2025-26 May Revision

Department of Health Care Services Highlights

May 14, 2025

Governor Gavin Newsom
State of California

Secretary Kim Johnson
California Health and Human Services Agency

Director Michelle Baass
Department of Health Care Services

DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

Table of Contents

This document provides a summary of the Department of Health Care Services (DHCS) proposed fiscal year (FY) 2025-26 May Revision, including related statutory changes. The Department's budget builds on the Administration's previous investments, within a responsible budgetary structure, and enables DHCS to continue to transform Medi-Cal to create a more coordinated, person-centered, and equitable health system that works for its millions of members and California as a whole, and to continue to modernize the behavioral health delivery system, improve accountability and transparency, and strengthen the continuum of community-based behavioral health care for all Californians. The proposed budget supports the Department's purpose to provide equitable access to quality health care leading to a healthy California for all.

GENERAL BUDGET OVERVIEW

For 2025-26, the May Revision proposes a total of $200.6 billion and 4,749.5 positions for the support of DHCS programs and services. Of that amount, $1.4 billion funds state operations (DHCS operations), while $199.3 billion supports local assistance (funding for program costs, partners, and administration). The position count for 2025-26 includes the changes requested via budget change proposals.

Total DHCS Budget

(Includes non-Budget Act appropriations)

Fund Source*	FY 2024-25 Enacted Budget	FY 2024-25 Revised Budget	FY 2025-26 May Revision
Local Assistance (LA)			
LA General Fund	$ 35,332,436	$ 37,792,628	$ 44,949,605
LA Federal Funds	$ 98,934,405	$109,247,726	$119,161,250
LA Special Funds	$ 28,112,326	$ 34,458,871	$ 32,097,089
LA Reimbursements	$ 2,497,137	$ 2,449,772	$ 3,061,014
Total Local Assistance	**$164,876,304**	**$183,948,997**	**$199,268,958**
State Operations (SO)			
SO General Fund	$ 398,444	$ 474,525	$ 320,641
SO Federal Funds	$ 610,909	$ 590,437	$ 648,382
SO Special Funds	$ 392,116	$ 403,710	$ 376,591
SO Reimbursements	$ 25,486	$ 25,409	$ 29,999
Total State Operations	**$1,426,955**	**$1,494,081**	**$1,375,613**
Total Funds			
Total General Fund	$ 35,730,880	$ 38,267,153	$ 45,270,246
Total Federal Funds	$ 99,545,314	$109,838,163	$119,809,632
Total Special Funds	$ 28,504,442	$ 34,862,581	$ 32,473,680
Total Reimbursements	$ 2,522,623	$ 2,475,181	$ 3,091,013
Total Funds	**$166,303,259**	**$185,443,078**	**$200,644,571**

** Dollars in Thousands*

MAJOR BUDGET ISSUES AND PROPOSALS

Managed Care Organization (MCO) Tax and Proposition 35

Proposition 35, approved by voters in November 2024 permanently continues the MCO Tax added by Assembly Bill 119 (Chapter 13, Statutes of 2023) and specifies permissible uses of tax revenues starting with the 2025 tax year for which the Department must consult with a stakeholder advisory committee to develop and implement. Provider payment increases and investments that were newly authorized in the 2024 Budget Act are repealed as of January 1, 2025.

The May Revision reflects MCO Tax revenue of $9 billion in 2024-25, $4.2 billion in 2025-26, and $2.8 billion in 2026-27 to support existing and increased costs in the Medi-Cal program. Compared to the Governor's Budget, this is an increase of $1.1 billion in 2024-25 and decreases of $200 million in 2025-26 and $400 million in 2026-27.

The May Revision reflects $804 million in 2024-25, $2.8 billion in 2025-26, and $2.4 billion in 2026-27 for the MCO Tax and Proposition 35 expenditure plan. This includes $1.6 billion across 2025-26 and 2026-27 to support increases in managed care base rates relative to calendar year 2024 for primary care, specialty care, ground emergency medical transportation, and hospital outpatient procedures.

Ongoing Resources for CalHOPE Warm Line

The May Revision includes $5 million from the Behavioral Health Services Fund (BHSF) to support the continuation of the CalHOPE Warm Line in 2025-26 and beyond.

Additional Support for Adverse Childhood Experiences (ACEs) Provider Trainings

The May Revision includes $2.9 million total funds ($1.46 million BHSF and $1.46 million federal funds) in 2025-26 to support additional ACEs provider trainings.

Current Year Deficiency

The Governor's Budget projected an increase in General Fund spending of $2.8 billion above the 2024 Budget Act for 2024-25. The Medi-Cal budget was increased by this amount through Assembly Bill 100 (Chapter 2, Statutes of 2025). The May Revision projects additional benefits spending of $2.1 billion, to be covered by the Medical Providers Interim Payment Fund Loan authorized in 2024-25, for a total increase of approximately $5 billion over the 2024 Budget Act. The main drivers of this increase are higher than anticipated enrollment and spending for the unsatisfactory immigration status (UIS) population, and higher enrollment among the non-UIS population due to the extension of COVID-19 pandemic unwinding flexibilities. The May Revision proposes significant changes to address the long-term trend of Medi-Cal spending to align with available resources.

To address the projected statewide budget shortfall, the May Revision includes General Fund solutions to achieve a balanced budget. The May Revision proposes:

