Protect Access to Health Care Act Stakeholder Advisory Committee

Meeting

DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

September 18, 2026

Agenda

(Times are Approximate)

12:30 – 12:40 p.m.	**1. Welcome, Opening Comments and Roll Call**
12:40 – 12:50 p.m.	**2. Committee Member Feedback from May 28, 2026, Meeting**
12:50 – 12:55 p.m.	**3. Federal Guidance Update**
12:55 – 1:05 p.m.	**4. 2027 MCO Tax Update**
1:05 – 1:20 p.m.	**5. Protect Access to Health Care Act (PAHCA) Design and Implementation: Update for CY 2025 and CY 2026** a. Managed Care Base Rate Increases Update b. CY 2025 Spending Plan c. CY 2026 Spending Plan
1:20 – 1:30 p.m.	***BREAK***
1:30 – 2:30 p.m.	**6. PAHCA Design and Implementation: Update for CY 2025 and CY 2026 *(continued)*** d. Behavioral Health Facility Throughputs e. APL Updates
2:30 – 3:00 p.m.	**7. Public Comment**
3:00 p.m. or earlier	**8. Meeting Adjournment**

Welcome, Opening Comments, and Roll Call

California Department of Health Care Services (DHCS) & Introductions

- **Chris Esguerra,** Deputy Director and Chief Quality & Medical Officer, Quality and Population Health Management
- **Linette Scott,** Deputy Director and Chief Data Officer, Enterprise Data and Information Management
- **Paula Wilhelm,** Deputy Director, Behavioral Health
- **Alek Klimek,** Assistant Deputy Director, Health Care Financing
- **Sean Barber,** Division Chief, Capitated Rates Development Division
- **Aditya Voleti,** Division Chief, Provider Rates Division
- **Ilana Rub,** Assistant Division Chief, Community Services Division
- **Michelle Tamai,** Assistant Division Chief, Provider Rates Division
- **Glenn Tsang,** Policy Advisor for Homelessness and Housing, Health Care Delivery Systems
- **Mathew Landing,** Branch Chief, Capitated Rates Development Division
- **Krissi Khokhobashvili,** Deputy Director, Office of Communications

Committee Members (1/2)

- **Linnea Koopmans,** Committee Chairperson, Chief Executive Officer, Local Health Plans of California
- **Amy Moy,** Committee Vice Chairperson, Advocate for Sexual and Reproductive Health Care in California; Founder + Principal, Firehorse Strategies
- **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

Committee Members (2/2)

- **Tam Ma,** Associate Vice President for Health Policy and Regulatory Affairs, UC Office of the President, University of California Health
- **Beth Malinowski,** Government Relations Advocate, SEIU California
- **Antoinette "Toni" Marengo, MD,** FACOG, Chief Medical Transformation Officer, Planned Parenthood of the Pacific Southwest
- **Jason Sorrick,** Vice President of Government Affairs, Global Medical Response
- **Ariane Terlet, DDS,** Chief Dental Officer, La Clinica

Committee Member Feedback from May 28, 2026 Meeting

Committee Member Feedback from May 28, 2026, Meeting

- At the May 28 meeting, DHCS requested Protect Access to Health Care Act Stakeholder Advisory Committee (PAHCA-SAC) members provide written feedback to DHCS no later than June 12, 2026.
- Three members provided written feedback, which has been posted on the PAHCA-SAC website under today's meeting materials.
- DHCS carefully considered key takeaways from members' feedback:
  - Two of three members urged DHCS to utilize the $278 million in unallocated Behavioral Health (BH) Facility Throughputs funding.
    - Proposals for BH Facility Throughputs unallocated funds are the primary focus of today's PAHCA-SAC meeting.
  - One of three members wrote in support of HCAI's Labor Management Cooperation Committee (LMCC) Grant Program proposal. Specific recommendations included in the letter were shared with HCAI for consideration.

