

June 6, 2025 - President's Message



Dear Public Health Care System Leaders,

In the weeks since Governor Newsom released the May Revision of the state budget, we've seen growing concern and strong push-back around the proposed rollback of coverage for undocumented Californians – but we continue to await the Legislature's official response.

The budget numbers paint a grim reality. California faces a \$12 billion budget deficit and a \$6.2 billion Medi-Cal budget shortfall, which directly threatens provider payments. The state has already borrowed [\\$3.4 billion to cover program overruns](#) and

still over \$5 billion in Medi-Cal cuts were proposed in the May Revision. CAPH's advocacy has largely been focused on those proposals targeting the unsatisfactory immigration status (UIS) population and the safety net providers that serve that population. Beginning in 2026, California would freeze new Medi-Cal enrollment for UIS adults and eliminate the PPS rate for the entire UIS population. Starting in 2027, UIS individuals would pay \$100 monthly premiums. Combined with potential federal policy changes, more UIS individuals will lose Medi-Cal coverage altogether, signaling a fundamental shift away from California's long-standing commitment to universal access.

The sticking point is that we know those patients don't disappear. Without coverage, they turn to our emergency departments instead of accessing primary care, shifting costs and worsening outcomes.

Adding to these state-level challenges are potential federal policy changes that could devastate California's health care safety net at a time when we need every dollar to sustain essential services. The combined impact of state cuts and potential federal reductions creates a perfect storm that threatens our ability to maintain access to care.

Despite these challenges, our mission remains the same. As always, we stand firm in our commitment to protect access to care for all Californians, regardless of immigration status, economic circumstances, or insurance coverage. I realize it must feel exhausting to keep repeating a truth we all understand, yet our policymakers keep forgetting; there are no real savings when care is pushed from efficient clinics to expensive emergency rooms. But right now, that is our role and responsibility.

With that in mind, I urge you to continue engaging with your local legislators, sharing the real-world impact these policy changes will have on your [communities](#). Your voices matter because you see daily how policy decisions affect communities. We must advocate against policies that strain our resources while pushing for approaches that recognize healthcare as a fundamental need.

Together, we will navigate these challenges while maintaining our commitment to health equity and access for all Californians.

Sincerely,

Erica Murray

State

State Budget Advocacy

Governor Newsom presented a revised budget proposal to the Legislature on May 14. The legislature has not yet released its formal response to the May Revise. However, with the constitutional deadline of June 15 approaching, and the risk of forfeiting salaries and reimbursements if a budget bill is not passed, we expect a busy week ahead. We anticipate seeing the Legislature's response to the Governor's proposal this weekend or early next week. As in previous years, we anticipate they will pass a placeholder budget by June 15 and continue negotiations with the Governor through the end of June.

CAPH continues its advocacy efforts relating to the Medi-Cal enrollment freeze for individuals with unsatisfactory immigration status (UIS); eliminating PPS Payments for UIS individuals at FQHCs; and imposition of a \$100 monthly health care premium for UIS individuals, which have significant impacts on our members.

Update on State Legislation

California's Legislature remains focused on advancing policy proposals. Today, June 6, marks the deadline for all bills to pass out of their house of origin, either Assembly or Senate, in order to progress through the remainder of the 2025 legislative session.

Beginning next week, bills that have cleared their first house will begin to be assigned to policy committees in the second house. Legislators have until July 18 to complete policy committee hearings.

Below are updates on priority bills where CAPH has taken a formal position:

[AB 339 \(Ortega\)](#) - *Local Public Employee Organizations: Notice Requirements*

Status: *Passed Assembly Floor and currently awaiting committee assignments in the Senate.*

Summary: Requires public hospitals and health care systems to give unions at least 120 days written notice before issuing requests for proposals (RFPs), renewing contracts, or revising job classifications.

CAPH Position & Rationale: Oppose. CAPH and others are concerned that this bill will lead to operational delays and the lack of flexibility to address workforce needs.

