

July 18, 2025 - President's Message

Dear Public Health System Leaders,

Like many of you, CAPH is poring over the language of H.R. 1 to try to understand its implications for coverage and financing. At the same time, we are also steeling ourselves for potential further administrative threats, whether proposed FMAP reductions in a subsequent budget reconciliation bill, the implementation of Medicaid DSH cuts at the end of September, or through further federal administrative action on Medicaid financing.

For example, last week the Department of Health and Human Services issued new guidance to expand the definition of "federal public benefits." Such an expansion targets FQHCs' care for non-qualified immigrants. We are still digesting this policy change, and we encourage you to delay taking action until further guidance is released. I am raising it because actions like this signal a broader federal strategy aimed at making it harder for public health care systems like ours to provide care to immigrant populations.

As I mentioned, looking ahead to the end of September, we are facing the prospect of the implementation of scheduled Medicaid DSH cuts – something we have successfully avoided for 11 years, but one that feels less guaranteed in light of the recent extreme bent from the Senate. Should the DSH cuts go into effect, our membership would experience over \$800 million loss in federal funding annually.

Beyond that, we fully expect the Trump Administration to continue to issue new regulations that hinder public health care systems' ability to finance Medi-Cal. While we were able to work with Medicaid leaders in red states to rescind a similar regulation in the first Trump Administration, we know that former employees of the Paragon Institute, which views the use of IGTs as "[money laundering](#)," are now key officials in the White House who are influencing policy.

These policies threaten the foundation of public health care system financing and our commitment to serve all patients regardless of status. We must be relentless in our advocacy, particularly our collaboration with other states that rely on FMAP, DSH and IGTs. Our individual advocacy efforts must become a unified force that decision-makers cannot ignore.

Sincerely,

Erica Murray
President and CEO
California Association of Public Hospitals and Health Systems

State**State Legislature Wraps Policy Hearings Ahead of Summer Recess**

The State Legislature has concluded all policy committee hearings for the 2025-26 legislative session. State legislators will break for the summer recess on July 18 and return

to their districts before reconvening on August 19.

As advocates and lawmakers prepare for the final stretch of the session, they must also balance competing priorities while Governor Newsom approaches his final year in office. With several hundred pieces of legislation advancing to the final stage of the legislative process, lawmakers are closely scrutinizing remaining bills.

CAPH will share a summary of high-priority legislation we are tracking or have taken positions on next week.

EMSA Emergency Regulations Approved to Implement AB 40

On June 23, the Office of Administrative Law approved the Emergency Medical Services Authority's (EMSA) emergency regulations to implement Assembly Bill 40 (2023). These regulations establish protocols and tools designed to improve Ambulance Patient Offload Times (APOTs).

As part of the new requirements, hospitals must submit their APOT reduction protocol to EMSA annually by June 30. While this year's deadline provided limited preparation time for submission, hospitals should submit their materials as soon as possible to ensure compliance. A checklist to support hospitals in this process is available on the [emergency regulation package](#). To help hospitals navigate the new requirements, the California Hospital Association will host a members-only webinar on July 24 from 2:00 to 3:30 p.m. to review the EMSA regulations and share takeaways on APOT protocol submissions

CAPH will continue to monitor updates from EMSA and share new guidance as it becomes available.

Draft Strategic Plan on Maternal Health in California Released

The California Maternal Quality Care Collaborative has released a [draft Strategic Plan](#) as part of the state's five-year Maternal Health Innovation (MHI) Program in partnership with California state agencies. The program seeks to align statewide efforts to improve prenatal and postpartum care and improve maternal health outcomes. The draft plan outlines five overarching goals:

- Enhancing care experiences through trauma-informed provider training
- Expanding access to risk-appropriate care
- Strengthening universal risk assessments
- Increasing data transparency
- Integrating health care and community systems

CAPH/SNI is reviewing the plan and will share updates as more information becomes available.

