CALIFORNIA UPDATE

September 11, 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:

- **APG Presses State Leaders To Protect The Delegated Model And Reduce Administrative Fragmentation**
- **APG California Policy & Advocacy 2026 Meeting Dates**
- **APG California Advocacy Member Resources**

APG Presses State Leaders To Protect The Delegated Model And Reduce Administrative Fragmentation

APG intensified its advocacy on several fronts this week, with a particular focus on securing a gubernatorial veto of AB 539. APG has opposed the bill throughout the legislative process and submitted a formal veto request explaining that its one-size-fits-all prior authorization requirements fail to distinguish between fragmented PPO utilization management and the integrated care coordination performed by delegated physician organizations. APG will press the argument in meetings with both the Governor's Office and the Department of Managed Health Care to present the clinical case for a veto.

APG advocates that utilization management within the delegated HMO model is not simply an approval-or-denial function. It is part of an ongoing clinical process that can include consultation with the treating provider, medication reconciliation, generic substitution, site-of-care optimization, correction and resubmission of incomplete requests, and coordination among specialists, primary care physicians, and care managers. Requiring authorizations to remain valid for a full year without appropriate opportunities for clinical reassessment could produce medication conflicts, disrupt coordinated care, expose patients to avoidable harm, and increase costs. These concerns are particularly difficult to justify in a model in which final denial rates generally range from only 2 to 3 percent and typically remain below 5 percent.

APG has sharpened its message to California policymakers: rules developed to address problems in fragmented PPO arrangements should not be indiscriminately applied to high-performing delegated HMO models. OHCA data presented in March 2024 showed annual cost growth

of approximately 3.12 percent in the HMO market, compared with approximately 9.93 percent in PPO and fee-for-service arrangements. AB 539 risks imposing new administrative and clinical constraints on the very delivery model that has demonstrated a substantially stronger record of cost control. APG is urging the Administration to allow the more carefully targeted reforms enacted through SB 306 to be implemented and evaluated before layering on another broad prior authorization mandate.

The AB 539 effort builds upon APG's recent meetings with leadership at the Office of Health Care Affordability and the Department of Health Care Services. In our September 1 **discussion with OHCA**, APG assembled a team of our member organizations' leadership to emphasize that physician organizations should not be held accountable for spending they do not control or evaluated through methodologies that fail to recognize their participation in advanced risk-bearing payment models. APG also pressed for greater transparency into health-plan-supplied data, an opportunity for organizations to review and reconcile that data before enforcement, and more accurate treatment of professional capitation, global and shared risk, and management services organizations. The meeting produced a commitment to establish a quarterly workgroup involving OHCA and health care industry representatives to improve measurement accuracy and develop more equitable enforcement standards.

In our meeting with DHCS leadership earlier today, APG provided another team of physician group leaders who carried forward the **same central message**: fragmented and non-standardized compliance requirements are creating unnecessary administrative friction for delegated physician organizations, particularly because most delegates contract with multiple Medi-Cal managed care plans. APG called for the earlier and more transparent release of Medical Loss Ratio (MLR) reporting templates, clearer and more consistent deadlines, standardized reporting requirements across plans—or at least within regions—and appropriate recognition of health care quality improvement activities. APG stressed that requiring each managed care plan to develop its own reporting formats, definitions, timelines, and validation processes consumes resources that should be devoted to patient care while producing data that are less consistent and less useful to the Department.

Across all three initiatives, APG's message is consistent: California cannot achieve affordability, access, and quality by layering fragmented administrative mandates onto organizations that already accept accountability for coordinating care and managing costs. APG will continue pressing the current and future Administration and state

regulators for policies that recognize differences among coverage and delivery models, reduce unnecessary administrative friction, and preserve California's delegated model as a critical component of the state's health care affordability strategy.

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

- October 13 - ***Register***
- 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

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

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