Federal Guidance Update

2026 Federal Updates Concurrent With, and Since, May 2026 Meeting

- **May 22, 2026:** CMS published a proposed rule clarifying limits on Managed Care State Directed Payments (SDPs) while newly adding limits for Fee-For-Service (FFS) "Targeted Medicaid Practitioner Payments."
  - On July 21, 2026, DHCS submitted a comment letter to CMS expressing concern that the proposed SDP rule exceeds H.R. 1's statutory scope and could adversely affect Medi-Cal access, safety-net providers, state payment flexibility, and value-based purchasing. CMS is reviewing stakeholder comments prior to issuing a final rule.
- **July 21, 2026:** CMS published a proposed rule implementing H.R. 1's health care-related tax provisions, establishing new rules for provider tax grandfathering, compliance monitoring, and changes to tax thresholds.

2027 Managed Care Organization Tax Update

Managed Care Organization Tax Recap: Refresh

- The 2023 Managed Care Organization (MCO) tax was enacted in Assembly Bill (AB) 119 (Chapter 13, Statutes of 2023) effective April 1, 2023, through December 31, 2026; increased taxes were imposed by Senate Bill (SB) 136 (Chapter 6, Statutes of 2024) and AB 160 (Chapter 39, Statutes of 2024) for January 1, 2024, through December 31, 2026.
- The MCO tax structure established by AB 119, and the increased tax structure imposed by SB 136/AB 160, is federally approved through December 31, 2026.
- However, on July 4, 2025, H.R. 1 was signed by the President, prohibiting health care-related taxes that impose a disproportionately higher share of tax burden on Medicaid (which California's MCO tax does).
- On February 2, 2026, CMS issued a final rule allowing a transition period for specified health care-related taxes impacted by H.R. 1's restrictions.
  - This guidance leaves intact California's approved tax waiver for the MCO Tax through December 31, 2026, at which time the approved tax structure will sunset.

Two Component 2027 Approach

- Proposition 35 requires DHCS to seek federal approval of a tax structure **substantially similar** to the AB 119 MCO Tax on and after January 1, 2027. However, this tax structure is **incompatible** with H.R. 1 and implementing federal regulations. Because of the limits imposed on revenue from non-Medi-Cal taxpayers, it cannot be made compatible through minor adjustments and remain substantially similar.
- SB 125 (Chapter 24, Statutes of 2026) imposes an enrollment-based MCO tax structure effective January 1, 2027, that is **substantially dissimilar** to the AB 119 MCO tax. The 2027 SB 125 MCO tax is intended to be **compatible** with H.R. 1 and implementing regulations.
- DHCS will seek federal approval to renew the MCO Tax for 2027 through 2029 (2027 MCO Tax), with a structure consisting of two components:
  - A tax component consistent with Proposition 35
  - A tax component consistent with SB 125
- DHCS anticipates submission of the 2027 MCO tax to CMS in late-2026.
- DHCS anticipates CMS will not approve—and, therefore, DHCS will not assess/collect—the 2027 Proposition 35 MCO tax component.

PAHCA Design and Implementation Updates for CY 2025 and CY 2026

Managed Care Base Rate Increases Update

Managed Care Base Rate Increases Recap: Refresh

- At the May 28 meeting, DHCS presented recalculated Managed Care Base Rate Increase (MCBRI) amounts for CY 2025 and CY 2026 based on more recent data.
- DHCS additionally proposed allocating $1.9 billion in excess MCO tax revenue from 2025 and 2026 to support additional MCBRI in CY 2025 and CY 2026.
- In September 2026 (anticipated), CY 2025 rate amendments will be shared with Managed Care Plans (MCPs), potentially impacting the previously provided allocations.
- DHCS anticipates refreshing the Spending Plan for CY 2025 and CY 2026 MCBRI and Targeted Rate Increases (TRI) to reflect the CY 2025 rate amendment and updated enrollment actuals for CY 2025 and CY 2026.

