

MEMORANDUM



DATE: December 23, 2025

TO: Protect Access to Health Care Act (PAHCA) Stakeholder Advisory Committee (SAC)

FROM: Alek Klimek
Assistant Deputy Director, Health Care Financing, DHCS
& PAHCA SAC Staff Director

SUBJECT: January 14, 2026 Meeting & Preliminary Updates

DHCS has tentatively confirmed quorum to convene the PAHCA SAC on January 14, 2026, at 10:00 a.m. at 1700 K Street, Sacramento, California. The meeting agenda and public notice are under development and will be published in the coming weeks in accordance with State law.

Given the time that has elapsed since the committee's last convening [on July 18, 2025](#), DHCS is providing certain updates and technical information ahead of the next convening:

- **Federal guidance**—On November 14, 2025, the Centers for Medicare & Medicaid Services (CMS) issued [preliminary guidance](#) to states regarding health care-related taxes. Specific to California's Managed Care Organization (MCO) Tax, this guidance sunsets California's approved tax 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 will discuss the potential impacts of this guidance on MCO Tax revenue available for Prop. 35 investments at the next PAHCA SAC meeting.
- **Prop. 35: 2025 investments**—CMS's November 14, 2025, guidance provides certain assurance, which was previously absent, that California's approved tax waiver for the MCO Tax will remain in effect through June 30, 2026. As such, DHCS plans to proceed with calendar year 2025 investments that were paused at the July 18, 2025, PAHCA SAC meeting. For reference, past meeting materials are available on the [PAHCA SAC website](#). DHCS envisions these investments will largely align with the previously discussed spending plan, with certain updates that will be discussed at the next PAHCA SAC meeting.

- **Prop. 35: 2026 investments**—DHCS plans to discuss some considerations for a 2026 spending plan at the next PAHCA SAC meeting. In the meantime, please see the following interim updates:
 - DHCS anticipates continuing to use MCO Tax revenue to support targeted rate increases (equivalent to at least 87.5% of Medicare rates).
 - DHCS continues to await federal approval of State Plan Amendments (SPAs) submitted in September 2025 for supplemental payments for ED physician and GEMT services for July 1 through December 31, 2025. To preserve the ability to continue these previously discussed payment methodologies into 2026 without interruption, at applicable funding levels, DHCS will publish federal public notices by December 31, 2025, for supplemental payments for ED physician and GEMT services for January 1 through June 30, 2026. The federal public notices are prerequisites for subsequent federal action (i.e., SPAs in Q1 2026) but do not, by themselves, constitute requests for federal approval of a payment methodology.
- **Next PAHCA SAC meeting**—DHCS plans to share additional details regarding the topics listed above at the next PAHCA SAC meeting, and to seek your consultation regarding Prop. 35 investments in accordance with State law.

cc: [PAHCA SAC Website](#)