- **Enrollment Freeze for Full-Scope (State-Only) Medi-Cal Expansion, Adults 19 and Older –** Implement a freeze on new enrollment to full-scope state-only coverage for otherwise eligible undocumented individuals, aged 19 and older, and who do not have satisfactory immigration status or are unable to establish satisfactory immigration, excluding Qualified Non-Citizens (also referred to as "Newly Qualified Immigrants") under the five year bar, individuals claiming Permanently Residing Under Color of Law and pregnant individuals. The policy is effective no sooner than January 1, 2026. Estimated General Fund savings are $86.5 million in 2025-26, increasing to $3.3 billion by 2028-29.
- **(State-Only) Medi-Cal Premiums, Adults 19 and Older with Unsatisfactory Immigration Status –** Implement state-only $100 monthly premiums for individuals with unsatisfactory immigration status aged 19 and older, effective January 1, 2027. Estimated General Fund savings are $1.1 billion in 2026-27, increasing to $2.1 billion by 2028-29.
- **Elimination of (State-Only) Prospective Payment System Rates to Federally Qualified Health Centers and Rural Health Clinics for Individuals with Unsatisfactory Immigration Status –** Eliminate Prospective Payment System rates to clinics for state-only-funded services provided to individuals with unsatisfactory immigration status. Clinics would receive reimbursement at the applicable Medi-Cal Fee Schedule rate in the fee-for-service delivery system and at the applicable negotiated rate between a Medi-Cal managed care plan and the clinic in the managed care delivery system. Estimated General Fund savings are $452.5 million in 2025-26 and $1.1 billion in 2026-27 and ongoing.
- **Elimination of (State-Only) Long-Term Care for Individuals with Unsatisfactory Immigration Status –** Eliminate state-only long-term care benefits for individuals with unsatisfactory immigration status, effective January 1, 2026. Estimated General Fund savings are $333 million in 2025-26 and $800 million in 2026-27 and ongoing.
- **Elimination of (State-Only) Dental Benefits, Adults 19 and Older with Unsatisfactory Immigration Status –** Eliminate full-scope state-only dental coverage for Medi-Cal members with unsatisfactory immigration status aged 19 and older, effective July 1, 2026. This population will continue to have access to restricted-scope emergency dental coverage. Estimated General Fund savings are $308 million in 2026-27 and $336 million in 2028-29 and ongoing.
- **Elimination of Acupuncture Optional Medi-Cal Benefit –** Eliminate acupuncture as an optional benefit resulting in estimated General Fund savings of $5.4 million in 2025-26 and $13.1 million ongoing.
- **Medi-Cal Asset Test Limits –** Reinstate the Medi-Cal asset limit to consider resources, including property and other assets, when determining Medi-Cal eligibility for applicants or members whose eligibility is not based on modified adjusted gross income financial methods. The asset limit for a household is $2,000 for an individual and $3,000 per couple. The policy would be effective no sooner than January 1, 2026. Estimated General Fund savings are $94 million in 2025-26, $540 million in 2026-27, and $791 million ongoing, inclusive of In-Home Supportive Services impacts.

- **Medical Providers Interim Payment Fund Loan –** Utilize $2.2 billion of the cash loan authorized in 2024-25 and $1.2 billion in 2025-26 and begin repayment of the loan in 2027-28.
- **Medi-Cal Minimum Medical Loss Ratio –** Increase the minimum medical loss ratio for managed care plans, commencing January 1, 2026, resulting in estimated General Fund savings of $200 million in 2028-29 and ongoing.
- **Pharmacy Drug Rebates –** Implement a rebate aggregator to secure state rebates for individuals with unsatisfactory immigration status. Estimated General Fund savings are $300 million in 2025-26 and $362 million ongoing. Additionally, the May Revision reflects additional General Fund savings of $75 million in 2025-26 and $150 million ongoing associated with minimum rebate for human immunodeficiency virus (HIV)/acquired immunodeficiency syndrome (AIDS) and cancer drug rebates.
- **Elimination of Over-the-Counter Drug Coverage –** Eliminate pharmacy coverage of certain drug classes including COVID-19 antigen tests, over-the-counter vitamins, and certain antihistamines including dry eye products. Estimated General Fund savings are $3 million in 2025-26 and $6 million in 2026-27 and ongoing.
- **Prescription Drug Utilization Management –** Implement utilization management and prior authorization for prescription drugs resulting in estimated General Fund savings of $25 million in 2025-26 and $50 million in 2026-27 and ongoing.
- **Step Therapy Protocols –** Implement a step therapy strategy to promote utilization management and control prescription drug costs, resulting in estimated General Fund savings of $87.5 million in 2025-26 and $175 million ongoing.
- **Prior Authorization for Continuation of Drug Therapy –** Eliminate the continuing care status for pharmacy benefits under Medi-Cal Rx. The policy, effective January 1, 2026, requires members to obtain drugs no longer on or removed from the Medi-Cal Rx contracted drug list (CDL) through the prior authorization process rather than allow continuing care based upon prior drug usage. Estimated General Fund savings are $62.5 million in 2025-26 and $125 million in 2026-27 and ongoing.
- **Eliminate Glucagon-Like Peptide-1 Coverage (GLP-1) for Weight Loss –** Eliminate coverage for GLP-1 drugs for weight loss effective January 1, 2026. Estimated General Fund savings are $85 million in 2025-26, growing to $680 million by 2028-29 and ongoing.
- **Program of All-Inclusive Care of the Elderly (PACE) Organization Capitation Payments –** Limit the payments for PACE providers to the midpoint of actuarial rate ranges, except for newly enrolled providers receiving enhanced rates for the first two years. General Fund savings are $13 million in 2025-26 and $30 million ongoing.
- **Proposition 56 Supplemental Payments –** Eliminate approximately $504 million in 2025-26 and $550 million ongoing for Proposition 56 supplemental payments to dental, family planning, and women's health providers.
- **Suspension of the Proposition 56 Loan Repayment Program –** Suspend a final cohort of the loan repayment program to create estimated General Fund

savings of $26 million in 2025-26.

- **Skilled Nursing Facilities –** Eliminate the Workforce and Quality Incentive Program (WQIP) and suspend the requirement to maintain a backup power system for no fewer than 96 hours, resulting in estimated General Fund savings of $168.2 million in 2025-26 and $140 million ongoing.
- **Utilization Management Efficiencies –** Implement prior authorization requirements for hospice services, resulting in estimated General Fund savings of $25 million in 2025-26 and $50 million ongoing.
- **Behavioral Health Services Fund (BHSF) General Fund Offset –** Replace $40 million General Fund in 2024-25 and $45 million General Fund in 2025-26 for the Behavioral Health Bridge Housing Program and $55 million General Fund for Behavioral Health Transformation County Funding in 2025-26 with BHSF funds.