CY 2025 Spending Plan

2025 SPA Update

- **Ground Emergency Medical Transportation (GEMT) Uniform Dollar Increase (UDI)**
  - 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.
  - DHCS submitted an amended SPA to CMS on March 30, 2026, for federal approval.
  - CMS issued a Request for Additional Information (RAI); DHCS is preparing responses.
- **Emergency Department (ED) UDI**
  - 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.
  - DHCS submitted to CMS on September 30, 2025, for federal approval.
  - CMS issued an RAI; DHCS is preparing responses.

2025 ED Physician SDP Preprint Update

- DHCS submitted the CY 2025 ED Physician SDP preprint to CMS on December 31, 2025, for federal approval.
- CMS is currently reviewing the preprint.
- DHCS continues to work with CMS throughout the review process.

CY 2026 Spending Plan

2026 Hospital SDP Allocations

- At the May 28, 2026 PAHCA-SAC meeting, DHCS proposed to allocate $137.3 million to support the non-federal share of increases in special-funded Hospital SDP programs for CY 2026 in the ED Domain.
- At the time, the allocation between specific Hospital SDPs was pending.
- DHCS has updated the proposed allocations based on actual ED utilization across the programs.

Hospital Class	ED Domain ($ Millions)
Private Hospitals Directed Payment Program	**$111.3**
District and Municipal Public Hospital Directed Payment	**$9.8**
DPH Enhanced Payment Program	**$16.2**
TOTAL	**$137.3**

2026 SPA Update (1/2)

» Primary and Specialty Care Services

- SPA 26-0029, proposes supplemental payments for primary care (inclusive of obstetrics and non-specialty mental health services) and specialty care services provided from July 1, 2026 through December 31, 2026.
- Tribal consultation has concluded as of September 17, 2026.
- DHCS will submit the SPA package to CMS on or before September 30, 2026.

» ED Physician UDI

- SPA 26-0007, proposes supplemental payments for ED Physician Evaluation and Management services provided in non-academic medical centers between January 1, 2026 and December 31, 2026.
- DHCS submitted to CMS on March 30, 2026, for federal approval.
- CMS issued an RAI; DHCS is currently preparing responses.

2026 SPA Update (2/2)

GEMT UDI

- SPA 26-0006, providing UDI add-ons for qualifying private GEMT services in the FFS Delivery System for dates of service from January 1, 2026, through December 31, 2026.
- DHCS submitted to CMS on March 30, 2026, for federal approval.
- CMS issued an RAI; DHCS is preparing responses.

2026 Preprint Update

» Primary and Specialty Care

- DHCS submitted the CY 2026 Primary and Specialty Care SDP preprint to CMS on June 30, 2026, for federal approval.
- CMS is currently reviewing the preprint.

» ED Physician

- DHCS submitted the CY 2026 ED Physician SDP preprint to CMS for the time-limited UDI add-ons on December 31, 2025 for federal approval.
- DHCS submitted an amendment to the CY 2026 ED Physician SDP preprint, in alignment with SPA 26-0007 Addendum, on April 15, 2026.
- CMS signaled they will begin review of the CY 2026 pre-print after they complete their review of the CY 2025 pre-print.

BH Facility Throughputs

BH Facility Throughputs Background

- BH Facility Throughputs investments support the appropriate flow of members across the behavioral health continuum to improve member health and outcomes and mitigate capacity pressures on BH Facilities.
- The prior meeting covered investments focused on expanding access and strengthening provider rates (e.g., Children and Youth Behavioral Health Initiative Fee Schedule Third Party Administrator, behavioral health rate growth).
- New investment proposals build on this foundation by expanding preventive care and addressing capacity gaps.
- Together, all BH Facility Throughput investments support a holistic approach to help members access support earlier, maintain stability in the community, improve care transitions, and experience more coordinated care across systems.

BH Facility Throughputs Investments

- Building on the BH Facility Throughput foundation included in the Governor's May Revision and proposed in the May 2025 and May 2026 Spending Plans, DHCS is proposing three new investments to further support behavioral health:
  - **Certified Wellness Coaches,** where DHCS seeks to increase overall capacity to serve children and youth with behavioral health needs.
  - **Flex Pools,** where DHCS aims to increase the capacity of local systems to make efficient and effective placements into permanent housing and improve housing outcomes for high acuity behavioral health populations.
  - **Behavioral Health Data Exchange grants,** where DHCS will disburse funds to promote implementation of real-time behavioral health data exchange and consent management processes.

