CALIFORNIA UPDATE

November 4, 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 Calls For Member Action Before November 18 OHCA Enforcement Vote**
- **California Ballot Results: Voters Reject Clinic Spending Mandate; Health Care Financing Challenges Remain**
- **California Congressional Results Point To Additional Voices Supporting Medi-Cal**
- **Outcome Of Tuesday's General Election Favors Renewed Attention To California's Health Care Challenges**
- **APG California Policy & Advocacy 2026 Meeting Dates**
- **APG California Advocacy Member Resources**

APG Calls For Member Action Before November 18 OHCA Enforcement Vote

APG submitted written comments to the Office of Health Care Affordability on October 30 urging revisions to its proposed spending target enforcement regulations. Our central message remains: **Providers should be responsible for that which they control.**

We expect the November 18 Health Care Affordability Board agenda to include a vote to adopt the final enforcement regulations. **APG members should submit letters joining APG's comments and plan to participate virtually to offer verbal comments during the enforcement regulation agenda item.** The meeting is scheduled to begin at 10:00 a.m. Pacific. Meeting information is available on the OHCA Board webpage.

APG's letter builds on our October 29 Board testimony and member concerns, including comments provided by Sharp HealthCare at that hearing. California's risk-bearing physician organizations operate under LAN Category 4 population-based payment arrangements that OHCA seeks to advance. Yet OHCA's total medical expenditure, or TME, attribution methodology can assign spending to these organizations even when another entity controls the prices, contracts for the services, or holds financial responsibility.

That disconnect has practical consequences. A physician organization cannot develop a credible performance improvement plan to reduce expenditures controlled by someone else. It may also lack access to the underlying spending data needed to evaluate OHCA's findings or prepare a fair rebuttal.

APG therefore requested mandatory review of each organization's division of financial responsibility, or DOFR, and related delegation agreements before requiring a performance improvement plan or imposing a financial penalty. OHCA should identify which expenditures the organization can actually manage and tailor any corrective requirements accordingly. Our letter also calls for usable supporting data, resolution of material attribution disputes before corrective consequences attach, and safeguards against duplicative enforcement. These protections should be explicit in the regulations.

APG continues to support a stakeholder workgroup to examine the TME methodology and test its application to California's delegated and medical-foundation arrangements.

Member letters can be brief: expressly join APG's October 30 comments, explain your organization's delegated responsibilities, and provide a concrete example of spending attributed to your organization that it cannot control. Describe any limitations on access to the data and why a performance improvement plan could not remedy the underlying spending.

OHCA requires letters to be submitted approximately four business days before the Board meeting. **APG members should submit their letters no later than Wednesday, November 11, to** ohca@hcai.ca.gov to allow advance distribution to Board members. Identify the spending target enforcement regulations, request distribution to the Board, and provide APG with a copy of your submission.

California Ballot Results: Voters Reject Clinic Spending Mandate; Health Care Financing Challenges Remain

Preliminary results from California's November 3 election offer welcome relief for community clinics and their physician organization partners, while underscoring the continuing need for sustainable health care financing. Results remain unofficial as ballots continue to be counted.

The most immediate development for affected APG members is the decisive rejection of **Proposition 44**, with approximately 82% voting

against the measure in early returns. The Associated Press has called its defeat. The proposition would have required affected nonprofit safety net clinics to spend at least 90% of annual revenue on health care services, with state-defined expense classifications, financial penalties, and enforcement fees.

APG opposed the measure because a rigid spending formula could constrain the investments that sustain access and coordinated care. Its defeat avoids a new financial and compliance burden for affected clinics and helps preserve flexibility to support workforce development, care coordination, information systems, and other essential functions. The result also benefits delegated physician organizations that rely on community clinics as network partners.

The financing picture is more mixed. **Proposition 40**, the proposed billionaire wealth tax, was trailing with approximately 56% voting No. The measure would have dedicated 90% of its proceeds to health care. If that result holds, the proposed additional funding will not materialize, leaving policymakers to address health care financing pressures through other sources.