DHCS is proposing the following trailer bill language:

- Policy Changes Related to Individuals with Unsatisfactory Immigration Status
- Eliminate Prospective Payment System Reimbursement for State-Only Services
- Eliminate Medi-Cal Optional Benefit: Acupuncture Services
- Reinstatement of the Medi-Cal Asset Limit
- Medi-Cal Managed Care Plans Medical Loss Ratio Increase
- HIV and Cancer Drug Rebates Prior Authorization for Continuation of Drug Therapy
- Skilled Nursing Facility Workforce and Quality Incentive Program
- Suspension of Skilled Nursing Facility Backup Power Requirement
- Federal Final Rules (includes Eligibility, Managed Care and Access Final Rules)
- Nondesignated Public Hospital Supplemental Fund and Intergovernmental Transfer Programs
- Streamline Legislative Reporting Requirements

CASELOAD UPDATES

Medi-Cal Program

This section provides an overview of caseload projections for Medi-Cal as reflected in the May 2025 Medi-Cal Estimate. Projected caseload levels are summarized in the tables below:

Estimated Average Monthly Certified Eligibles

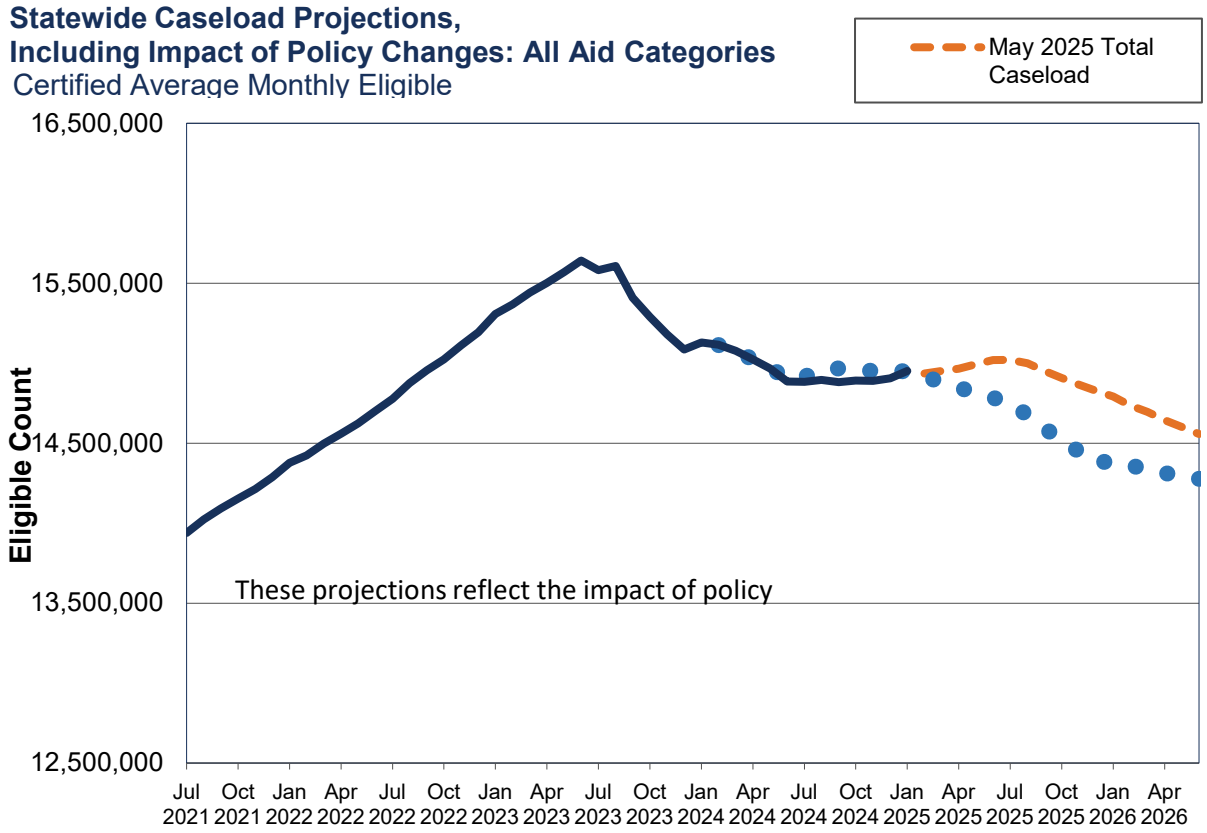
May 2025 Estimate

	Eligibles			Year over Year Change Percent	
	2023-24	2024-25	2025-26	2023-24 to 2024-25	2024-25 to 2025-26
Seniors	1,277,800	1,428,000	1,561,000	11.75%	9.31%
Persons with Disabilities	1,065,600	1,047,600	1,036,100	-1.69%	-1.10%
Families and Children	7,709,400	7,365,700	7,204,200	-4.46%	-2.19%
Optional Expansion	5,120,900	5,065,200	4,974,300	-1.09%	-1.79%
Miscellaneous	70,600	64,200	62,300	-9.07%	-2.96%
Total	**15,244,300**	**14,970,700**	**14,837,900**	**-1.79%**	**-0.89%**

Change from November 2024 Estimate

	Eligibles			Percent		
	2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
Seniors	100	(16,200)	(29,200)	0.01%	-1.12%	-1.84%
Persons with Disabilities	1,500	6,500	13,300	0.14%	0.62%	1.30%
Families and Children	300	17,700	284,300	0.00%	0.24%	4.11%
Optional Expansion	1,100	13,900	90,300	0.02%	0.28%	1.85%
Miscellaneous	(100)	(3,600)	(10,500)	-0.14%	-5.31%	-14.42%
Total	**2,900**	**18,300**	**348,200**	**0.02%**	**0.12%**	**2.40%**

The plot below displays the projected total Medi-Cal caseload over time.



Compared to the November 2024 Estimate, the May 2025 projections are modestly higher through the end of 2024-25 based on more recent actual enrollment data through January 2025. Caseload is projected to decline in 2025-26 due to a combination of the end of COVID-19 pandemic unwinding flexibilities and the implementation of proposed budget solutions.

Family Health Programs

This section provides an overview of caseload projections for the Family Health programs as reflected in the May 2025 Family Health Local Assistance Estimate (referred to as the Family Health Estimate). Projected caseload levels are summarized below.

