CALIFORNIA UPDATE

February 13, 2026

Welcome to America's Physician Groups' *California Update*. Each week APG reports the latest on health care happenings in the Golden State.

Here's what you'll find in this week's edition:

- **Medi-Cal Updates: Tracking Federal Actions, MCO Tax, & Call For Comments On Home & Community Based Services**
- **APG's California Medi-Cal Forum February 11 Meeting**
- **APG And CAHP Meet With DMHC And CDI On SB 306 Prior Authorization Reform Implementation**
- **APG California Policy & Advocacy 2026 Meeting Dates**
- **APG California Advocacy Member Resources**

Medi-Cal Updates: Tracking Federal Actions, MCO Tax, Call For Comments On Home & Community Based Services

New DHCS Webpages: Federal Policy Impacts on Medi-Cal
DHCS launched a new set of webpages to help counties, health plans, providers, and community partners track federal actions that affect Medi-Cal, including H.R. 1, and California's response. The site covers Medi-Cal eligibility, benefits, behavioral health, reproductive health, financing, and Section 1115 waivers. You'll also find California's implementation plan for eligibility and enrollment changes under H.R. 1. (NOTE: If you missed the February 5 webinar, the implementation plan presentation and slides are now available.)

Managed Care Organization Tax Update
On February 2, the federal Centers for Medicare & Medicaid Services (CMS) finalized a rule that changes federal requirements for health care-related taxes used to finance Medicaid programs. The rule leaves intact California's Managed Care Organization (MCO) Tax through its current authorized term (December 31, 2026), after which the same tax structure will no longer be federally approvable. DHCS will work closely with partners and stakeholders on the next steps related to the tax and related

payment methodologies that are needed to comply with federal requirements. For more details, see the CMS Final Rule and Fact Sheet.

Medi-Cal 1915(i) Home and Community-Based Services State Plan Amendment

DHCS is seeking input from members, providers, and other interested stakeholders regarding the renewal application for the Medi-Cal 1915(i) Home and Community-Based Services State Plan Amendment (SPA 26-0009). The California Department of Developmental Services intends to renew the SPA for a five-year period (October 2026 through September 2031). The renewal presents rate changes and new methodologies, provider types, and services from SPA 25-0040, which is pending CMS approval. The state anticipates that SPA 25-0040 will be approved by CMS prior to the approval of SPA 26-0009.

Written comments may be emailed to Federal.Programs@dds.ca.gov or PublicInput@dhcs.ca.gov. Please indicate SPA 26-0009 in the subject line or message. ***Comments must be received no later than March 4***. Please note that comments will continue to be accepted after March 4, but DHCS may not be able to consider those comments prior to the initial submission of SPA 26-0009 to CMS.

APG's California Medi-Cal Forum February 11 Meeting

APG's California Medi-Cal Forum met on February 11. Margaret Tatar, HMA, presented an update on the State budget and Karl Rebay, Baker Tilly, discussed the MLR issue.

You can download the slides here.

The discussion included mention of the Delegation Audit Compliance Checklist. You can download this checklist and an explanatory slide deck on our California Policy Archive webpage. If you need an account to access this page, contact Norma Springsteen.

Join us at our March 10 meeting.

APG And CAHP Meet With DMHC And CDI On SB 306 Prior Authorization Reform Implementation

An APG member workgroup met this week with the Department of Managed Health Care (DMHC), the California Department of Insurance (CDI), and health plan representatives to continue discussions regarding SB 306's prior authorization (PA) data collection requirements.
Under SB 306, DMHC and CDI must collect prior authorization data from all licensed health plans and insurers, analyze that data, and develop a master list identifying services that should be exempt from prior authorization beginning January 1, 2028.

In advance of the meeting, APG submitted a revised and expanded data collection template in response to a draft circulated by DMHC for stakeholder comment. Our workgroup added additional data fields to better capture the realities of the prior authorization process, particularly in delegated and risk-bearing models. The revised template was shared with health plan representatives prior to the meeting, and there was substantial agreement with our proposed approach.

APG's key concerns and recommendations concerning the DMHC data gathering approach are summarized below:

1. Aggregated Reporting Data of P.A. at the Plan Level May Not Capture the Work of the Delegated Model
The DMHC template featured a collection of simple approval and denial counts alone, which do not accurately reflect prior authorization activity in delegated models. A significant portion of utilization management activity occurs through care coordination, site-of-care optimization, and physician-to-RBO engagement prior to a formal decision. These interactions often result in modifications, cancellations, or resubmissions rather than formal denials. Moreover, when RBOs request a withdrawal of a request and a resubmittal, there is little data capture of that process.
To address this, APG proposed clarification of "code-level" reporting, with one CPT code reported per line. This structure resolves situations in which a request includes multiple CPT codes, and some are approved while others are denied. Code-level reporting allows for more accurate tracking of partial approvals and denials. We are still working on a solution to the lack of documentation of "informal" modifications that occur through withdrawals.

2. Standardized Definitions Are Essential
For the data to be meaningful and comparable across plans, DMHC will need to establish clear and standardized definitions—particularly for the terms "approved," "denied," and "modified," as well as how to treat partial denials, appeal overturns, and other decision pathways.

APG submitted a detailed data definition section within the revised template to promote consistency across all reporting entities. DMHC expressed agreement with this direction and requested additional suggested clarifications. APG will continue working with plans to develop consensus definitions of key terms to ensure reliable and usable data.

3. Template Reporting Should Clearly Distinguish Line of Business
Reporting of prior authorization actions varies significantly between PPO and HMO models. Our workgroup recommended breaking out reporting by line of business to distinguish prior authorization activity in PPO versus HMO models, which operate under different utilization management structures.

APG will continue to keep members informed as this process advances through the year, both in this California Update and during upcoming California Policy Forum meetings.

If you have comments or questions, please contact wbarcellona@apg.org.

For members who would like a refresher on SB 306's substantive provisions and implementation timeline, the APG Implementation Guide is available under "APG California Advocacy Member Resources" in the "2025 Legislative Implementation Guide."

2026 APG California Policy & Advocacy Meeting Dates

Members, please mark your calendars for APG's California Policy Forum and California Medi-Cal Forum meetings. You can download APG's 2026 events calendar here.

California Policy Forum
2:00 - 3:00 pm

- April 9
- June 3
- December 3

California Medi- Cal Forum
4:00 - 5:00 pm

- March 10 - *Register here*
- April 14

- May 12
- June 9
- August 11
- October 13
- November 10
- December 8

APG California Advocacy Member Resources

- 2025 Legislative Implementation Guide
- **Tracked Health Care** Bills 2025-26: bills we're following in the California State Legislature
- November 2025 IHA Provider Directory webinar recording
- **Office of Health Care Affordability** regulations and explanatory slide deck
- **DMHC Quality and Equity Reporting** program All Plan Letter

---

For more news and resources, please visit APG's website or contact a member of APG's California advocacy team.

William Barcellona, EVP of Government Affairs..... wbarcellona@apg.org
David Gonzalez, Senior Legislative Advocate..... dgonzalez@apg.org
Norma Springsteen, Administrative Coordinator.... nspringsteen@apg.org

---