BH Facility Throughputs Investments

Component	2025 ($ Millions)	2026 ($ Millions)
Transitional Rent	$22.6	$53.2
Community-Based Mobile Crisis Services	$25.4	$67.5*
BH Rate Growth	$17.0	$17.0
CYBHI Fee Schedule TPA	$39.5	$50.9
Retro Payments to Counties for State-Only BH Services	-	$56.0
BH-CONNECT Centers of Excellence and Activity Funds TPA	$10.3	$2.3
CYBHI BH Services and Supports Platform	-	$53.1*
NEW Flex Pools and TPA	$60.0*	-
NEW BH Data Exchange and TPA	$59.9*	-
NEW Certified Wellness Coaches	$65.3*	-
CY Total	**$300.0**	**$300.0**

* Updated since May 2026 meeting

BH Facility Throughputs: Certified Wellness Coaches

Background

- Certified Wellness Coaches (CWCs) are a new preventive Medi-Cal benefit effective January 1, 2025 intended to:
  - Increase overall capacity for children's behavioral health services.
  - Serve vulnerable populations of children where they are.
  - Engage directly with children and youth through age 25.
  - Build a public behavioral health workforce that better reflects the diversity of California's children and youth.
  - Help fill existing workforce gaps.
  - Create a desirable career pathway and stepping stone to more advanced behavioral health roles.

CWC Services

- CWC services are preventive services that support BH needs and promote physical and mental health.
- CWCs operate as part of a care team and may provide:
  - Wellness promotion and education.
  - Screening that does not require a licensed provider.
  - Care coordination and navigation services.
  - Individual and group behavioral health coaching.
  - Crisis referral and warm handoffs to licensed, credentialed, or associate behavioral health providers.
- DHCS proposes $65.3 million for state match funding to deliver this service to address the unmet needs of California's children and youth.

Certified Wellness Coaches and BH Throughput

- Certified Wellness Coach (CWC) services expand capacity for children's access to behavioral health services by providing prevention, screening, wellness promotion, and care coordination.
- By engaging children and youth earlier and connecting them to appropriate services, CWCs help prevent worsening behavioral health conditions and support continuity of care.

Limited Access to Prevention and Early Intervention = ↓ Throughput

When behavioral health needs are not identified or addressed early, children and youth may experience worsening symptoms, increasing the likelihood of crisis services, emergency department utilization, and higher-acuity behavioral health interventions.

Expanded Prevention and Early Intervention = ↑ Throughput

When children and youth can access preventive services, behavioral health coaching, and timely connections to care, they are more likely to receive support in lower-acuity settings, avoid crises, and achieve improved long-term health outcomes.

BH Facility Throughputs: Flexible Housing Subsidy Pools

Housing and BH Throughput

- Safe, stable housing is **a vital component** of effectively facilitating throughput for members with behavioral health needs out of hospitals and inpatient settings.
- Housing stability addresses a **critical gap in the behavioral health continuum** and supports throughput by:
  - Freeing up beds in emergency departments and inpatient psychiatric settings.
  - Reducing wait times for hospital discharge to community-based behavioral health care.
  - Reducing hospital readmissions.

Housing Instability = ⬇ Throughput

When individuals with behavioral health needs struggle to connect to housing, they cycle between homelessness, emergency departments, inpatient and acute care services, and institutional care settings.

Safe, Stable Housing = ⬆ Throughput

When individuals with behavioral health needs can access rental assistance and enter permanent housing more quickly, they gain stability and reduce their use of emergency and acute care services, resulting in lower costs, increased treatment adherence, and improved health.

