

July 3, 2025 - President's Message



Dear Public Health Care System Leaders,

As we celebrate Independence Day, we're reminded that progress in a democracy requires action. Right now, that means standing up for care that reaches everyone who needs it. Every conversation, every relationship, every bit of advocacy helps determine whether our public health care systems can continue serving the people who rely on them most.

As we wait to see how the House responds to the Senate budget reconciliation bill, I want to thank you for your relentless advocacy to protect Medicaid and the patients you serve. You flew to DC, met with your

Congressional representatives in Washington and when they were home in your district; called; texted; and worked with your teams to provide analyses and projections for the impact of devastating cuts. It all made a huge difference, and was essential to ensuring that the cuts, though terrible, weren't much, much worse.

I also want to recognize that, because of the direct assault on Medicaid in the "Big Beautiful Bill," policy leaders—and the general public—have been made more aware of the program's value to millions of families. Simply put, Medicaid now has a stronger brand. It is widely understood that Medicaid keeps people healthy, able to work, care for their families and communities, and is an enormous economic engine for the entire country.

We will leverage this widespread support in future fights to restore Medicaid funding. I know things feel heavy, and it is hard not to lose hope as we watch harmful legislation move forward and put more pressure on our health care safety net. But we will keep fighting and will take the long view to ensure access to high quality, equitable care.

Sincerely,

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

State

Passage of the State Budget for 2025–2026

Governor Newsom signed the 2025-2026 state budget June 27, finalizing a \$320 billion spending plan that closes a \$12 billion deficit amid the state's third consecutive year of fiscal challenges. The budget includes several difficult decisions on health care funding, with implications for public health care system operations and safety net programs.

Most notably for CAPH members, the elimination of Prospective Payment System (PPS) rates for Federally Qualified Health Centers (FQHCs) providing care to unsatisfactory immigration status (UIS) individuals, a new \$30 premium for UIS individuals ages 19-59, and the freeze on Medi-Cal enrollment are expected to impact public health care systems' ability to serve patients with unsatisfactory immigration status.

Looking ahead, California faces potential additional financial pressures from federal policy changes. The state could see deeper budget constraints if Congress proceeds with efforts to reduce Medicaid and safety net program funding through current federal reconciliation process. Additionally, recent signals from the Trump administration suggest potential reductions to other federal support for California, leading many lawmakers to anticipate budget revisions later in the year.

CAPH will provide a detailed budget summary in the coming weeks.

California Leads Multi-State Lawsuit on Federal Exchange of Medicaid Data with the Department of Homeland Security

Earlier this week, Attorney General Rob Bonta, along with 19 other states, [filed a lawsuit](#) in the U.S. District Court for the Northern District of California to attempt to block any new transfer of Medicaid data with the Department of Homeland Security (DHS) or the use of previously shared data for immigration enforcement purposes. The lawsuit follows media reports last month indicating the Centers for Medicare and Medicaid Services shared Medicaid data, including beneficiaries' immigration status information, with DHS, an action breaking with longstanding Medicaid privacy protections.

CAPH/SNI are [hosting an "Office Hour"](#) on July 14 with the National Immigration Law Center and Protecting Immigrant Families coalition to provide additional information on this issue and support members with the development of key messaging. We will continue to provide updates as the situation evolves.

CalAIM Evaluation: Provider Survey

As part of the required CalAIM evaluation, UCLA-RAND is conducting a survey of ECM and Community Supports providers to assess their experience in administering the program. If you are interested in providing feedback and participating in the CalAIM evaluation, complete the [provider survey](#) by July 31, 2025.

Federal

Senate Advances Federal Budget Reconciliation Bill with Major Health Care Provisions, House Expected to Vote on it Thursday

The Senate narrowly passed the budget reconciliation bill, H.R. 1 (referred to as the "One Big Beautiful Bill"), on Tuesday, July 1, with Vice President J.D. Vance casting the decisive tie-breaking vote in a 50-10 split. Leading up to the vote, Senate Republicans worked to secure support and address concerns raised by the Senate Parliamentarian during the reconciliation review process. The parliamentarian struck several provisions that violated the Byrd Rule, requiring last-minute adjustments to maintain the bill's reconciliation status and simple majority threshold.

Key provisions impacting public health care systems include significant changes to Medicaid funding mechanisms. The bill implements new caps on state directed payment (SDPs) programs at 100% of Medicare rates expansion states, like California. Current SDPs are grandfathered until 2028 when they face a 10% annual reduction until reaching the applicable Medicare rate caps.

The legislation is currently under consideration by the House, which is expected to vote on the bill Thursday. While some House Republican members expressed reservations about the revised bill; Republican leadership is still targeting a July 4 passage.

CAPH will continue tracking the legislation's progress and provide updates on the outcome of the House vote and implications for public health care systems.

Resources

Apply Now! 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.

The program includes five categories:

- 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](#).

Upcoming HCAI Webinar: Preparing for the 2026 Seismic Compliance Plan Deadline

On Thursday, August 14, 2025, from 1:00 to 2:00 p.m., the Department of Health Care Access and Information (HCAI) will host a webinar to help hospitals prepare for the upcoming January 1, 2026, deadline to submit their Seismic Compliance Plans. The session will include:

- An overview of HCAI's new automated Seismic Compliance Plan web tool.
- A walk through of sample compliance plans to help guide development.
- Answers to frequently asked questions to clarify requirements.

Members interested in attending can register [here](#).

New CalAIM Resource from CHCF: In Their Own Words

California's CalAIM initiative was designed to transform care for people facing multiple health and social challenges, including those experiencing housing instability and serious behavioral health conditions. But what do the people themselves say about their experiences with care?

A new report and video from the California Health Care Foundation (CHCF) shares powerful first-hand experiences from Californian's navigating these challenges. Read the report and watch the video [here](#).

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