



NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: DECEMBER 30, 2025

PROPOSED STATE PLAN AMENDMENT 26-0005 REGARDING SUPPLEMENTAL PAYMENTS FOR HOSPITAL OUTPATIENT SERVICES TO ELIGIBLE HOSPITALS IN THE HOSPITAL QUALITY ASSURANCE FEE PROGRAM UP TO THE FEDERAL UPPER PAYMENT LIMIT

This notice provides information of public interest that the Department of Health Care Services (DHCS) proposes to submit State Plan Amendment (SPA) 26-0005. Proposed SPA 26-0005 will provide supplemental payments to eligible private hospitals that meet specified requirements and provide hospital outpatient services to Medi-Cal beneficiaries. The nonfederal share of these supplemental payments will be funded by California's Hospital Quality Assurance Fee (HQAF), in accordance with Section 3.5 of Article XVI of the California Constitution and the Medi-Cal Hospital Reimbursement Improvement Act of 2013 (California Welfare and Institutions Code section 14169.50, et seq.).

Supplemental payments provided to hospitals would be up to the aggregate UPL for the period of January 1, 2026, through December 31, 2026. The proposed SPA would allow payments to be on a lump-sum quarterly basis and not paid as individual increases to current reimbursement rates for specific services.

Payments to eligible California private hospitals would supplement, and not supplant, payments to which the hospitals would otherwise be entitled. Additionally, the payments would be subject to all applicable federal payment requirements and limits.

The proposed SPA is estimated to increase the aggregate payments to specified California private hospitals from January 1, 2026, through December 31, 2026. The corresponding hospital fee model is still under development. Pending finalization of the hospital fee model, the annual aggregate expenditures for outpatient services may be



approximately \$1.1 billion. However, this amount is subject to finalization of the hospital fee model and may change.

The effective date of the proposed SPA is January 1, 2026. All proposed SPAs are subject to approval by CMS.

Public Review and Comments

Upon submission to CMS, a copy of the proposed SPA 26-0005 will be published on: <https://www.dhcs.ca.gov/formsandpubs/laws/Pages/PendingStatePlanAmendments.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 26-0005 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
P.O. Box 997435, MS 4504
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA 26-0005 in the subject line or message.

A copy of submitted public comments to SPA 26-0005 may be requested in writing to the mailing or email address identified above.