Flex Pools Background

- Flex Pools are a proven model to **increase housing placements and retention for vulnerable populations.**
- Flex Pools do this by:
  - **Coordinating and sequencing funding streams, including Behavioral Health Services Act (BHSA) Housing Interventions and Transitional Rent,** allowing renters with behavioral health needs to be nimble and competitive in the private market;
  - Acting as a **fiscal intermediary** between funders and landlords;
  - Identifying, **securing and supporting a portfolio of housing units** for participants; and
  - Coordinating with providers of **housing supportive services.**
- To advance Flex Pools, DHCS launched the **Flex Pool Technical Assistance (TA) Academy** in 2025, through which 12 localities in California received a $125,000 planning grant and support from subject matter experts to launch or expand a Flex Pool.

BH Flex Pool Investment Grants Structure and Funding Model

This investment would scale California's current Flex Pool support by pairing competitive BH Flex Pool Investment Grants with structured technical assistance to help communities launch, expand, and sustain local Flex Pools focused on permanent housing placements for individuals with significant behavioral health needs.

- **Funding:** DHCS proposes a $60M investment for BH Flex Pool Investment Grant awards and supports.
- Grantees will be placed in one of two cohorts:
  1. **Operational Cohort:** Communities with an operational Flex Pool ready to house individuals with behavioral health needs at the time of application; eligible for larger awards of up to $6M (estimated 6 – 8 grantees total).
  2. **Building Cohort:** Communities in planning or earlier implementation phases; eligible for awards of up to $500,000, with the expectation that their Flex Pools become operational by the end of CY 2028 (estimated 12 – 15 grantees total).
- **Technical Assistance:** All grant recipients will participate in technical assistance activities (Academy 2.0), led by the team of Flex Pool experts responsible for the current Academy.

BH Flex Pool Investment Grants Proposed Timeline

The proposed timeline would move quickly from Request for Applications (RFA) release in fall 2026 to grantee selection, Academy 2.0 launch, and first payments in spring 2027, with second payments and ongoing program monitoring in 2028.

Activity	Timeline
Release RFA and select grantees	Fall 2026
Official launch of Flex Pool Academy 2.0	Spring 2027
First Payment to BH Flex Pool Investment grantees	Spring 2027
Second Payment to BH Flex Pool Investment grantees	Winter 2028
Flex Pool Academy 2.0 TA concludes	Year End 2028

BH Facility Throughputs: Data Exchange

Data Exchange and BH Throughput

Seamless Real Time Data Exchange = ⬆ Throughput

When providers across sectors can access **behavioral health, physical health, and social service information** for individuals with behavioral health needs in real time, it enables true coordinated care that reduces treatment gaps and helps patients move toward achieving clinical and social stability in lower-acuity levels of care.

DHCS has prioritized advancing real time data exchange through statewide initiatives, such as the **Authorization to Share Confidential Member Information (ASCMI) Initiative**, detailed guidance, and requirements for managed care plans and counties to exchange data in real time data to coordinate care across physical health, behavioral health, and social services.

- For individuals with behavioral health needs, effective care often requires coordination across multiple organizations and care settings, as well as the exchange of protected health data.
- DHCS is requiring the **statewide adoption of the ASCMI Form** and is launching a **Consent Management Portal** (CMP) to enable DHCS Care Partners to verify if their Clients have a documented Part 2 data sharing consent record.
- Real time data exchange remains a challenge due to **inconsistent technical capabilities**, **limited interoperability, and lack of standardized consent management processes** across sectors.

Proposed BH Data Exchange Eligibility

DHCS proposes the following grantee categories and eligibility parameters for BH Throughputs funding to support real time behavioral health and housing data exchange across California.

Milestone-Based Grants

DHCS is proposing to provide milestone-based grants in which **grantees will receive funds in installments based on demonstration of meeting specific milestones.** Grantee allocations could be proportional to entity size, need, and activity.

Counties (74%)

- County Behavioral Health Plans (BHPs), Drug Medi-Cal (DMC) counties, and county-contracted behavioral health providers.

CoCs (12%)

- Local CoCs.

Data Exchange Intermediaries (10%)

- Qualified Health Information Organizations, Health Information Exchanges, Community Information Exchanges, and other data intermediaries

Training & Technical Assistance (4%)

- One or more organizations with expertise in BH data exchange, consent management, and implementation support may be selected to provide statewide and targeted assistance.