California Children's Services (CCS)

CCS State Only	Prior Year (PY) 2023-24	Current Year (CY) 2024-25	Budget Year (BY) 2025-26	Change from PY to CY	Change from CY to BY
May 2025	12,961	13,965	14,284	7.75%	2.28%
November 2024	12,961	15,052	15,052		
Change from November 2024	-	-1,087	-768		
% Change from November 2024	-0.00%	-7.22%	-5.10%		

Genetically Handicapped Persons Program (GHPP)

GHPP State Only	PY 2023-24	CY 2024-25	BY 2025-26	Change from PY to CY	Change from CY to BY
May 2025	730	624	599	-14.52%	-4.00%
November 2024	730	701	701		
Change from November 2024	-	-77	-102		
% Change from November 2024	0.00%	-10.98%	-14.55%		

Every Woman Counts (EWC)

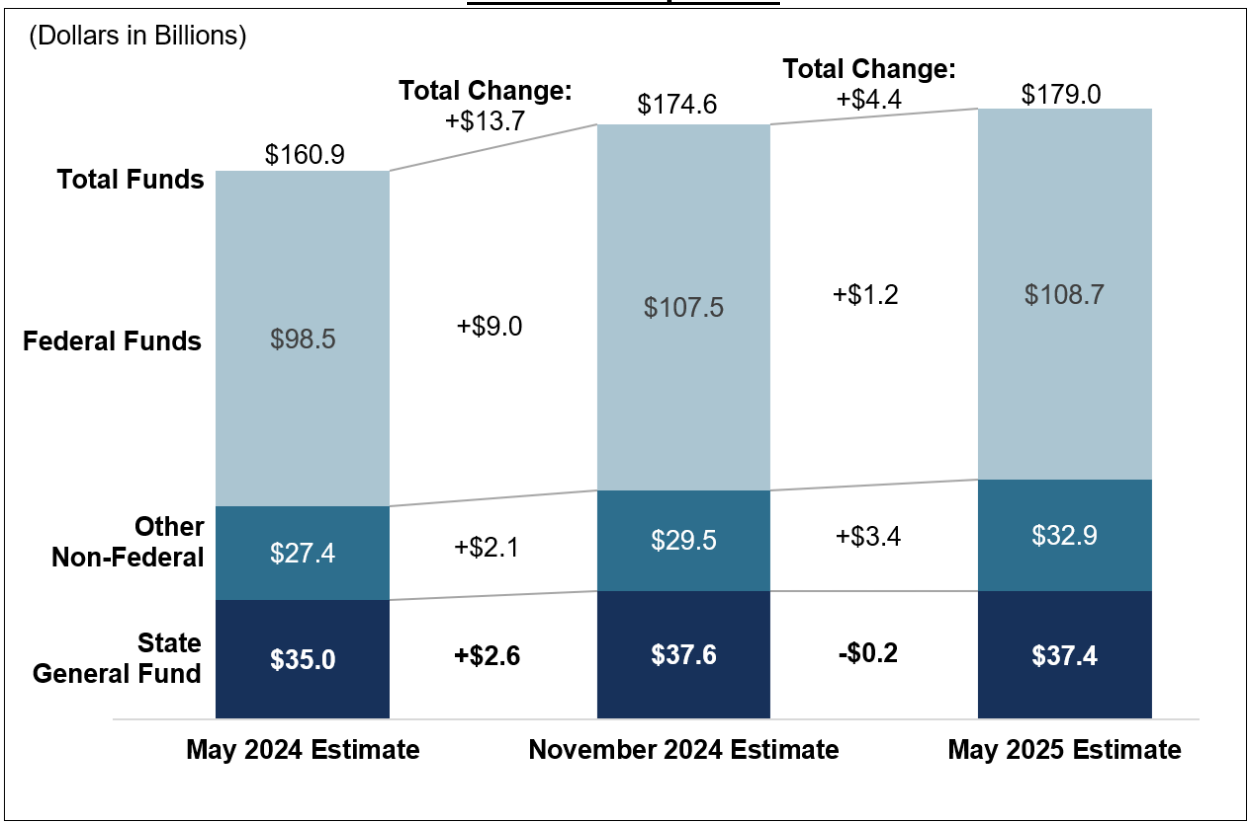
EWC	PY 2023-24	CY 2024-25	BY 2025-26	Change from PY to CY	Change from CY to BY
May 2025	15,195	8,786	9,255	-42.18%	5.34%
November 2024	15,195	12,668	12,845		
Change from November 2024	-	-3,882	-3,590		
% Change from November 2024	0.00%	-30.64%	-27.95%		

SUMMARY OF MEDI-CAL LOCAL ASSISTANCE ESTIMATE INFORMATION

Funding in the Medi-Cal Estimate makes up the vast majority of local assistance spending in the Department's budget. Other local assistance funding includes support for programs in the Family Health Estimate (described in the next section), Behavioral Health Services Act funding, and a number of other local assistance items primarily consisting of federal behavioral health grants.

The Department estimates Medi-Cal spending to be $179 billion total funds ($37.4 billion General Fund) in 2024-25 and $194.5 billion total funds ($44.6 billion General Fund) in 2025-26. This does not include Certified Public Expenditures of local governments or General Fund expenditures in other state departments. For more information, see the May 2025 Medi-Cal Local Assistance Estimate available on the DHCS website at https://www.dhcs.ca.gov.

2024-25 Comparison



At 2025-26 Governor's Budget, the November 2024 Medi-Cal Estimate was projected to have a $13.7 billion increase in total spending and a $2.6 billion increase in General Fund spending in 2024-25 compared to the May 2024 Medi-Cal Estimate, including authority from all previous budget acts. Estimated spending from just the 2024 Budget Act was up by $2.8 billion.

An additional $2.8 billion in General Fund authority was provided for 2024-25 through Assembly Bill 100 (Chapter 2, Statutes of 2025), consistent with projections in the November 2024 Estimate. The May 2025 Estimate projects additional benefits spending of $2.1 billion in 2024-25, to be covered by the Medical Providers Interim Payment Fund loan authorized in 2024-25 (shown as “Other Non-Federal” in the figure above).