Meanwhile, voters approved **Proposition 3**, permanently extending existing higher income tax rates that otherwise would expire in 2031. This preserves an important source of future state revenue, but does not itself provide an immediate increase in Medi-Cal payments or funding for delegated physician organizations. Voters also approved **Proposition 2**, strengthening the state's rainy day fund and its capacity to manage future revenue downturns.

For APG, these outcomes reinforce a practical advocacy priority: available health care dollars must support the organizations responsible for delivering coordinated patient care. Preserving state revenue is important, but adequate provider payment and investment in care management infrastructure require additional policy and contracting decisions.

APG will continue to emphasize that sustainable access depends on both adequate financing and operational flexibility—and that physician organizations should be responsible for spending they control.

Proposition links lead to the Legislative Analyst's descriptions in California's Official Voter Information Guide. View preliminary election results.

California Congressional Results Point To Additional Voices Supporting Medi-Cal

Preliminary election results point to an encouraging development for APG members: California's congressional delegation is poised to gain additional voices supporting Medi-Cal and the patients who depend on it.

The Associated Press has called victories for **Mike McGuire** and **Dr. Richard Pan**, while **Scott Wiener, Randy Villegas, and Marni von Wilpert** lead their respective races. If those leads hold, California will send a new group of lawmakers to Washington who can help defend health care coverage and advocate for the resources necessary to sustain access. View California congressional results and race coverage.

These incoming members would bring valuable perspectives, including Pan's clinical experience, McGuire's and Wiener's state legislative experience, and Villegas's and von Wilpert's connections to communities where federal health care decisions have substantial local consequences. Their addition would strengthen California's advocacy for Medi-Cal as Congress considers the program's future financing and coverage policies.

For APG, this creates an opportunity to connect support for coverage with support for the physician organizations that deliver care. Protecting Medi-Cal requires adequate provider payment, investment in care coordination, and policies that sustain physician participation and patient access. Delegated physician organizations can demonstrate how these resources support coordinated, accountable care.

APG's engagement with the incoming delegation should emphasize that preserving coverage and sustaining delivery capacity go hand in hand. Our members can help these new congressional voices understand how federal decisions translate into access to physicians, continuity of treatment, and better outcomes for Medi-Cal patients.

Outcome Of Tuesday's General Election Favors Renewed Attention To California's Health Care Challenges

The most consequential development for APG is Xavier Becerra's projected election as governor, followed by changes in California's congressional delegation that could elevate health care financing and coverage issues in Washington. In Sacramento, the opportunity is to influence the incoming administration before its regulatory and budget priorities take shape.

Becerra's transition creates an immediate opportunity for APG.
The Associated Press has called the governor's race for Becerra, the former California attorney general and U.S. Health and Human Services secretary. His campaign emphasized protecting coverage and considering revenue changes to address federal health funding reductions, although many governing details remain unsettled. KQED

For APG, his familiarity with health care creates an opening for a substantive discussion about **how California purchases and organizes care**. We have previously engaged with Mr. Becerra and will seek early engagement with his transition team around three operational priorities:

- Preserve Medi-Cal coverage alongside adequate payment and care coordination resources.
- Align OHCA spending accountability with the financial responsibilities physician organizations actually control.
- Ensure prior authorization and other reforms recognize the differences between delegated HMO arrangements and PPO coverage.

Becerra has indicated a pragmatic approach to coverage expansion and stepped back from pursuing state single payer under the current federal administration. That suggests an opportunity to present delegated care as an existing platform for improving affordability and access. calmatters.org

His appointments to CalHHS and the departments overseeing coverage, financing, and affordability will be particularly important.

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 - ***Register***

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

- November 10 - ***Canceled***
- December 8 - ***Register***

APG California Advocacy Member Resources

- 2025 Legislative Implementation Guide
- **Tracked Health Care** Bills 2025-26: bills we're following in the California State Legislature

---

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

---