

Protect Access to Health Care Act Stakeholder Advisory Committee

Meeting

Welcome, Opening Comments, and Roll Call

Agenda

10:00 – 10:10 a.m.

10:10 – 10:15 a.m.

10:15 – 10:20 a.m.

10:20 – 10:35 a.m.

10:35 – 11:05 a.m.

11:05 – 11:35 a.m.

11:35 a.m. or earlier

1:00 p.m. or earlier

1. Welcome, Opening Comments & Roll Call

2. Consideration and Selection of a Vice Chairperson

3. Committee Member Feedback from July 18, 2025, Meeting

4. Federal Guidance

5. 2025 Investments

6. 2026 Investments

7. Public Comment

8. Meeting Adjournment

California Department of Health Care Services (DHCS) & Introductions

- » **Lindy Harrington**, Assistant State Medicaid Director
- » **Rafael Davtian**, Deputy Director, Health Care Financing
- » **Alek Klimek**, Assistant Deputy Director, Health Care Financing
- » **Sean Barber**, Division Chief, Capitated Rates Development Division
- » **Michelle Tamai**, Assistant Division Chief, Provider Rates Division
- » **Hatzune Aguilar**, Stakeholder and Community Engagement Manager, Office of Communications
- » **Eduardo Lozano**, Stakeholder Engagement & Outreach Analyst, Office of Communications

Committee Members (1/2)

- » **Linnea Koopmans**, Committee Chairperson, Chief Executive Officer, Local Health Plans of California
- » **Sergio Aguilar-Gaxiola, MD, Ph.D.**, Professor of Clinical Internal Medicine, UC Davis Health; Founder and Director, Center for Reducing Health Disparities
- » **Kristen Cerf**, President and Chief Executive Officer, Blue Shield of California Promise Health Plan
- » **Tam Ma**, Associate Vice President for Health Policy and Regulatory Affairs, UC Office of the President, University of California Health

Committee Members (2/2)

- » **Beth Malinowski**, Government Relations Advocate, SEIU California
- » **Amy Moy**, Co-Chief Executive Officer, Essential Access Health
- » **Jason Sorrick**, Vice President of Government Affairs, Global Medical Response
- » **Ariane Terlet, DDS**, Chief Dental Officer, La Clinica
- » **Antoinette "Toni" Marengo, MD**, FACOG, Chief Medical Officer, Planned Parenthood of the Pacific Southwest

Consideration and Selection of a Vice Chairperson

Vice Chairperson Election

Actions for Consideration:

1. Vote to confirm that an immediate need exists and that the need for action came to the attention of the committee subsequent to the agenda being posted (two-thirds vote, or, if less than two-thirds of the members are present, a unanimous vote)
2. Vote to elect a Vice Chairperson (majority vote)
3. Vote to authorize the Vice Chairperson to preside in place of the chairperson in their temporary absence (majority vote)

Committee Member Feedback from July 18, 2025, Meeting

Committee Member Feedback from July 18, 2025, Meeting

- » At the July 18 meeting, DHCS requested PAHCA-SAC members provide written feedback to DHCS no later than August 1, 2025.
- » Three PAHCA-SAC members provided feedback to DHCS. Committee members' written feedback has been posted on the PAHCA-SAC website under today's meeting materials.
- » DHCS carefully considered key takeaways from the PAHCA-SAC members' feedback in refining the proposed Proposition 35 spending plan for 2025.
- » Based on this feedback, DHCS:
 - Moved forward with \$75 million in CY 2025 for GME
 - Submitted SPAs by September 30, 2025, to secure July 1, 2025, effective dates for payment increases related to ED Physician and GEMT services

Federal Updates

H.R. 1 Recap

- » On July 4, 2025, H.R. 1 was signed by the President. Among many provisions impacting the Medi-Cal program, H.R. 1 prohibits health care-related taxes that impose a disproportionately higher share of tax burden on Medicaid (which California's MCO Tax does).
 - H.R. 1 provides the federal HHS Secretary with the discretion to grant a transition period of up to 3 years to impacted states.
- » The federal CMS proposed regulations on May 15, 2025, that would administratively enact similar restrictions on health care-related taxes.
 - Under the proposed rule, California's MCO Tax would be ineligible for a transition period.
 - DHCS submitted comments regarding the proposed rule on July 14, 2025.