Major factors driving the change in estimated General Fund in 2024-25 compared to the 2024 Budget Act include:

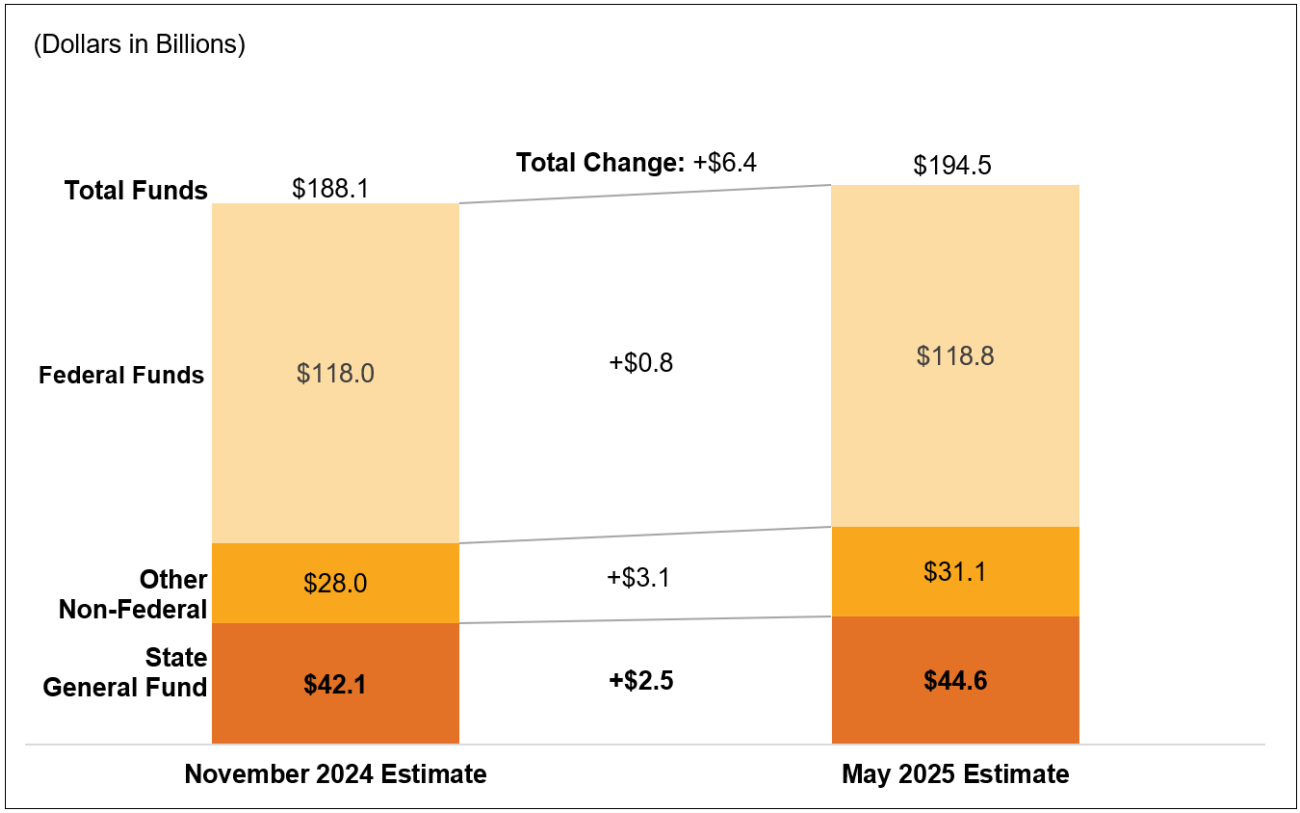
- A $3.8 billion increase in costs for UIS members. The increase is primarily driven by higher than anticipated enrollment and higher than previously estimated average costs for various services.

- Various increases in base costs for the non-UIS population due to higher projected enrollment (due to the continuation of unwinding flexibilities) and higher utilization:
  - Approximately $1.5 billion related to managed care.
  - Approximately $700 million related to pharmacy.
  - Approximately $300 million related to other fee-for-service (FFS) costs.
  - Approximately $180 million related to dental services.

- $311 million in General Fund costs to repay a Medical Providers Interim Payment Fund loan for 2023-24.

- An over $2 billion offsetting reduction in General Fund costs related to the MCO Tax. Compared to the 2024 Budget Act, the Governor’s Budget projected a $453.7 million reduction in General Fund costs related to Proposition 35 passed by voters in November 2024. The Governor’s Budget also projected an additional $478.7 million reduction in General Fund costs related to approval of an amendment to the MCO Tax related to consideration of Medicare revenue back to January 2024 instead of April 2024. The May Revision estimates an additional $1.1 billion in additional support for the Medi-Cal program compared to the Governor’s Budget.