Proposed BH Data Exchange Investments

DHCS proposes **$59.9M for targeted investments** across counties, Continuums of Care (CoCs), data exchange intermediaries, and training and technical assistance providers to **advance real time behavioral health and housing data exchange** and timely care coordination.

County BH Agencies and Providers

- Onboard with a data exchange intermediary to facilitate real time data exchange, including ADT notifications.
- ASCMI Form implementation and Consent Management Portal (CMP) connection and use.
- Provider grants through counties for intermediary onboarding and adoption of ASCMI Form and CMP.

Data Exchange Intermediaries

- Facilitate real time data exchange, including support for ASCMI and CMP adoption and ADT notifications for counties, CoCs, and providers.
- Data segmentation of substance use treatment information protected by 42 C.F.R. Part 2.

CoCs

- Onboard with a data exchange intermediary to facilitate real time, bidirectional data exchange of housing and health information.

Training & Technical Assistance

- Learning collaboratives and office hours.
- Targeted implementation support.
- Webinars, FAQs, and tip sheets.

Previously funded data exchange activities are not eligible for BH Throughputs funding.

Proposed Workplan for Data Exchange Activities

The proposed timeline includes two competitive funding rounds, with initial awards issued in early 2027, a second round in late 2027, and implementation activities continuing through 2028.

Activity	Timeline
Present proposal at PAHCA-SAC meeting	Mid to Late September 2026
Finalize and release Round 1 RFA	Fall 2026
Round 1 Grant Awards	January 2027
Finalize and release Round 2 RFA	Fall 2027
Round 2 Grant Awards	December 2027

All Plan Letter Update

Background

- DHCS communicates with MCPs by means of All Plan Letters (APL) to clarify MCPs' contractual obligations, provide implementation instructions for such obligations, and/or issue guidance with regulatory force and effect when DHCS interprets, implements, or makes specific relevant State statutes under its authority.
- Proposition 35 requires DHCS to consult with PAHCA-SAC prior to issuing guidance such as APLs implementing components of the PAHCA.

APL Update

- DHCS is developing draft APLs for the:
  - Emergency Department Physician Proposition 35 UDI SDP
  - Primary and Specialty Care Proposition 35 UDI SDP
  - Ground Emergency Medical Transportation Proposition 35 UDIs alongside the GEMT QAF program
- DHCS anticipates releasing the draft APLs for stakeholder comment in Fall 2026.
- Final APLs will not be issued until the underlying payment programs receive required CMS approvals.

Committee Member Questions and Discussion

Request for Input

Request for Committee Members' Written Input

- DHCS requests the PAHCA-SAC members' written input on the materials presented today no later than September 25, 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

- ADT: Admission, Discharge, and Transfer
- API: Application Programming Interface
- APL: All Plan Letter
- ASCMI: Authorization to Share Confidential Member Information
- BH: Behavioral Health
- BHP: Behavioral Health Plan
- BHSA: Behavioral Health Services Act
- CMP: Consent Management Portal
- CMS: Centers for Medicare and Medicaid Services
- CoC: Continuum of Care
- CWC: Certified Wellness Coach
- CY: Calendar Year
- CYBHI: Children and Youth Behavioral Health Initiative
- DHCS: California Department of Health Care Services
- DMC: Drug Medi-Cal
- DPH: Designated Public Hospital
- FFS: Fee-For-Service
- ED: Emergency Department
- GEMT: Ground Emergency Medical Transportation
- HCAI: Department of Health Care Access & Information

Glossary

- H.R.: House of Representatives
- LMCC: Labor Management Cooperation Committee
- 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
- QHIO: Qualified Health Information Organization
- RAI: Request for Additional Information
- RFA: Request for Applications
- SDP: State Directed Payment
- SPA: State Plan Amendment
- TPA: Third-Party Administrator
- TRI: Targeted Rate Increase
- UDI: Uniform Dollar Increase
- WIC: California Welfare and Institutions Code