CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES

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Addendum to Changes to Reimbursement of State-Only Services in Federally Qualified Health Center and Rural Health Centers

This is the third addendum to the Public Notice, published April 24, 2026 for forthcoming guidance from the Department of Health Care Services (DHCS) regarding Federally Qualified Health Centers (FQHC)/Rural Health Centers (RHC) reimbursement for state-only services transitioning from the Prospective Payment System (PPS) to non-PPS methodologies. The first Addendum was published May 8, 2026 and the second Addendum was published June 3, 2026.

Senate Bill (SB) 164 (Chapter 27, Statutes of 2026) was signed by the Governor on June 29, 2026 and postponed this transition to July 1, 2027. Accordingly, DHCS has postponed implementation of billing and payment system changes which were previously scheduled to take effect for dates of service on and after July 1, 2026.

Revised policy guidance and implementation updates reflecting the new timeline will be forthcoming. FQHCs and RHCs should continue billing the DHCS Fiscal Intermediary (FI) and Medi-Cal Managed Care Plans (MCPs) in accordance with current guidelines and requirements until further notice from DHCS.

DHCS reminds FQHCs and RHCs that existing Medi-Cal policy and the Health Insurance Portability and Accountability Act (HIPAA) requires complete and appropriate service-level coding on all claims including procedure codes, diagnosis codes, and emergency indicator in accordance with the *Medi-Cal Provider Manual*. For claims submitted to the DHCS FI, service-level informational lines should be included in addition to the RHC or FQHC per-visit billing code. DHCS will require detailed complete and appropriate service-level coding to effectuate the transition of state only services non-PPS methodologies for dates of service on and after July 1, 2027.