 can resume submitting claims or Encounters for all Medi-Cal covered services rendered to Members with DOS on or after July 4, 2026. MCPs must process and pay these claims or Encounters, as appropriate, per their usual claims process.

Subcontractors, Downstream Subcontractors, and Network Providers Compliance

¹ H.R. 1 can be accessed at: <https://www.congress.gov/bill/119th-congress/house-bill/1/text>.

² APLs are searchable at: <https://www.dhcs.ca.gov/forms-laws-publications/managed-care-all-plan-letters-1998-to-current/>.



MCPs are responsible for ensuring that this information, including the effective date, is communicated to applicable Subcontractors, Downstream Subcontractors, and Network Providers.

DHCS appreciates your ongoing partnership and commitment to ensuring Medi-Cal members have access to essential family planning and reproductive health services.

If you have any questions regarding this APL, please contact your Managed Care Operations Division Contract Manager. For questions regarding the related Provider Bulletin, please contact DHCS' Office of Family Planning via email at:

OFPStakeholder@dhcs.ca.gov.

Sincerely,

Original Signed by Dennis Hsieh

Dennis Hsieh, M.D., J.D.

Division Chief, Managed Care Quality and Monitoring Division