Latest Federal Guidance

- » On November 14, 2025, CMS issued [preliminary guidance](#) to states regarding health care-related taxes.
 - This guidance sunsets California's approved waiver for the MCO Tax effective June 30, 2026.
 - An additional transition period may be available; further details will follow upon finalization of federal rulemaking initiated in May 2025.
 - DHCS anticipates applying for the additional transition period if it becomes available.
- » If no additional transition period is available, changes to state law would be required to impose a compliant (uniform or generally redistributive) MCO Tax as of July 1, 2026.
 - Of note, Proposition 35 limits the annual non-Medi-Cal tax liability under the MCO Tax to \$36 million starting January 1, 2027, which significantly constrains the total size of a similarly structured tax under H.R. 1 (if approvable).

2025 Investments

2025 Investments

- » CMS's November 14, 2025, guidance provides assurance, which was previously absent, that California's approved tax waiver for the MCO Tax will remain in effect at least through June 30, 2026.
- » DHCS is proceeding with CY 2025 investments that were paused at the July 18, 2025, PAHCA-SAC meeting in alignment with the spending plan outlined for CY 2025 at the [May 19, 2025, PAHCA-SAC meeting](#) with certain proposed modifications.

CY 2025 Payment Methodology Recap

- » The May 2025 Spending Plan for CY 2025 included a variety of payment methodologies across the Proposition 35 domains including:
 - General support of the Medi-Cal program
 - Targeted rate increases (TRI) for Primary, Specialty, and ED Physician Care
 - Managed care base rate increases (MCBRI) for Primary, Specialty, and Outpatient Care, and GEMT services
 - Uniform dollar increases (UDI) for ED Physician and private GEMT services
 - Supporting the non-federal share of increases in special-funded Hospital SDP programs
 - Augmenting the Community Clinic Directed Payment (CCDP) for primary care services and supports
 - GME programs at the University of California
 - Reproductive Health and Medi-Cal Workforce investments administered by HCAI
 - Investments to support Behavioral Health Facility Throughputs

CY 2025 Spending Plan Overview (1/2)

Domain (\$ Millions)	Annual Allocation	Payment Methodologies
General Support of Medi-Cal Program	\$2,000	» \$2,000 – General Support
Primary Care	\$691	» \$215 – TRI » \$476* – MCBRI
Specialty Care	\$575	» \$134 – TRI » \$353* – MCBRI
Community and Outpatient Procedures	\$245	» \$245* – MCBRI
Reproductive Health	\$90	» \$90 – HCAI
Services and Supports for Primary Care	\$50	» \$50 – CCDP

*DHCS is presently recalculating the MCBRI effective for CY 2025 relative to CY 2024 based on finalized CY 2025 rates and actual utilization, and MCBRI and UDI amounts would be adjusted accordingly.

CY 2025 Spending Plan Overview (2/2)

Domain (\$ Millions)	Annual Allocation	Payment Methodologies
Emergency Department Facilities and Physicians	\$355	<ul style="list-style-type: none"> » \$7 – TRI ED Physician Services » \$93 – UDI ED Physician Services » \$255 – Hospital SDPs/MCBRI
Designated Public Hospitals	\$150	<ul style="list-style-type: none"> » \$150 – Hospital SDPs
Ground Emergency Medical Transportation	\$50	<ul style="list-style-type: none"> » \$27* – MCBRI » \$23 – UDI
Behavioral Health Facility Throughputs	\$300	<ul style="list-style-type: none"> » \$300 – Various Investments (slide 18)
Graduate Medi-Cal Education	\$75	<ul style="list-style-type: none"> » \$75 – University of California
Medi-Cal Workforce	\$75	<ul style="list-style-type: none"> » \$75 – HCAI
TOTAL:	\$4,656	

*DHCS is presently recalculating the MCBRI effective for CY 2025 relative to CY 2024 based on finalized CY 2025 rates and actual utilization, and MCBRI and UDI amounts would be adjusted accordingly.

