CALIFORNIA UPDATE

October 30, 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 Urges OHCA To Align Spending Accountability With Physician Organizations' Actual Responsibilities**
- **APG California Policy & Advocacy 2026 Meeting Dates**
- **APG California Advocacy Member Resources**

APG Urges OHCA To Align Spending Accountability With Physician Organizations' Actual Responsibilities

At the October 29 Health Care Affordability Board meeting, APG raised a practical concern with OHCA's proposed spending target enforcement regulation: physician organizations may be attributed spending they have no authority to control—and then be required to develop a performance improvement plan to reduce it.

California's risk-bearing physician organizations operate under LAN Category 4 population-based alternative payment arrangements, a model OHCA seeks to advance. These organizations accept responsibility for specified services under negotiated contracts. Those responsibilities have defined boundaries.

APG explained that preliminary spending assessments provided by OHCA staff demonstrate how the total medical expenditure, or TME, attribution model can assign expenditures to physician organizations even when another entity controls the prices, contracts for the services, or holds financial responsibility. Depending on the arrangement, these expenditures may include hospital, pharmaceutical, behavioral health, and other costs.

Attributing spending to an organization does not give it the authority to change that spending. Nor does it necessarily provide access to the underlying data needed to prepare a fair rebuttal. Requiring a performance improvement plan under those circumstances would create an administrative obligation without a workable path to lower costs.

APG's message was straightforward: **Providers should be responsible for that which they control.** Before initiating enforcement, OHCA should be required to review the organization's division of financial responsibility, or

DOFR, and related delegation agreements. Any corrective requirements should reflect the organization's actual contractual and operational responsibilities.

APG also supported Health Access' proposal to convene a workgroup to review the TME standard and address the broader attribution concerns. We appreciate MemorialCare, Sutter Health, and Sharp HealthCare's participation and comments at the October 29 hearing, adding an important member perspective to the Board's discussion.

APG will submit further written comments on the proposed regulation and provide those comments to our members.

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

- November 10 - ***Register***
- 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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