

**PROPOSED STATE PLAN AMENDMENT TO UPDATE THE
MEDI-CAL REIMBURSEMENT METHODOLOGY FOR STATE
FISCAL YEAR (SFY) 2025-26 DIAGNOSIS RELATED GROUP
(DRG) PAYMENTS**

This notice is to provide information of public interest about a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). Proposed SPA #25-0022 will make changes to the DRG program for general acute care inpatient hospital services provided by:

1. Private hospitals and non-designated public hospitals in California,
2. Out-of-state (border and non-border) hospitals, and
3. Medicare-designated critical access hospitals (See Cal. Welf. & Inst. Code §14105.28).

Proposed SPA #25-0022 will update Appendix 6 to Attachment 4-19A, page 3. These modifications include:

- Adding gene therapy carve-out codes J3394 Lovotibeglogene autotemcel (Lyfgenia) and J3392 Exagamglogene autotemcel (Casgevy) to the Separately Payable Services, Devices, and Supplies list on the Appendix 6 to Attachment 4.19-A.

DHCS estimates that the annual aggregate expenditures for acute inpatient hospital services will be budget neutral. However, the impact to individual hospitals varies by actual utilization and casemix.

The effective date of the proposed SPA is July 1, 2025. All proposed SPAs are subject to approval by the Centers for Medicare and Medicaid Services (CMS).

Public Review and Comments

The proposed changes in SPA #25-0022 are included in this notice for public comment. DHCS is requesting stakeholder input on the impact, if any, on access to services as a result of the proposed action.

Proposed SPA #25-0022 has been made available for public comment at:

<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Proposed-2025.aspx>.

If you would like to view the SPA in person once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA #25-0022 using the mailing or email address listed below.

Written comments may be sent to the following address:

Department of Health Care Services
Safety Net Financing Division
Attn: Diana Lawson
1501 Capitol Avenue, MS 4504
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA #25-0022 in the subject line or message.

To be assured consideration prior to submission of the SPA to CMS, comments must be received no later than 5 p.m. on July 25, 2025. Please note that comments will continue to be accepted after July 25, 2025, but DHCS may not be able to consider those comments prior to the initial submission of SPA #25-0022 to CMS.

A copy of submitted public comments to SPA #25-0022 may be requested in writing to the mailing or email address identified above.