[AB 618 \(Krell\)](#) - *Medi-Cal: Behavioral Health: Data Sharing*

Status: *Passed Assembly Floor and currently awaiting committee assignments in the Senate.*

Summary: Requires DHCS to create a statewide data-sharing framework among Medi-Cal plans, counties, and providers, to standardize sharing behavioral health data.

CAPH position & rationale: Support. This bill should improve coordinated care for behavioral health and substance use disorder treatment for Medi-Cal patients.

[AB 1337 \(Ward\)](#) - *Information Practices Act of 1977*

Status: *Passed Assembly Floor and currently awaiting committee assignments in the Senate.*

Summary: Expands privacy and data sharing policies, under the Information Practices Act, to all local entities including public health care systems.

CAPH position & rationale: Oppose. The expanded policies would be duplicative and do not align with HIPPA or CMLA. It further subjects health care providers to data sharing restrictions that may interfere with timely patient care, and risks straining already limited financial resources to train staff on new requirements and administrative processes.

[SB 632 \(Arreguín\)](#) - *Workers' Compensation: Hospital Employees*

Status: *Passed Senate Floor and currently awaiting committee assignments in the Assembly.*

Summary: Creates presumptive eligibility for workers' compensation if hospital workers

contract respiratory and infectious diseases like COVID-19, creating the assumption that the employee became ill while working.

CAPH position & rationale: Oppose. Existing concerns are that it could strain resources and impact the financial stability of public hospitals.

EMSA Issues Revised AB 40 Emergency Regulations for Public Comment

The Emergency Medical Services Authority (EMSA) released revised emergency regulations to implement Assembly Bill 40 (2023), which aims to reduce prolonged ambulance patient offload times. EMSA previously withdrew an earlier version of the regulations in April 2025, stating it would revisit and refine them to better reflect community needs and operational realities.

The current regulations are subject to a five-day public comment period, with comments due to the Office of Administrative Law by June 16. The California Hospital Association plans to submit comments on behalf of the hospital industry. CAPH will continue to monitor and share updates as they become available.

Federal Federal Update

Advocacy around federal Budget Reconciliation continues. On Wednesday the Congressional Budget Office (CBO) released the [Estimated Budgetary Effects of H.R. 1, the “One Big Beautiful Bill” Act](#). The report estimates the bill would reduce health insurance coverage by 11 million people and reduce spending on federal health care programs by over \$1 trillion, including a \$806 billion reduction in federal spending on Medicaid.

CAPH continues to engage with the Senate, with advocacy efforts focused on protecting state-directed payments and preventing proposed FMAP reductions.

Congressional leadership hopes to pass the bill before the July 4 recess.

CMS to Increase Oversight of Medicaid Funding for Immigrants

In response to [an executive order](#) issued earlier this year, the Centers for Medicare and Medicaid Services (CMS) [announced](#) plans to increase financial oversight of state Medicaid programs to ensure that federal funds are not used to pay for persons with an unsatisfactory immigration status (UIS), in a manner contrary to federal law.

As a reminder, federal funding is only available for limited Medicaid services for UIS individuals, including emergency services and labor and delivery. CMS stated it will begin conducting focused reviews of state-reported Medicaid expenditures as well as in-depth financial management reviews.

The Administration is also encouraging states to review policies and internal controls to ensure compliance with federal law. CMS also indicated that it would review existing federal eligibility regulations and propose revisions.

CAPH is actively monitoring this issue and working to understand any potential impacts at the state level. We will keep members informed as more information becomes available.

CMS Letter Requests Data on Gender Affirming Care for Minors from Select Hospitals

On May 28, 2025, CMS issued a [letter](#) to select hospitals that provide pediatric gender-affirming care. The letter references a recent federal report questioning the evidence base supporting such care. Hospitals are asked to respond within 30 days on informed consent protocols, any planned changes to clinical guidelines, patient outcomes—including instances of detransition, and detailed data on billing practices, revenue, and profitability associated with these services.

CMS has not disclosed which hospitals received the letter. CAPH encourages any members who received it to notify [Katie Rodriguez](#). CAPH will continue to monitor this issue closely and provide updates on any significant developments.

