CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: October 30, 2026

LTC RATES POLICY LETTER 27-008

TO: ALL MEDI-CAL NURSING FACILITY LEVEL A

SUBJECT: NURSING FACILITY LEVEL A CY 2027 RATES

PURPOSE:

This Long-Term Care (LTC) Rates Policy Letter adopts the Medi-Cal Calendar Year (CY) 2027 rate study for Nursing Facility Level A (NF-A).

BACKGROUND:

Reimbursement rates for Nursing Facility Level A (NF-A) are updated annually using a methodology in accordance with Attachment 4.19-D of the California Medicaid State Plan. WIC section 14126.027 authorizes the Department of Health Care Services (DHCS) to implement the Medi-Cal Long-Term Care Reimbursement Act by means of provider letters or other similar instructions, without taking regulatory action, notwithstanding Chapter 3.5 (commencing with section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

As part of the California Advancing and Innovating Medi-Cal (CalAIM) initiative, Medi-Cal institutional Long-Term Care (LTC) services were fully carved into the managed care delivery system effective January 1, 2024. Requirements applicable to Managed Care Plans, including payment rates, are described in All Plan Letter (APL) 26-010[1] and 26-011[2].

POLICY:

I. Ratesetting Calculations

DHCS hereby adopts the ratesetting calculations described in the CY 2027 ICF/DD Rate Study Workbook, which is incorporated by reference, to effectuate the methodologies specified Medi-Cal Long Term Care Reimbursement Act and State Plan. All necessary peer group percentile caps, adjustment factors, growth factors, and weighted average rates are calculated prospectively at the time of the initial rate study as specified in 2027 CY Calcs tab of this Rate Study Workbook and will not be recalculated on the basis of any future facility-specific

[1] https://www.dhcs.ca.gov/wp-content/uploads/2026/06/APL26-010.pdf
[2] https://www.dhcs.ca.gov/wp-content/uploads/2026/06/APL26-011.pdf

rate re-computations.

The reimbursement rates for facilities with less than 100 licensed beds, they receive 2008 base county rate plus add-on as the prospective county rates. The prospective counties are Los Angeles County, San Francisco Bay Area counties and all other counties (San Francisco Bay Area counties include San Francisco (38), Marin (21), Alameda (01), Contra Costa (07), Santa Clara (43), San Mateo (41), Napa (28), and Sonoma (49).

For facilities with licensed bed capacities of 100 beds or more, effective August 2, 2003, each facility shall receive a rate of $89.54 until the prospective county rate for their geographic location based on the categories listed above exceeds that amount. At that time, those facilities shall receive the rate for all facilities within that geographic location.

Assembly Bill (AB) 118 (Chapter 42, Statutes of 2023) amended WIC section 14105.075 to shift reimbursement for NF-A facilities from an August to July 31 rate year basis to a calendar rate year basis (January 1 to December 31), effective January 1, 2024. Changes to the California Medicaid State Plan necessary to effectuate the changes made by AB 118 are approved in State Plan Amendment 23-0032. Reimbursement rates will be established pursuant to the methodology described above for the August 1, 2023 through December 31, 2023 rate period, for the January 1, 2024 through December 31, 2024 rate period, and each calendar rate year thereafter.

Pursuant to the State Plan, payment to facilities for members who are on bed hold for acute hospitalization or who are on an approved leave of absence shall be at the appropriate facility daily rate less a bed hold adjustment for raw food costs. Pursuant to the State Plan, payment for hospice room and board is 95 percent of the Medi-Cal facility-specific rate where the patient resides.

A. Minimum Wage Adjustments

Senate Bill (SB) 3 (Chapter 4, Statutes of 2016), phased-in an eventual $15 minimum wage with dollar increases each year with varying schedules by employer size. Beginning in 2024, SB 3 provides for the minimum wage to be annually adjusted for inflation.

DHCS will not provide a separate rate add-on for the inflation adjustment to the SB 3 statewide minimum wage effective on or after January 1, 2024, as the minimum wage cost increase is already accounted for in the inflation factor used to trend facilities' reported costs to the rate year.

II. Policy Letter Adoption

This Policy Letter supersedes all prior guidance, bulletins, instructions, and regulations issued by DHCS on the matters described herein. DHCS reserves the right to modify, waive, or rescind any provision of this Policy Letter. This Policy Letter is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

A copy of this Policy Letter is posted on the Medi-Cal Long Term Care Reimbursement website at https://www.dhcs.ca.gov/services/medi-cal/Pages/FSNF_A.aspx. If you have any questions regarding this Policy Letter, please contact the Medi-Cal Long-Term Care Reimbursement Inbox at LTCReimbursement@dhcs.ca.gov for rate issues.

Sincerely,

ORIGINAL SIGNED BY ADITYA VOLETI

Aditya Voleti, Division Chief
Provider Rates Division