

August 15, 2025 - President's Message

Dear Public Health Care System Leaders,

We have been speaking with many of you lately as we all try to absorb the impact of the federal budget reconciliation bill and the unprecedented cuts to Medicaid. When taken together, they are indeed devastating: nearly a trillion dollars cut from a program serving low-income families, people with disabilities and communities with limited resources—in short, people who are already underserved and face barriers accessing care. These deep reductions, and new administrative hurdles will make it harder for people to stay covered, and access needed care.

However, it is important to remember that many provisions included in H.R. 1 will not take effect for several years. History offers us hope, I am reminded that the Affordable Care Act was also passed through budget reconciliation, and we successfully delayed or eliminated several of its provisions, including annual cuts to Medicaid DSH.

Our path forward is clear we will continue to fight on multiple fronts:

- Working with our colleagues in California and in other states to influence this Administration forthcoming guidance.
- Collaborating with the next Congress to delay or eliminate future Medicaid cuts.
- Mobilizing our collective advocacy efforts to protect access to care.

Thank you for your partnership in fighting the good fight.

Sincerely,

Erica Murray

President & CEO
California Association of Public Hospitals and Health Systems

State**State Advocacy: A Look Ahead**

The State Legislature will be reconvening on Monday, Aug. 18 to take action on remaining legislation. Any bills that remain must go through their fiscal (appropriations committees before advancing to a final vote on the Assembly or Senate floor. Appropriations Committees present a unique opportunity to potentially hold any problematic legislation as lawmakers and their staff consider the financial implications of each bill, often giving decision makers veiled discretion on their final decisions.

Following appropriations committee votes, the Legislature will be required to cast final floor votes on all remaining bills by Sept. 12 to meet the legislative deadline for the Governor to consider legislation on his desk.

Next week, the following committees will hold hearings on HR 1 as well as ICE raids and their impact on community health:

- Aug. 19 – Senate and Assembly Health Committee: Joint Informational Hearing on Immigration Enforcement, CMS data-sharing, and HR 1
- Aug. 20 – Assembly Budget Subcommittee #7: Impacts of HR 1 on California's Budget

Several providers will speak at the Aug. 19 hearing, including Dr. Arun Patel from Los Angeles County Department of Health Services. Dr. Patel will offer insights on the impact of immigration enforcement on community health in Los Angeles.

CAPH State Budget Summary

Following final action and administrative details on the 2025-26 State Budget, CAPH has a [final summary](#) available for members. Please reach out if there are any questions.

HCAI AB 1204 Reporting Portal Opens for September 30 Submissions

Beginning Sept. 30, 2025, all California hospitals must submit detailed equity reports and plans to the California Department of Health Care Access and Information (HCAI) [submission portal](#), as required by AB 1204 (2021). To support this effort, CAPH/SNI has created an [overview](#) outlining key requirements, timelines, and available tools.

Members interested in learning more about the [submission portal](#) can register for an HCAI hosted webinar on Aug. 18 from 10 to 11 a.m.

EMSA Encourages Hospitals to Register for the APOT Auditing Tool

The Emergency Medical Services Authority (EMSA) is encouraging hospitals to register for and begin using its new Ambulance Patient Offload Time (APOT) Audit Tool to conduct monthly audits of APOT data. Developed under [emergency regulations](#) to implement Assembly Bill 40 (2023), the tool is designed to help hospitals verify the accuracy of reported APOT times and identify discrepancies in the data.

Before the statewide rollout, EMSA piloted the tool in July with a select hospital and local EMS agency. Hospitals can register for the audit tool and access resource guides by following instructions in EMSA's informational flyer.

CDPH Now Requires Application Fees for Licensing Submissions

Effective July 1, all licensing applications and written notifications submitted to the California Department of Public Health (CDPH) will require an application fee. Applications that are incomplete will be denied without further review.

These updates come as part of [All Facilities Letter \(AFL\) 25-19](#), which outlines changes to the application review process for CDPH's Centralized Applications Branch. A key change is the introduction of a prescreening process, where CDPH will regularly review submissions and will send a one-time prescreen letter requesting any missing materials. If the requested information is not submitted by the deadline noted in the letter, the application will be denied and closed.

Data Exchange Framework (DxF) Transitions to HCAI

On Aug. 1, 2025, the administration of the Data Exchange Framework (DxF) officially shifted from the California Department of Data Insights and Innovation (CDII) to the California Department of Health Care Access and Information (HCAI).

As part of this transition, the [DxF Website](#) will become the primary source for the latest DxF updates, resources, and materials. While content continues to be updated, the [CDII DxF Webpage](#) will remain accessible and up to date until further notice.

Federal

Federal Advocacy: A Look Ahead

As members of Congress return to their districts for the summer recess, CAPH is preparing for focused advocacy to urge the delay of Disproportionate Share Hospital (DSH) cuts. If they're not delayed, DSH cuts will begin October 1. CAPH will circulate an advocacy toolkit with additional details and suggested steps for action soon.