CMS Price Transparency Guidance and RFI

In response to a recent [executive order](#), CMS released updated [hospital price transparency guidance](#). The revised guidance now requires hospitals to post the actual prices of items and services, rather than good-faith estimates.

Additionally, CMS issued a Request for Information (RFI) [seeking comments](#) on the challenges hospitals face meeting transparency requirements. The agency is looking to improve compliance enforcement and ensure hospitals provide complete, accurate, and meaningful pricing data, which will be used to inform future policies.

Resources

Closing Quality Data Gaps: Roadmap and Report

To support public health care systems and plans beginning the work of data exchange and alignment for more coordinated patient care, SNI has developed two new resources grounded in the experiences of four regional partnerships that have made progress:

- [Data alignment roadmap](#) outlines the process and best practices for comparing and aligning quality data across systems and plans.
- [Data alignment report](#) shares key findings, challenges and successes from the regional collaborations to help others learn from their efforts.

For a real-world example of what successful data alignment can achieve, check out this SNI [case study](#) highlighting how Riverside University Health System and Inland Empire Health Plan drove a 43% relative improvement in blood pressure control.

New CalAIM Resources and Guidance

DHCS has released several new resources to support the implementation of CalAIM initiatives:

- [Closed-Loop Referral \(CLR\) Frequently Asked Questions \(FAQs\)](#): These FAQs are intended to support health plans and providers implement new CLR requirements for Enhanced Care Management and Community Supports starting July 1, 2025.
- **Data Sharing Authorization Guidance (DSAG) Toolkits**: These new toolkits supplement the previously released [DSAG 2.0 Guidance](#). They provide use cases to help clarify when consent is required to share sensitive health and social services information.
 - [DSAG Medi-Cal Housing Support Services Toolkit](#)
 - [DSAG Re-Entry Initiative Toolkit](#)

Questions about these materials should be directed to [DHCS](#).

Funding Opportunity: \$800M Available to Expand Behavioral Health Services

The California Department of Health Care Services (DHCS) has [released](#) the final and largest round of funding through the Bond Behavioral Health Continuum Infrastructure Program (BHCIP). More than \$800 million is available to support the construction, acquisition, and rehabilitation of behavioral health facilities aimed at expanding access to mental health and substance use disorder services in high-need communities. Eligible applicants include counties, cities, Tribal entities, nonprofits, and for-profit organizations. Projects must be development ready and aligned with both local needs and state priorities.

[Application](#) deadline: October 28, 2025

Learn more and apply at the [BHCIP website](#).

Upcoming Funding Opportunity: Kaiser Permanente Gun Violence Prevention Research Funding

The [Kaiser Permanente Center for Gun Violence Research and Education](#) is launching a

new funding opportunity this July to support research on health care-based strategies to prevent and treat firearm-related harm.

Application Deadline: September 3, 2025, at 2:00 p.m. (PST)

Eligible activities include research that:

- Identifies effective strategies to reduce community gun violence or firearm suicide in health care settings.
- Improves ways to identify individuals at highest risk.
- Enhances clinical best practices for caring for survivors.

Available Funding:

- Category 1: Up to \$100,000 over 2 years (capacity-building)
- Category 2: Up to \$300,000 over 2 years (expanding or launching new research)

Note: Kaiser Permanente employees and affiliated researchers are not eligible to apply.

[Register](#) for the informational webinar to learn more.

Join us for the CAPH/SNI 2025 Annual Conference

Mark your calendar for December 3–5 in San Diego at the [Westin San Diego Gaslamp Quarter](#). This year's theme, *Anchors of Care Amidst Waves of Change*, honors the resilience and leadership of California's public health care systems as they navigate uncertainty, drive equity, and remain steadfast in their mission to serve. Expect powerful keynotes, thoughtful breakout sessions, and meaningful connections with peers from across the state.

Registration opens in late August.

[Reserve your room now](#) and stay tuned for more details—we can't wait to see you there!

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