

**June 12, 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:

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DHCS Proposal Raises Concerns About Medi-Cal Provider Participation And Patient Access

In response to concerns raised by CMS regarding fraud, waste, and abuse oversight within Medicaid programs nationwide, DHCS is proposing new provider enrollment and pharmacy claim requirements that would require many ordering, referring, and prescribing providers to obtain individual Type 1 NPI enrollment through the Medi-Cal PAVE portal and submit ICD-10 diagnosis codes as part of pharmacy claim adjudication. While APG supports the Department's commitment to program integrity and ensuring that only qualified providers participate in Medi-Cal, we have expressed concern that these requirements do not adequately reflect the realities of California's delegated managed care system, where many specialists, hospital-based physicians, and ancillary providers already participate through credentialed and contracted arrangements that have historically not required direct Medi-Cal fee-for-service enrollment. APG believes the policy could inadvertently discourage provider participation and further strain specialty care access for Medi-Cal beneficiaries.

In [comments submitted to DHCS](#), APG warned that the proposal could result in reduced specialty network participation, disruptions in medication access, and continuity-of-care challenges if pharmacy claims are denied due to enrollment or diagnosis code transmission issues. APG also noted that physician organizations, IPAs, medical groups, and health

plans already maintain extensive fraud, waste, and abuse monitoring programs, including ongoing license exclusion, sanction, and credentialing oversight. Accordingly, APG urged DHCS to suspend automated claim denials, establish transitional protections for currently participating providers, recognize existing delegated oversight mechanisms, and work collaboratively with stakeholders to develop an implementation strategy that preserves both program integrity and patient access.



APG Will Continue Advocacy On UIS Coverage Solution Following State Budget Agreement

Governor Newsom's proposal affecting more than 2 million Medi-Cal beneficiaries with unsatisfactory immigration status (UIS) advanced this week as part of the final state budget agreement, but the Legislature has also left the door open for continued work on a realistic long-term solution.

Throughout the budget process, APG supported a stakeholder-developed alternative proposal that would preserve managed care coverage for the UIS population while addressing the state's fiscal challenges. APG joined coalition partners in advocating that maintaining care coordination and managed care infrastructure would better protect beneficiaries, providers, and California's safety-net delivery system. Our coalition released [a further statement](#) on the budget resolution this morning.

While the budget agreement continues the planned transition of the UIS population from Medi-Cal managed care to fee-for-service Medi-Cal, it also preserves continuity-of-care protections, delays implementation of UIS premiums until July 1, 2027, and specifically contemplates further discussions regarding the continued use of managed care for non-emergency services. APG views this as an important acknowledgment that additional work remains necessary to develop a practical and sustainable approach for serving this population.

The Legislature also expressed its intent to preserve CalAIM benefits for this population. However, APG notes that CalAIM was designed and approved under California's Section 1115 demonstration waiver as a managed care-based model of care. Enhanced Care Management, Community Supports, and many of the program's care coordination functions are delivered through managed care plans and their delegated provider networks. Consequently, important operational and policy questions remain regarding how these services could be maintained in a fee-for-service environment while preserving the care coordination and whole-person care objectives that CalAIM was created to achieve.

In addition, California currently lacks an established administrative infrastructure within the Medi-Cal fee-for-service program to deliver many of the services and functions that CalAIM relies upon. The managed care plans, physician organizations, and community-based provider networks that currently support care management, social services coordination, housing interventions, and other Community Supports would not automatically exist within a fee-for-service delivery model. Building a new administrative structure capable of replicating these functions would likely require significant time, resources, and operational planning. As a result, APG believes further stakeholder engagement is necessary to identify a practical pathway that preserves the benefits of CalAIM while maintaining continuity of care for affected beneficiaries.

These unresolved issues reinforce APG's longstanding position that maintaining some form of managed care infrastructure for the UIS population remains the most practical pathway for preserving access, care coordination, and system stability. The Legislature's decision to continue exploring managed care options creates an important opportunity for stakeholders to develop a more workable long-term solution, and APG will remain actively engaged in those discussions as implementation planning moves forward.

You can download the legislature's summary, the alternative proposal and the APG support letter [here](#).



APG Files Comments On Draft OHCA CMIR Regulation Revisions Concerning MSO Transactions

On June 11, APG submitted a comment letter to the Office of Health Care Affordability (OHCA) regarding proposed revisions to California's Cost and Market Impact Review ([CMIR regulations](#)). The proposal would significantly expand the types of health care transactions subject to notice and review by OHCA, including certain transactions involving management services organizations (MSOs), private equity investments, governance changes, and health care real estate arrangements.

APG's [comments](#) focused on the unique characteristics of California's delegated care model and the need to avoid unnecessary regulatory burdens on physician organizations that already operate under extensive oversight by the Department of Managed Health Care, Department of Health Care Services, and contracted health plans. APG also urged OHCA to recognize existing regulatory reporting requirements and avoid duplicative filing obligations for affiliated entities.

Of particular interest to APG members, the proposed regulations would expand reporting requirements for certain MSO transactions, including changes in ownership, governance, or management relationships. APG expressed concern that the proposal could unintentionally capture routine administrative and operational arrangements that are common within California's delegated care system but do not affect market concentration, competition, affordability, or patient access. APG recommended that OHCA narrow these provisions and allow greater reliance on information already reported through existing regulatory oversight processes.

The proposed regulations are scheduled to be discussed by the OHCA Board at its [June 24 meeting](#). APG will continue to monitor developments and provide updates as the rulemaking process moves forward.



APG Seeks Submissions For The 2026 Case Studies In Excellence

All APG members are invited to submit an innovative care initiative or best practice in value-based care for consideration in the next edition of Case Studies in Excellence. Click [here](#) to submit your abstract by **June 26**.

APG's annual [Case Studies in Excellence](#) series highlights our members' innovative care initiatives and best practices. It remains a highly sought-after publication and serves as an effective educational tool that helps policymakers, purchasers/payers, partners, prospective APG members, and others understand value-based care.

We welcome member submissions showcasing "value" in coordinated, patient-centered, high-quality care delivery and payment models. This 2026 series will continue to cover a broad range of topics and also feature a special spotlight on artificial intelligence in value-based care.

Selected case studies will be featured at APG's Annual Fall and Spring Conferences and shared via social media spotlights!

Please review the [submission guidelines](#) and [submit](#) your abstract by **June 26**.

If you have content or program questions, please contact Dr. Susan Huang at cmo@apg.org.



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

- December 3

California Medi- Cal Forum

4:00 - 5:00 pm

- 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.

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