DHCS
CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

August 18, 2026

To: Tribal Chairpersons, Designees of Indian Health Programs, and Urban Indian Organizations

Subject: Notice of Proposed Change to the Medi-Cal Program

The purpose of this letter is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal Program that will be submitted to the Centers for Medicare and Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendment (SPA), waiver requests or modifications, or proposals for demonstration projects in the Medi-Cal program.

Please see the enclosed summary for a detailed description of this DHCS proposal.

QUESTIONS AND COMMENTS

Indian Health Programs and Urban Indian Organizations may also submit written comments or questions concerning this proposal within 30 days from the receipt of notice. Comments may be sent by email to FFSProviderRates@dhcs.ca.gov or by mail to the address below:

Contact Information

Department of Health Care Services
Provider Rates Division
1501 Capitol Avenue
P.O. Box 997417, MS 4600
Sacramento, California 95899-7417

In addition to this notice, DHCS plans to cover this SPA in the next quarterly Medi-Cal Indian Health webinar. Please note that Indian Health Programs and Urban Indian Organizations may request a consultation on this proposal at any time as needed.

Sincerely,

"original signed by"

Andrea Zubiate, Chief
Office of Tribal Affairs
Department of Health Care Services

Enclosure

Department of Health Care Services (DHCS)
Tribal and Designees of Indian Health Programs Notice

PURPOSE

To seek federal approval to implement time-limited supplemental payments for Primary and Specialty Care services, effective for dates of service on or after July 1, 2026, through December 31, 2026.

BACKGROUND

Assembly Bill (AB) 119 (Chapter 13, Statutes of 2023) authorized a Managed Care Organization (MCO) Provider Tax effective April 1, 2023, through December 31, 2026. Subject to federal approval, MCO tax revenues will be used to support the Medi-Cal program including, but not limited to, new targeted provider payment increases and other investments that advance access, quality, and equity for Medi-Cal members and promote provider participation in the Medi-Cal program.

California voters approved Proposition 35 at the November 5, 2024, General Election, making permanent the MCO Tax, subject to continued federal approval, and dedicating the resulting revenues to specified Medi-Cal program purposes beginning in 2025.

SUMMARY OF PROPOSED CHANGES

DHCS proposes to implement supplemental payments for qualifying primary and specialty care services. These payments will apply to designated Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) codes for dates of service from July 1, 2026, through December 31, 2026.

The HCPCS and CPT codes eligible for the Primary and Specialty Care Supplemental Payment and the category assigned to each code are published on the Proposition 35 Primary and Specialty Care Supplemental Payment Fee Schedule at: Medi-Cal Proposition 35 Primary and Specialty Care Supplemental Payment webpage. Supplemental payment amounts will be fixed and issued on a per-claim basis for the specified procedure codes. Supplemental payments will be provided in addition to standard Medi-Cal base reimbursement rates.

Services eligible for the rate increase:

- Evaluation & management for office visits
- Obstetric care services
- Non-specialty mental health services
- Vaccine administration
- Other procedure codes commonly utilized by primary care and specialists

[1] California. Assembly Bill No. 119. 2023. Statutes of California, Chapter 13.
[2] Proposition 35
[3] California. Senate Bill No. 159. 2024. Statutes of California, Chapter 40.

Providers eligible for the rate increase:

Primary or Specialty Care Service Codes identified as evaluation & management for office visits; vaccine administration; and other procedure codes commonly utilized by primary care, specialists, and emergency department physicians pursuant to paragraph 1 and billed using Health Insurance Claim Form (CMS-1500) are eligible for the reimbursement methodology established pursuant to this Supplement only when rendered by the following types of eligible providers:

- Physicians
- Physician Assistants
- Nurse Practitioners
- Podiatrists
- Certified Nurse Midwife
- Licensed Midwives
- Doula Providers
- Psychologists
- Licensed Professional Clinical Counselor
- Licensed Clinical Social Worker
- Marriage and Family Therapist
- Pupil Personnel Services (PPS) credentialed practitioners:
- Credentialed School Counselors
- Credentialed School Psychologists
- Credentialed School Social Workers

IMPACT TO TRIBAL HEALTH PROGRAMS (THPs)
Tribal Health Program (THP) providers providing the services described above, when paid at the Fee-For-Service rate, including doula services, outside of the All-Inclusive Rate (AIR) will be able to receive the Primary and Specialty Care supplemental payments described above for those services, contingent on federal approval.

IMPACT TO FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)
FQHCs that are reimbursed at a Prospective Payment System (PPS) rate are not eligible to receive the Primary and Specialty Care supplemental payments. As a result, DHCS does not anticipate an impact to FQHCs.

IMPACT TO AMERICAN INDIAN MEDI-CAL MEMBERS
American Indian Medi-Cal members may have increased access to these benefits which is expected to improve health outcomes for those receiving services.

RESPONSE DATE
Indian Health Programs and Urban Indian Organizations may also submit written comments or questions concerning this proposal within 30 days from the receipt of notice. Comments may be sent by email to FFSProviderRates@dhcs.ca.gov or by mail to the address below:

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