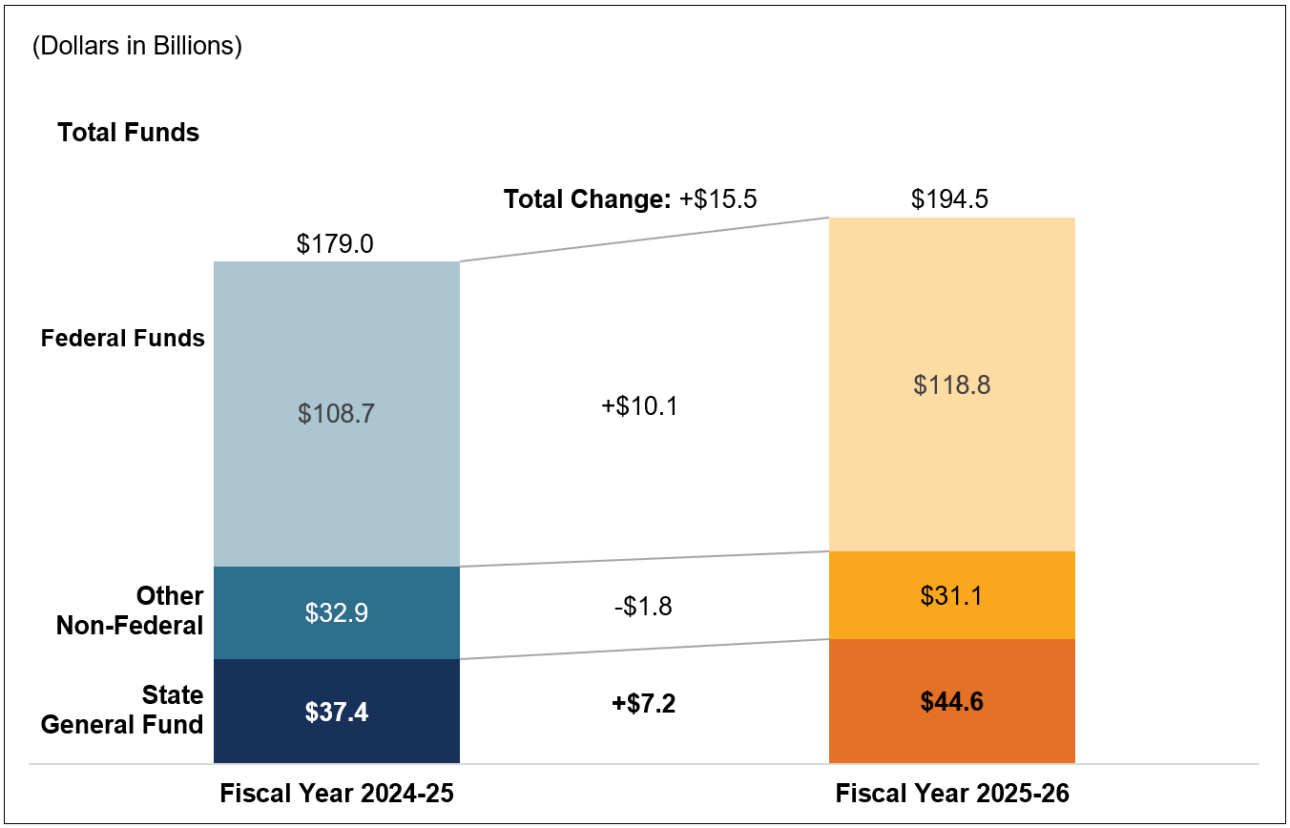
2025-26 Comparison



The May 2025 Medi-Cal Estimate for 2025-26 projects a $6.4 billion (3.4 percent) increase in total spending and a $2.5 billion (6 percent) increase in General Fund spending compared to the November 2024 Medi-Cal Estimate:

- An approximately $5 billion increase in costs for UIS members, before accounting for budget solutions. This increase is primarily driven by a higher enrollment projection and continued growth in average costs relative to the previous estimate. The November 2024 Estimate assumed UIS enrollment would begin to decline in early 2025, while the May 2025 Estimate assumes continued enrollment growth through June 2025.
- Various increases in base costs for the non-UIS population, prior to accounting for budget solutions, due to higher projected average costs and higher enrollment:
  - Approximately $1 billion related to pharmacy.
  - Approximately $280 million related to managed care.
  - Approximately $200 million related to other FFS costs.
  - Approximately $180 million related to dental costs.
- Offsetting reductions in General Fund spending from budget solutions described earlier in this document.

Year-over-Year Change from 2024-25 to 2025-26

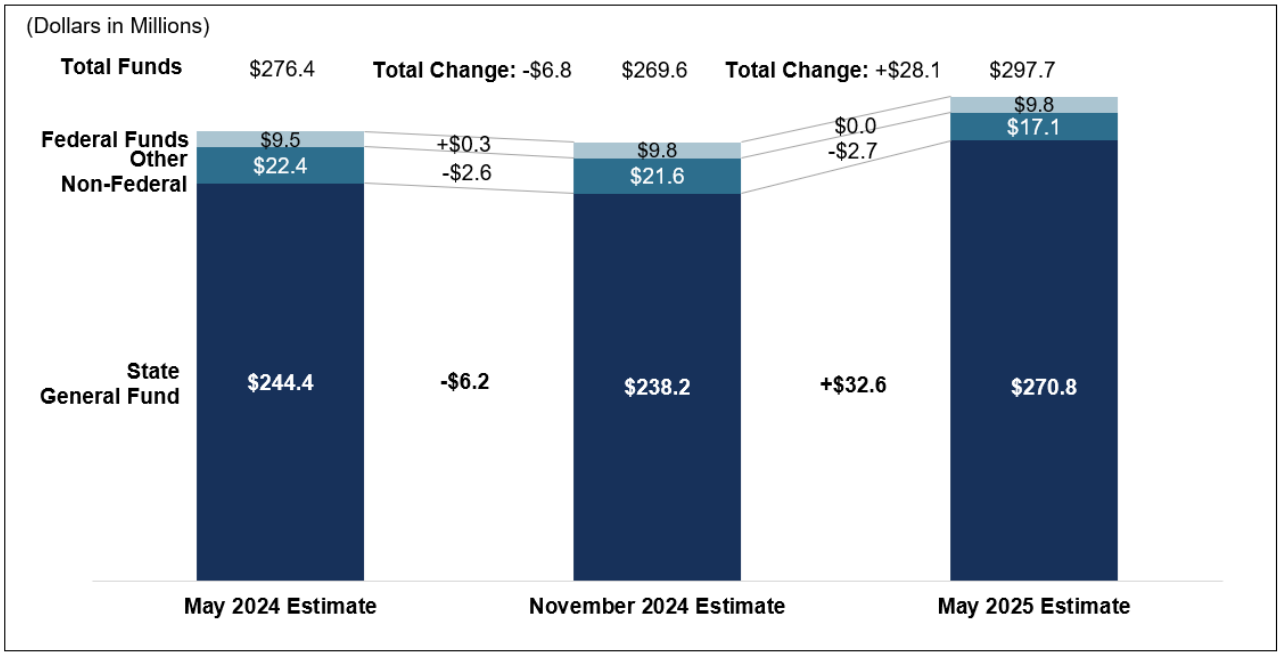


After the adjustments described previously, the Medi-Cal Estimate projects that total spending will increase by $15.5 billion (8.7 percent) and General Fund spending will increase by $7.2 billion (19.2 percent) between 2024-25 and 2025-26.

SUMMARY OF FAMILY HEALTH LOCAL ASSISTANCE ESTIMATE INFORMATION

DHCS estimates Family Health spending to be $297.7 million total funds ($270.8 million General Fund) in Fiscal Year 2024-25 and $274.6 million total funds ($248.3 million General Fund) in 2025-26. This does not include Certified Public Expenditures of local governments or General Fund expenditures in other state departments. For more information, see the May 2025 Family Health Local Assistance Estimate available on the DHCS website at https://www.dhcs.ca.gov/.