FTC Workshop Prompts Review of Gender-Affirming Care for Minors

On July 28, the Federal Trade Commission (FTC) launched a [request for information](#) to the public, with a 60-day comment period to investigate consumer concerns about gender affirming care to minors.

The request for information follows an FTC [workshop](#) hosted on July 9 that examined alleged concerns about potentially unfair or deceptive marketing practices related to gender-affirming care for minors. Panelists, including medical professionals, patients, parents, and legal experts, shared perspectives on how consumer protection laws intersect with the provision of these services. The discussion signaled a shift in the FTC's approach and suggested that gender-affirming care may become a new focus area for enforcement. CAPH will continue to keep members updated on this issue.

340B Drug Pricing Program Recertification Open through September 8th

The Health Resources and Services Administration (HRSA) has set the 340B Drug Pricing Program recertification window for covered entities from Aug. 11 to Sept. 8.

To maintain program eligibility, hospitals must complete the recertification process using the Office of Pharmacy Affairs Information System (OPAIS). Both authorizing officials and primary contacts are required to register for their own OPAIS accounts before starting the process. Covered entities that do not complete recertification by Sept. 8 will be removed from the 340B program.

Members can access resources, including a user guide, training webinars, and additional educational materials on the [HRSA Office of Pharmacy Affairs website](#).

HHS to Pilot Rebate Model for Select 340B Drugs

On July 31, 2025, HRSA [announced](#) that it will conduct a pilot program testing a rebate model for 340B drug purchases. The announcement follows a May 15 federal court ruling that directed HRSA to review drug manufacturers' proposed rebate model.

Under the pilot program, drug manufacturers will be allowed to require covered entities to purchase select 340B drugs at full price and then submit claims data within 45 days to receive manufacturer rebates after dispensation. The pilot program is limited to drugs listed on the Centers for Medicare and Medicaid Services (CMS) Medicare Drug Price Negotiation Selected Drug List. The proposal is open to [comment](#) until Sept. 2, 2025. America's Essential Hospitals released a [statement](#) urging HRSA to reconsider its decision.

CMS Pushes for Survey on Hospital Drug Acquisition Costs

On July 15, the Centers for Medicare and Medicaid Services (CMS) included a notice of intent to conduct a survey of hospital acquisition costs for outpatient drugs under the Outpatient Prospective Payment System (OPPS). The notice is consistent with [President Trump's April 15th Executive Order](#) directing the Secretary of HHS to publish a plan in the Federal Register to survey these costs. Based on the results, HHS would propose adjustments to Medicare payment rates to reflect actual acquisition costs.

The proposal may reopen the door to Medicare Part B cuts for 340B drugs—previously in place from 2018 to 2022—which lowered reimbursement by about 30%. Those cuts were struck down by the Supreme Court in 2022 after it ruled HHS had failed to conduct a required cost survey.

The survey is expected to launch in early 2026 and would apply to all separately payable drugs acquired by hospitals paid under OPPS. CMS is requesting [public comment](#) on whether participation should be mandatory and how to handle non-responses. Comments are due on Sept. 15. CAPH is monitoring the proposal and will keep members updated as more information becomes available.

Resources

Deadline Extended: Apply for the 2025 Quality Leaders Awards by

August 29

There's still time to showcase your team's achievements in advancing high-quality, equitable care. The [2025 Quality Leaders Awards \(QLAs\)](#) highlight outstanding work in Equity, Population Health, Care Redesign, Innovation, and the new Transformational Partnership category.

All submissions are considered for the Top Honor, recognizing efforts that excel across multiple award categories. Winners will be celebrated at the [CAPH/SNI Annual Conference](#), Anchors of Care Amidst Waves of Change, **December 3 to 5, 2025**, in San Diego.

New deadline: *Friday, August 29, 2025.* [Apply now!](#)

Please send completed applications and any questions to [Natalie Sainz](#).

CHCS Presents New Virtual Learning Series for Older Adults

The Center for Health Care Strategies (CHCS) is offering a [five-part virtual learning series](#) focused on improving access to assisted living for Medi-Cal enrollees, including older adults, individuals with disabilities, and those with behavioral health needs.

The next session, [Sustained Support: Continued Partnership to Ensure Assisted Living Resident's Well-Being](#) will take place on Aug. 21 from 12:30 to 1:45 pm. The session will focus on barriers Medi-Cal members experience in maintaining their residence in assisted living communities and explore strategies to address them.

New CDPH Tools to Support Hospital Relicensing and License Changes

The California Department of Public Health has released a series of checklists and information sheets to help hospitals and other licensed providers prepare for relicensing surveys and implement changes to their licenses, bed capacities, or services. The California Hospital Association has compiled these materials on its [website](#).

CalHHS Preserves LGBTQ+ Support on 988 Hotline

In response to the Trump administration's decision to eliminate LGBTQ specific support from the national 988 Suicide & Crisis Lifeline, the California Health and Human Services Agency (CalHHS) [announced](#) it would partner with The Trevor Project to provide enhanced training for counselors at California's 988 crisis call centers.

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