Behavioral Health Facility Throughputs (1/2)

- » In the May 2025 Spending Plan, DHCS proposed to allocate \$300 million in CY 2025 to support flexible housing subsidy pools (\$100 million) and data sharing, consent management, and care coordination among behavioral health providers (\$200 million).
- » DHCS is modifying the proposed spending plan to allocate \$160.5 million to support a portion of the non-federal share of increased costs due to expanded health care benefits, services, workforce, and/or payment rates for transitional rent, community-based mobile crisis services, and county behavioral health care above and beyond those already in effect or in existence as of January 1, 2024 (see table on next slide).
- » DHCS is setting aside \$39.5 million to support a portion of costs for the Children and Youth Behavioral Health Initiative (CYBHI) third-party administrator (TPA) in the event DHCS is unable to obtain federal approval for, the fee authorized pursuant to WIC section 5961.4(g) to cover the cost of administering the school-linked statewide behavioral health provider network.
- » DHCS is continuing to assess potential options for the remaining \$100.0 million in this domain and requests the committee's feedback.

Behavioral Health Facility Throughputs (2/2)

Component	\$ Millions
Transitional Rent	\$75.8
Community-Based Mobile Crisis Services	\$50.7
Behavioral Health Rate Growth	\$34.0
(Reserved for) CYBHI TPA Contract	\$39.5
Unallocated	\$100.0
Calendar Year (CY) 2025 Total	\$300.0

CY 2025 SPAs

- » DHCS submitted to CMS on September 30, 2025:
 - [SPA 25-0003-B](#), providing UDI add-ons for qualifying private GEMT services in the FFS Delivery System for dates of service from July 1, 2025, through December 31, 2025.
 - [SPA 25-0005](#), providing time-limited UDI add-ons for qualifying ED Physician services in the FFS Delivery System for dates of service from July 1, 2025, through December 31, 2025.
- » Both SPAs are pending federal approval. CMS issued Requests for Additional Information (RAI) for SPA 25-0003-B on December 19, 2025, and for SPA 25-0005 on December 16, 2025.

GEMT Add-On Amounts proposed in SPA 25-0003-B

HCPCS Code	Description	Current Fee Schedule Rate ¹	QAF Add-On Amount	SPA 25-0003-B Supplemental Payment Add-On Amount ²	Resulting Payment Amount
A0429	Basic Life Support, Emergency	\$118.20	\$220.80	\$141.83	\$480.83
A0427	Advanced Life Support, Level 1, Emergency	\$118.20	\$220.80	\$141.83	\$480.83

¹These are the base rates associated with these codes but are subject to further adjustments pursuant to the State Plan.

²Add-on amount applies to qualifying private GEMT services originating from a 911 call center or equivalent public answering point.

ED Physician Services Add-On Amounts proposed in SPA 25-0005

CPT Codes	Description	Current Fee Schedule Rate ¹	SPA 25-0005 Supplemental Payment	Resulting Payment Amount ²
99282	EMERGENCY DEPT VISIT SF MDM	\$24.38	\$14.63	\$39.01
99283	EMERGENCY DEPT VISIT LOW MDM	\$44.60	\$26.76	\$71.36
99284	EMERGENCY DEPT VISIT MOD MDM	\$68.35	\$41.01	\$109.36
99285	EMERGENCY DEPT VISIT HI MDM	\$108.08	\$64.85	\$172.93

¹These are the base rates associated with these codes but are subject to further adjustments pursuant to the State Plan.

² Resulting payment amount is only applicable in the FFS Delivery System. In the Managed Care Delivery System, the supplemental payment amount is in addition to negotiated base payment between each MCP and provider.

CY 2025 State Directed Payment Preprints

- » DHCS has submitted SDP preprints to CMS to:
 - Provide time-limited UDI add-ons for qualifying ED Physician services for dates of service from July 1, 2025, through December 31, 2025, in the Managed Care Delivery System equivalent to the FFS supplemental add-on. This preprint is pending federal approval.
 - Establish the CY 2025 CCDP with a total size of \$205 million (\$52.5 million General Fund, \$50 million MCO Tax, \$102.5 million Federal Fund). Ten percent of the directed payment program is allocated to a quality component. This preprint is pending federal approval.
- » Under existing state and federal law, MCPs must reimburse GEMT providers the FFS rate, including rate add-ons, for non-contracted GEMT services.

Managed Care Base Rate Increases

- » The May 2025 spending plan included \$1.1 billion for CY 2025 in specified domains to support the non-federal share of estimated CY 2025 capitation base rate increases relative to CY 2024 for service categories aligned with Proposition 35 domains.
- » These amounts were based on the best available projections of utilization and rates in early 2025. DHCS is presently recalculating the final Managed Care Base Rate Increases effective for CY 2025 relative to CY 2024 based on actuals.