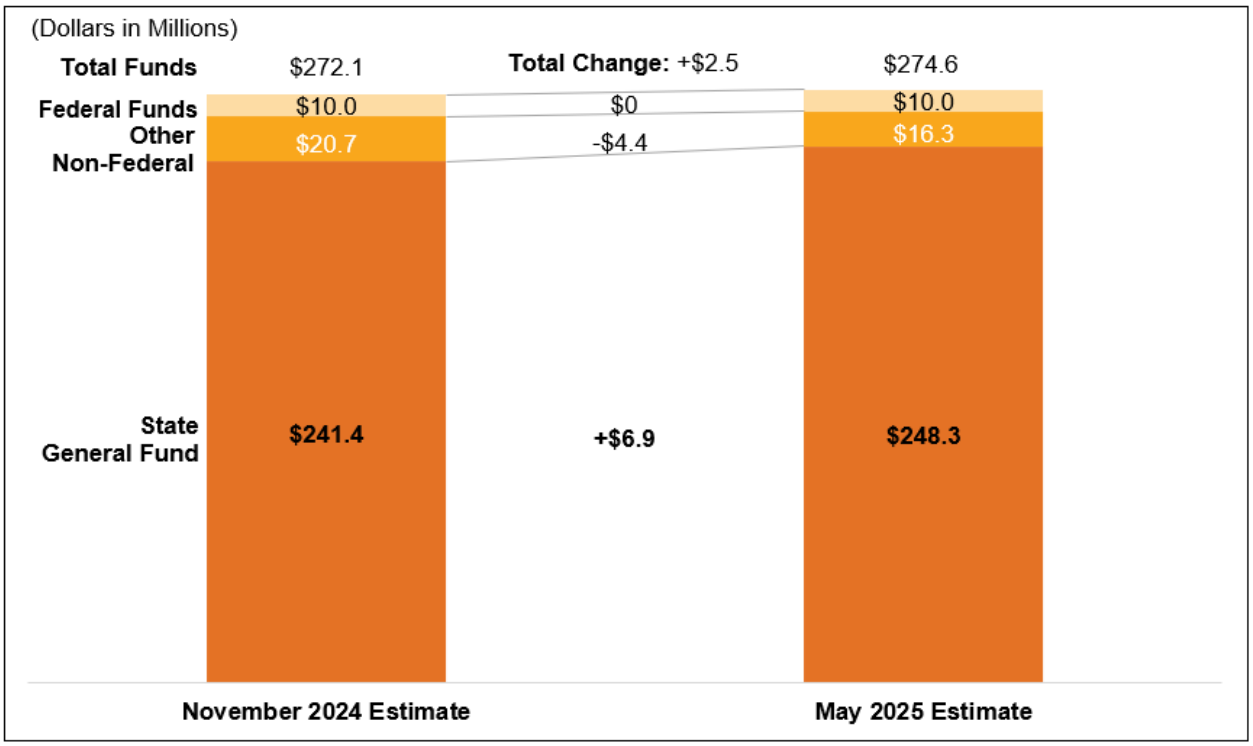
2024-25 Comparison



The May 2025 Family Health Estimate for 2024-25 projects a $28.1 million, or 10.4 percent, increase in total spending and a $32.6 million, or 13.7 percent, increase in General Fund spending compared to the November 2024 Estimate.

Compared to the Budget Act of 2024, the Estimate reflects a $21.3 million, or 7.7 percent, increase in total spending and a $26.4 million, or 10.8 percent increase in General Fund spending.

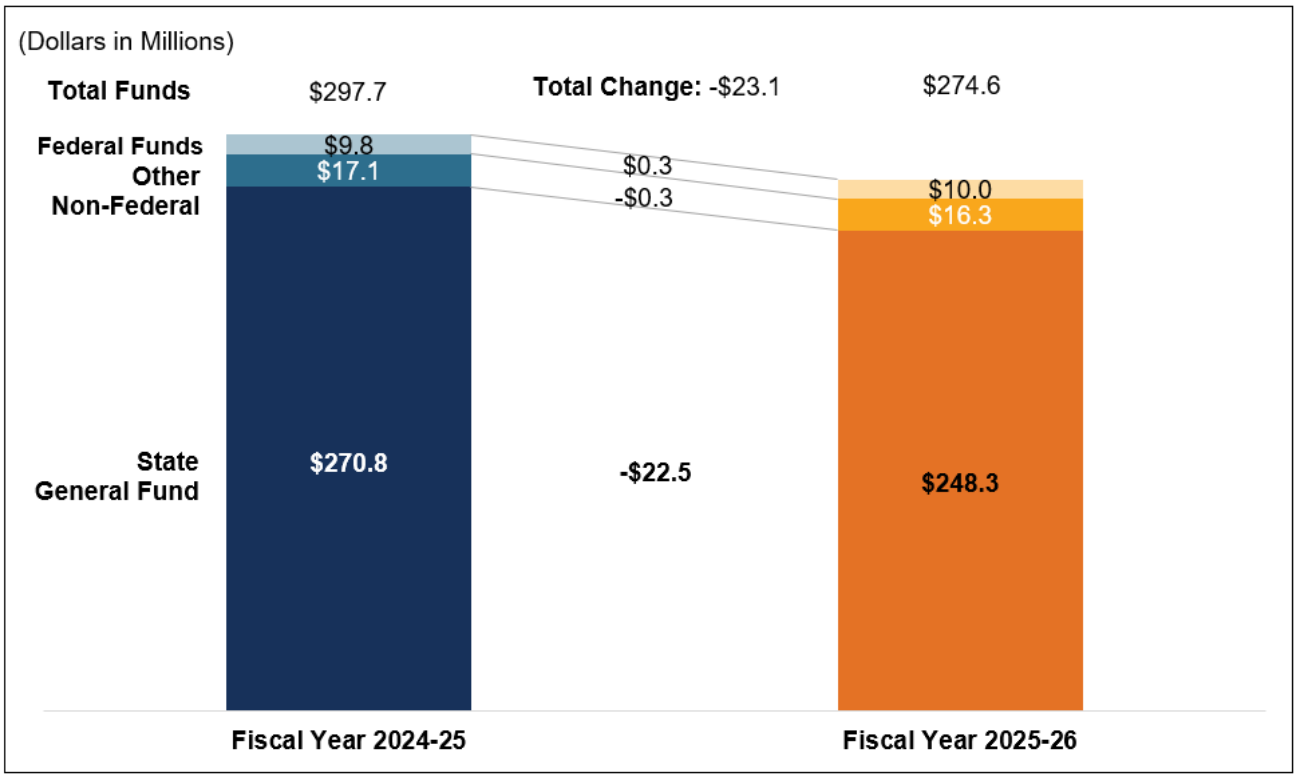
2025-26 Comparison



The May 2025 Family Health Estimate for 2024-25 projects a $2.5 million, or 0.9 percent, increase in total spending and a $6.9 million, or 2.9 percent, increase in General Fund spending compared to the November 2024 Estimate.

