

October 10, 2025 - President's Message

Dear Public Health Care System Leaders,

As the federal government shutdown stretches into a second week, uncertainty in Washington continues. Here in California, our focus remains on advocacy and mitigating the impacts of federal action and inaction on public health care systems.

The House is not scheduled to reconvene until next week, and the Senate continues to vote on the same proposals without progress. While there are some bipartisan conversations happening, a deal does not appear to be coming together yet. We recognize that the longer the shutdown continues, the greater the potential impact on your programs and operations. For now, Medicare and Medi-Cal payments should continue to flow, and we are monitoring developments closely to respond as needed.

Two key health policies remain tied to passage of a continuing resolution, the delay of Medicaid DSH cuts and the extension of Medicare telehealth flexibilities. Both have strong bipartisan support, and we anticipate they will be included once an agreement is reached.

Meanwhile, in Sacramento, Governor Newsom has until Monday, October 13 to sign or veto bills from the end of session. CAPH is monitoring these outcomes closely, particularly those that affect public health care systems and the safety net. We are still awaiting a decision from the Governor on SB 596, the nurse staffing ratio bill, which we have asked the Governor to veto. CAPH and several member systems recently met with the Governor's Office to ensure they understood our concerns with the bill.

Looking ahead, CAPH continues to engage with state legislators on the impacts of HR 1, potential future federal cuts, and the need for state support of public health care systems. We appreciate your continued partnership in this advocacy and your ongoing commitment to providing the best possible care to your patients through these uncertain times.

Sincerely,

Katie Rodriguez
Interim President & CEO
California Association of Public Hospitals & Health Systems

Note: Erica Murray is currently on sabbatical. During this time, I will be sharing these updates with you on behalf of CAPH/SNI.

State

2025 Legislative Session Concludes

The governor must act on pending legislation by Oct. 13. CAPH previously issued an [End of Session Summary](#) highlighting key takeaways and bills awaiting the governor's signature. A comprehensive year-end summary detailing new laws, compliance requirements, and 2026 priorities will be distributed in the coming weeks. As a reminder, member systems are encouraged to consult with legal counsel on implementing any legislation that may affect their operations as these summaries are not exhaustive.

Of particular significance is SB 81 ([Arreguín](#)), signed into law on Sept. 20, 2025, which requires health care providers to treat patients' immigration status as protected medical

information. The law also mandates health care entities, including public health systems, update internal policies and establish specific protocols if federal immigration authorities attempt enforcement activities at medical facilities. Because of the urgency clause, providers must achieve compliance within 45 days of enactment.

As the State Legislature enters its interim recess, attention has shifted to electoral politics and voter engagement efforts. California will hold its general election on November 5, 2025, featuring state and local measures, including Proposition 50. Passage of Proposition 50 would allow California to redraw its congressional districts for the 2026 election in response to gerrymandering efforts in other states. In addition to this statewide effort, voters in Santa Clara County will consider a proposed measure to temporarily raise the county sales tax to offset revenue losses tied to HR 1.

CAPH continues to educate state legislators on the implications of HR 1 and the impacts to California's public hospitals and health care systems and the many challenges ahead – establishing groundwork for strategic advocacy in 2026.

DHCS Releases Data Sharing APL

Last week, the Department of Health Care Services (DHCS) released [All Plan Letter \(APL\) 25-015](#) detailing managed care plan (MCP) obligations related to data sharing and quality measures, applicable to programs like the Quality Incentive Pool (QIP), among others. CAPH collaborated with DHCS to inform this APL and was pleased to see the addition of a section addressing dispute resolution and the requirement for MCPs to designate contacts to handle program-specific issues. We encourage member quality and data leaders to review the APL for awareness and to help support discussions with MCPs.

CalAIM Transitional Rent Payment Methodology

On Oct. 3, DHCS released the finalized [Transitional Rent Payment Methodology](#), which includes the maximum reimbursable amounts and administrative fees associated with Transitional Rent. Starting on Jan. 1, 2026, Medi-Cal managed care plans must cover Transitional Rent, a CalAIM Community Support that provides up to six months of rental assistance for Medi-Cal patients experiencing housing instability or are at risk of being unhoused. DHCS will host an all-comers webinar on Oct. 31, 10 to 11 a.m. to walk through the Transitional Rent Payment Methodology and answer questions ([advance registration required](#)).

Reinstatement of Asset Limits

Last week, DHCS began mailing notices and frequently asked questions (FAQs) to roughly 2.5 million Medi-Cal members who are eligible for the program based on non-Modified Adjusted Gross Income categories, such as persons age 65 or older or those with a disability, among other groups, on the reinstatement of asset limits in Medi-Cal beginning January 1, 2026. To maintain eligibility, affected individuals must keep countable assets within allowable limits. The outreach materials are available in this [Medi-Cal Eligibility Division Information Letter](#).

DHCS Publishes New Web-Based Doula Directory

DHCS has created a new online doula directory, listing doulas by counties who have enrolled as Medi-Cal providers. The directory lists doulas by name for each county they serve and includes information such as specializations, ethnicity, languages they speak, and contact information. For questions, reach out to [DHCS directly](#).

Federal Federal Shutdown Update

The federal government remains shut down, with no clear resolution in sight. While much of Washington has slowed, many congressional staff, and key federal agency personnel, remain hard at work on pressing policy issues, including ongoing discussions at the Department of Health and Human Services (HHS) on the implementation of HR 1. The persistence of these conversations underscores that, even amid a funding stalemate, critical administrative work continues behind the scenes.

Because Congress failed to pass a Continuing Resolution (CR), several health care programs and flexibilities lapsed, including telehealth flexibilities described below, and Medicaid Disproportionate Share Hospital (DSH) cuts were not delayed. The immediate impacts of the shutdown are evident, beginning with the DSH cuts. Both the CY2025 Q3 payments for GPP and FY25-26 UC DSH payments for Q1 are being paid out at the reduced amounts this month.

At this stage, it is difficult to see a clear path forward with both parties unwilling to compromise. However, the political and public pressure may intensify next week when military personnel, TSA agents, and other federal workers face pay disruptions. Health care has emerged as the central point of negotiation in the ongoing discussions, with the main debate being over the expiration of the enhanced premium tax credits that have helped lower Health Insurance Marketplace premiums for millions of Americans.

CMS Update on Medicare Telehealth Flexibilities

The Centers for Medicare and Medicaid Services (CMS) directed all Medicare Administrative Contractors to implement a temporary claims hold for Medicare telehealth services that require a statutory extension or permanent change to remain covered past Sept. 30. The claims hold aims to avoid reprocessing a large volume of claims, pending Congressional action on this issue. CMS encourages providers who choose to offer telehealth services that may not be payable during this time to consider providing Medicare beneficiaries with an [advanced notice of noncoverage](#). It remains unclear whether Congress will authorize back pay for claims submitted during the lapse in authorizations.

Resources

Register Today for CAPH/SNI's 2025 Annual Conference

[Register now to get early bird pricing!](#)—Dec. 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. Groups of 4 or more receive a 10% discount, provided that attendees are registered together under a single invoice.

Expect powerful keynotes, thoughtful breakout sessions, and meaningful connections with peers from across the state.

[Reserve your room now](#) and stay tuned for more details—we look forward to seeing you there!

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