


July 24, 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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DMHC Seeks Comment On Draft Guidance Protecting Health Plan Staff While Preserving Member Access

The Department of Managed Health Care (DMHC) has released a [draft All Plan Letter \(APL\)](#) for stakeholder review that would provide new flexibility regarding the identification of health plan representatives in grievance acknowledgement letters sent to commercial enrollees. APG members have an opportunity to review the proposal and provide input before the Department's stakeholder comment deadline.

Current Knox-Keene law requires grievance acknowledgement letters to identify the health plan representative responsible for the grievance. DMHC notes that health plans have expressed concerns regarding the personal safety and privacy of employees whose full names appear in grievance acknowledgement letters. In response, the Department proposes to permit plans to use alternative unique identifiers in place of a representative's full first and last name. Acceptable alternatives would include the employee's first initial and last name, first name and last initial, or a unique employee identification number, provided the identifier consistently refers to the same representative.

Importantly, the draft guidance preserves the underlying consumer protection objective by requiring grievance acknowledgement letters to include a telephone number that allows members to directly reach the identified representative. DMHC makes clear that generic, unstaffed telephone lines or complex automated call trees would not satisfy this

requirement, ensuring that members continue to have meaningful access to the individual handling their grievance. Although the APL is directed to commercial Knox-Keene health care service plans and does not apply to Medicare Advantage or Medi-Cal managed care products, APG members that perform delegated utilization management functions requiring direct member contact on behalf of commercial health plans should expect these requirements to be incorporated into their delegated operations and member correspondence.

APG will submit a comment letter to DMHC if members identify operational issues or recommendations regarding the draft guidance, particularly as it may affect physician organizations that perform delegated utilization management functions requiring direct member contact. Members wishing to provide input should send their comments to wbarcellona@apg.org no later than the close of business on **Monday, August 3**, to allow sufficient time for APG to prepare and submit comments before the Department's August 4 deadline.



California Artificial Intelligence (AI) Health Care Proposals In Final Stages Of Consideration For 2026

The topic of the regulation of AI, including specifically how AI is utilized in the health care setting, continues to be a heavily debated issue in Sacramento. At the beginning of 2026 there were over 45 new proposals relating to AI moving through the Legislature. Many of the proposals have stalled or have been heavily changed since their introduction. California policy makers have until August 31st to pass any new bills to the Governor's desk for this year. As the end of the 2025-26 Legislative Session approaches, the focus of the debate on how AI is utilized in the health care setting has come down primarily to two proposals: Assembly Bills 1979 (Bonta) and AB 2575 (Ortega) which both seek to regulate how clinical decision support systems (CDSS) are utilized in delivering patient care. Both AB 1979 and 2575 are scheduled to be heard by the Senate Appropriations Committee on August 3rd when the Legislature returns from summer recess.

AB 1979 (Bonta.) An earlier version of AB 1979 sought to 1) add "health care chatbots" to the existing requirements of the California Medical Information Act; and 2) require health facilities, clinics, and physician's offices to ensure that no clinical decision by a provider is based solely on the output of a clinical decision support system (CDSS). APG had an Opposed Unless Amended version on this version given that it would have had the practical effect of prohibiting health care professionals from using a CDSS in most settings.

AB 1979 was recently amended in the Senate Health Committee addressing many of the concerns raised by APG by adding parameters around the definition of a CDSS and how they may be used by health care professionals. A link to the current version of AB 1979 can be found [here](#).

AB 1979 as recently amended now:

- Requires a health facility, clinic, physician's office or group practice to take "reasonable steps" to ensure that a "licensed health care professional, acting within their scope of practice, retains the ability to exercise independent professional judgment in their care of a patient whenever that care is informed by the output of a clinical decision support system."
- Prohibits a health facility, clinic, physician's office or group practice from using AI to:
 - Independently perform any clinical function that is required by law to be performed by a person with a professional license; and
 - Clarifies that this prohibition does not limit the use of AI in training.
- No longer contains some of the broader terms included in the definition of a "clinical decision."

While the recent amendments have moved APG to a "Neutral" position along with some other health care industry stakeholders, conversations continue regarding additional refinements around the term CDSS and its application in the clinical setting.

AB 2575 (Ortega) seeks to establish a series of problematic and administratively burdensome requirements on health facilities, physician's offices and group practices that utilize a CDSS. APG remains Opposed to AB 2575 along with other health care industry stakeholders. Amongst other things, AB 2575 seeks to require a health facility, physician's office or group practice that utilize a CDSS to:

- Make the CDSS for patient care available, upon request from a licensed health care professional or other person using, or viewing outputs from, a CDSS, an inventory of all CDSS currently in use or deployed for patient care that must be updated annually;
 - Specifies the types of information that must be disclosed regarding the CDSS including things like a summary of the validation process of the CDSS, and a summary of the qualitative measures of performance of the CDSS.

- Notify the health care professionals of their right to request specified inventories of the CDSS.
- Be prohibited from retaliating or discriminating against a worker providing direct patient care using their professional judgment to make an assessment or decision within their appropriate scope of practice based solely on the worker's override of, or reliance on, the output of a CDSS.

The latest amended version of AB 2575 can be found [here](#).

APG staff will continue to provide updates as these two potentially inconsistent bills relating to the use of CDSS in the clinical setting make their way through the last month of the 2025-26 Legislative Session.



APG Encourages Members To Attend July 28 Medi-Cal Transformation Seminar

California's Medi-Cal program is entering one of the most consequential periods in its history. In response to sweeping federal changes enacted through H.R. 1, the California Association of Health Plans (CAHP) will host a seminar, **"Navigating the Next Phase of Medi-Cal Transformation,"** on **Tuesday, July 28, from 9:00 a.m. to 3:00 p.m.** at the Los Angeles Marriott Burbank Airport. The program will bring together senior officials from the Department of Health Care Services, Medi-Cal managed care plans, providers, and other health care leaders to discuss the future direction of California's Medicaid program.

APG encourages members, particularly physician organizations, IPAs, MSOs, and other delegated entities, to consider attending this important program. The seminar will provide a valuable opportunity to hear directly from DHCS leadership regarding the State's response to H.R. 1, the future of CalAIM, and the operational and financing challenges facing Medi-Cal managed care over the coming years.

The meeting also provides an important opportunity for APG members to engage directly with state officials regarding the continuing role of California's delegated care model. As policymakers consider how best to implement federal reforms while preserving access to care, physician organizations should ensure that their experience delivering coordinated, value-based care is part of the discussion. APG believes the delegated model remains one of California's greatest strengths and will continue advocating for policies that recognize the critical role physician

organizations play in improving quality, managing costs, and coordinating care for Medi-Cal beneficiaries.

Members interested in attending can review the [seminar announcement](#) and [registration](#) information. APG looks forward to continuing these conversations with DHCS and other stakeholders as California develops its next generation of Medi-Cal policy.



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 - [Register](#)
- 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](#)
- **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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