Federal

CAPH Summary of Key H.R. 1 Analysis

CAPH has developed an [initial analysis](#) of *The One Big Beautiful Bill Act (H.R. 1)* to help understand the legislation's potential impacts on California's public health care systems. H.R. 1 affects multiple funding mechanisms including state directed payments, provider taxes, and imposes new Medicaid eligibility requirements. While we know these changes will significantly impact our operations and the patients we serve, many implementation details remain unclear and will require additional federal and state guidance. This document represents our current understanding based on available information, but we anticipate providing updated analyses as CMS issues regulations and clarifying guidance.

CAPH is continuing to engage in advocacy at the state and federal levels to minimize harm to public health care systems. Please reach out with any questions or concerns as we work through these complex policy changes together.

HHS Revises Definition of Federal Public Benefits

The Department of Health and Human Services (HHS) released a [notice](#) effective July 14, that reinterprets the definition of a federal public benefit, expanding it to include the Health Center Program, among many other programs. On July 16, the U.S. Attorney General

issued a notice revoking certain discretionary exemptions to the definition of federal public benefit.

These changes restrict eligibility to a narrow set of “qualified immigrants” and leave out many lawfully residing and undocumented immigrants. While the notice does not immediately require eligibility verification activities be conducted for these programs, HHS may move in that direction. Additional regulations and guidance for each program will be needed to outline how these changes will be operationalized.

Further details on HHS’ notice, impacted programs, and more information on qualified vs. lawfully residing immigrants can be found in a [summary](#) created by the National Immigration Law Center and Protecting Immigrant Families Coalition.

In the meantime, while Federally Qualified Health Centers (FQHCs) are generally not aware of patients’ immigration status, we encourage members to review this notice with legal counsel. Because the notice sets forth minimal immediate requirements, members may want to hold off on making significant clinic operational changes until HHS provides additional clarification on expectations for each program.

One potential exception is if an FQHC is aware a patient is an unqualified immigrant. In these cases, there could be a risk in using Section 330 grant funds to cover the patient’s costs. While it remains unclear what enforcement actions may be taken, it may be prudent to separate costs supported by Section 330 grant funds from those related to serving patients with known non-qualified immigration status.

It is also not clear from the notice whether categorizing the Health Center Program as a federal public benefit applies only to Section 330 grants or could extend to other federal benefits for health centers.

We anticipate additional federal issuances in this area and will continue to monitor developments closely. We will share updates as they become available.

Resources

Now Open: CAPH/SNI Quality Leaders Awards

Applications are now open for the 2025 Quality Leaders Awards (QLAs)! These awards showcase our members’ most outstanding efforts to advance high-quality, equitable health care for Californians.

Award categories include:

- Equity
- Population Health
- Care Redesign
- Innovation
- Transformational Partnership

Visit our [QLA page](#) to learn more, download an application, and check out last year’s winners.

Completed applications are due on **Friday, August 15, 2025**, to [Natalie Sainz](#).

Webinar: 2026 Medi-Medi Plan Expansion

The Department of Health Care Services (DHCS) will host a public webinar on July 29 from 12:00-1:00 p.m. to discuss the [expansion of Medi-Medi plans in 2026](#). The session will include an overview of dual eligible members, information about the managed care transition to Dual Special Needs Plans (D-SNPs), and resources for providers and members. [Advanced registration](#) is required.

HCAI Webinar: Seismic Compliance Plan Requirements

The Department of Health Care Access and Information (HCAI) will host a webinar on August 14 from 1:00 to 2:00 p.m. to support hospitals in meeting the January 1, 2026, deadline for submitting seismic compliance plans. The webinar will walk through HCAI’s

new automated web tool for plan submission, showcase sample submissions, and address frequently asked questions to clarify requirements and next steps. Members can register [here](#) to attend.

CAPH | 70 Washington Street, Suite 215 | Oakland, CA 94607 US

[Unsubscribe](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!