Committee Member Questions & Discussion

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2026 Investments

CY 2026 Revenue Considerations

- » DHCS requires further federal guidance to be able to develop a fiscally sustainable CY 2026 Spending Plan that furthers Proposition 35's goals.
- » Availability of MCO Tax revenue to support Proposition 35 investments in CY 2026 will depend on whether CMS grants an additional transition period beyond June 30, 2026.*
 - Absent a transition period, MCO Tax revenues generated for January 1 through June 30, 2026, will not suffice to fully fund all CY 2026 domain allocations under Proposition 35.

*Governor's Budget assumes state receives a transition period through December 31, 2026.

CY 2026 BH-CONNECT Considerations

- » DHCS's previously proposed spending plan for CY 2026 accounted for requirements under the BH-CONNECT demonstration to achieve specified payment levels relative to Medicare for specified procedure code categories by December 31, 2026.
 - DHCS had previously proposed additional UDIs for primary care, specialty care, and emergency physician services designed to meet these specific payment levels.
- » If the size of a federally approvable MCO Tax as of December 31, 2026, is decreased relative to the tax level pursuant to AB 119 (Chapter 13, Statutes of 2023), then these requirements will no longer apply.
- » If an additional transition period through at least December 31, 2026, is approved, then these requirements would apply.
 - It is infeasible to operationalize the previously contemplated UDIs sooner than July 1, 2026, subject to the content and timing of further federal guidance.

CY 2026 Spending Plan Overview (1/2)

Assumes MCO Tax through December 31, 2026

Domain (\$ Millions)	Annual Allocation	Payment Methodologies
General Support of Medi-Cal Program	\$2,000	» \$2,000 – General Support
Primary Care	\$691	» \$226 – TRI » \$117* – MCBRI » \$348* – UDI
Specialty Care	\$575	» \$141 – TRI » \$63* – MCBRI » \$371* – UDI
Community and Outpatient Procedures	\$245	» \$245 – MCBRI
Reproductive Health	\$90	» \$90 – HCAI
Services and Supports for Primary Care	\$50	» \$50 – CCDP

*DHCS is presently recalculating the MCBRI effective for CY 2026 relative to CY 2024 based on finalized CY 2026 rates, and MCBRI and UDI amounts would be adjusted accordingly.

CY 2026 Spending Plan Overview (2/2)

Assumes MCO Tax through December 31, 2026

Domain (\$ Millions)	Annual Allocation	Payment Methodologies
Emergency Department Facilities and Physicians	\$355	» \$7 – TRI ED Physician Services » \$93 – UDI ED Physician Services » \$255* – Hospital SDPs/MCBRI
Designated Public Hospitals	\$150	» \$150 – Hospital SDPs
Ground Emergency Medical Transportation	\$50	» \$27* – MCBRI » \$23* – UDI
Behavioral Health Facility Throughputs	\$300	» \$300 – Various Investments (slide 18)
Graduate Medi-Cal Education	\$75	» \$75 – University of California
Medi-Cal Workforce	\$75	» \$75 – HCAI
TOTAL:	\$4,656	

*DHCS is presently recalculating the MCBRI effective for CY 2026 relative to CY 2024 based on finalized CY 2026 rates, and MCBRI and UDI amounts would be adjusted accordingly.

CY 2026 Spending Plan

- » Given the uncertainty related to a further transition period beyond June 30, 2026, DHCS is continuing to assess potential options for the CY 2026 Spending Plan and requests the committee's feedback.
- » At this time, DHCS would prioritize all of the following purposes if only 6 months of MCO Tax revenue is available:
 - General support of the Medi-Cal program – \$2 billion
 - Targeted rate increases for primary, specialty, and emergency physician care – \$374 million
 - Managed care capitation base rate increases relative to CY 2024 for primary, specialty, and outpatient care, and GEMT
 - DHCS is presently recalculating the Managed Care Base Rate Increases effective for CY 2026 relative to CY 2024 based on finalized CY 2026 rates.
 - Reproductive health investments – \$90 million
 - Graduate Medical Education – \$75 million

ED Physician & GEMT Services

- » To preserve the ability to continue the supplemental payments for ED Physician and private GEMT services for January 1 through June 30, 2026, without interruption, DHCS published federally required public notices for [SPA 26-0006](#) (private GEMT services) and [SPA 26-0007](#) (ED Physician services) on December 30, 2025.
- » The public notices do not, by themselves, constitute requests for federal approval of a payment methodology. To secure January 1, 2026, effective dates, DHCS must submit complete SPAs to CMS by March 31, 2026.
- » The publicly noticed supplemental payment amounts for each service in the CY 2026 SPAs are 50% of the amount in the CY 2025 SPAs.
 - CY 2025 SPAs allocated 12 months' revenue over 6 service months (July 1 through December 31, 2025).
 - CY 2026 SPAs will allocate 6 months' revenue over 6 service months (January 1 through June 30, 2026).
- » DHCS requests the committee's feedback on these payment methodologies.

GEMT Add-On Amounts publicly noticed in SPA 26-0006

HCPCS Code	Description	Current Fee Schedule Rate ¹	QAF Add-On Amount	SPA 26-0006 Supplemental Payment Add-On Amount ²	Resulting Payment Amount
A0429	Basic Life Support, Emergency	\$118.20	\$220.80	\$70.91	\$409.91
A0427	Advanced Life Support, Level 1, Emergency	\$118.20	\$220.80	\$70.91	\$409.91

¹These are the base rates associated with these codes but are subject to further adjustments pursuant to the State Plan.

²Add-on amount applies to qualifying private GEMT services originating from a 911 call center or equivalent public answering point.

ED Physician Services Add-On Amounts publicly noticed in SPA 26-0007

Procedure Code	Description	Current Fee Schedule Rate ¹	SPA 26-0007 Supplemental Payment ²	Resulting Payment Amount ³
99282	EMERGENCY DEPT VISIT SF MDM	\$24.38	\$7.31	\$31.69
99283	EMERGENCY DEPT VISIT LOW MDM	\$44.60	\$13.38	\$57.98
99284	EMERGENCY DEPT VISIT MOD MDM	\$68.35	\$20.50	\$88.85
99285	EMERGENCY DEPT VISIT HI MDM	\$108.08	\$32.42	\$140.50

¹These are the base rates associated with these codes but are subject to further adjustments pursuant to the State Plan.

²Resulting payment amount is only applicable in FFS Delivery System. In Managed Care Delivery system, the supplemental payment amount is in addition to negotiated base payment between MCP and provider.

Committee Member Questions & Discussion

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Request for Committee Input

Request for Committee Members' Written Input

- » DHCS requests any written input from PAHCA-SAC members on the materials presented today no later than January 28, 2026.
- » Please email written input to DHCSPAHCA@dhcs.ca.gov.

Public Comment

Public Comment Procedures

- » Public comment will include members of the public present in the room and those attending virtually. Comments will first be taken from in-person attendees followed by online attendees.
- » Each speaker is allowed up to one minute to share their comments.
- » Each speaker is requested to state their name and organization.
- » DHCS will listen carefully to your comments but is not able to provide immediate responses to questions.
- » If time runs out, members of the public can share additional comments via email to DHCSPAHCA@dhcs.ca.gov.

Meeting Adjournment

Appendix

Glossary

- » AB: Assembly Bill
- » APL: All Plan Letter
- » CCDP: Community Clinic Directed Payment
- » CMS: Centers for Medicare & Medicaid Services
- » CY: Calendar Year
- » DHCS: California Department of Health Care Services
- » ED: Emergency Department
- » FFS: Fee For Service
- » FQHC/RHC: Federally Qualified Health Centers / Rural Health Clinics
- » GEMT: Ground Emergency Medical Transportation
- » GME: Graduate Medical Education
- » HCAI: Department of Health Care Access & Information
- » HHS: Department of Health and Human Services
- » H.R.: House of Representatives
- » MCBRI: Managed Care Base Rate Increases
- » MCO: Managed Care Organization
- » MCP: Managed Care Plan
- » PAHCA: Protect Access to Health Care Act
- » PAHCA-SAC: Protect Access to Health Care Act Stakeholder Advisory Committee
- » QAF: Quality Assurance Fee
- » SB: Senate Bill
- » SDP: State Directed Payment
- » SPA: State Plan Amendment
- » TRI: Targeted Rate Increase
- » UDI: Uniform Dollar Increase
- » WIC: California Welfare and Institutions Code