Compared to the Budget Act of 2024, the Estimate reflects a $21.3 million, or 7.7 percent, increase in total spending and a $26.4 million, or 10.8 percent increase in General Fund spending.

Year Over Year Change from 2024-25 to 2025-26



The Family Health Estimate projects that total spending will decrease by $23.1 million, or 7.8 percent, and General Fund spending will decrease by $22.5 million, or 8.3 percent, between 2024-25 and 2025-26.

STATE OPERATIONS AND NON-ESTIMATE LOCAL ASSISTANCE BUDGET ADJUSTMENTS

The May Revision proposes additional expenditure authority of $179 million total funds ($5.9 million General Fund) for 186 positions (179 permanent positions (Perm), 7 limited-term (LT) to Perm).

Detailed budget change proposal narratives can be found on the Department of Finance website at this link. To view Department requests, select the appropriate budget year (2025-26) and search for org code 4260 in the search bar located in the middle of the website.

Budget Change Proposal (BCP) Title	BCP Number	Positions	Total Funds** (In Millions)	General Fund** (In Millions)
May Revision Proposals				
988 Suicide and Crisis Lifeline Allocation Increase	4260-385-BCP-2025-MR		$17.5***	
Behavioral Health Infrastructure Bond Act	4260-259-BCP-2025-MR	22 Perm	$13.5	
Centers for Medicare and Medicaid Services (CMS) Interoperability	4260-261-BCP-2025-MR		$1.1	$0.2
Federally Qualified Health Center (FQHC) Policy Guide	4260-263-BCP-2025-MR		$0.7	
Human Resources Plus Modernization (HR+ Mod)	4260-264-BCP-2025-MR	3 Perm	$3.7	$1.8
Medicaid Managed Care, Access, and Eligibility Final Rules	4260-303-BCP-2025-MR	40 Perm 7 LT to Perm	$7.8	$3.9
Transforming Maternal Health (TMaH) Model	4260-265-BCP-2025-MR	2 Perm	$1.1	
Joint May Revision Proposals				
Behavioral Health Transformation: Behavioral Health Services Act Continued Implementation	4260-260-BCP-2025-MR	104 Perm	$131.0	
Long-Term Care Staffing & Payment Transparency Final Rule	4260-266-BCP-2025-MR	8 Perm	$2.6	
	Total*	**179 Perm 7 LT to Perm**	**$179**	**$5.9**

**Chart totals may differ from BCP totals within an individual BCP due to rounding.*
***Dollars in millions.*
****Resources include Non-Estimate Local Assistance Items*

DHCS May Revision Proposals

988 Suicide and Crisis Lifeline Allocation Increase requests one-time resources and expenditure authority to manage the increase in 988 contact volume, which is seeing growth in 988 calls, chats, and texts (referred to as “contacts”).

Behavioral Health Infrastructure Bond Act requests resources and expenditure authority to continue implementation of the Behavioral Health Continuum Infrastructure Program expanded via the Proposition 1 Behavioral Health Bond Act and Assembly Bill 531 (Chapter 789, Statutes of 2023). The Department uses a combination of state staff and contractor resources to award and manage competitive grants to construct, acquire, and rehabilitate real estate assets to further expand behavioral health facilities.

Centers for Medicare and Medicaid Services (CMS) Interoperability requests resources and expenditure authority to plan and implement the federal CMS Interoperability and Patient Access final rule and the new CMS Advancing Interoperability and Improving Prior Authorization Processes final rule, released on January 17, 2024. These resources leverage existing resources approved through previous BCPs to enhance the policies, reporting capabilities, and technology necessary to enable entity-to-entity data exchange and improve prior authorization processes to improve health outcomes for Californians through data-driven decision making.

Federally Qualified Health Center (FQHC) Policy Guide requests expenditure authority from a grant awarded by the California Health Care Foundation to help support the development of a Federally Qualified Health Center Reimbursement Policy Guide. The Department identified inconsistencies for FQHC reimbursement policy when compared to broader policy documents. Requested authority will be used engage with stakeholders and develop a consolidated policy manual or similar resource that comprehensively documents the FQHC prospective payment system and is consistent with other benefit and reimbursements policies in the Medi-Cal program.

Human Resources Plus Modernization (HR+ Mod) requests resources and expenditure authority for the planning, procurement, and project costs to modernize human resources and related fiscal systems business technology. Currently, a mix of manually intensive processes and aging legacy systems are used to support the Department’s workforce needs. Processes and systems are ineffective, inefficient, and not compliant with current security requirements. A modern human capital management system will improve operations and resource management. The Department is currently awaiting approval of the Project Approval Lifecycle Stage 2 Alternatives Analysis by the California Department of Technology.

Medicaid Managed Care, Access, and Eligibility Final Rules requests one-time resources and expenditure authority to address implementation and planning as well as increased workload due to recently released federal regulations. CMS released several final rules to improve access to care, transparency, and quality. The federal rules

include the Managed Care Access, Finance and Quality Final Rule (Managed Care), Ensuring Access to Medicaid Services (Access Rule), and Medicaid Eligibility Final Rule (Part 1 and Part 2).

Transforming Maternal Health (TMaH) Model requests resources and expenditure authority to implement the TMaH Model. As 1 of 15 states selected by the federal CMS, the Department was awarded funding to implement a ten-year Medicaid and Children's Health Insurance Program delivery and payment model designed to improve maternal health outcomes, reduce costs, and address serious gaps in health care. Resources will be used to implement the TMaH Model in five central valley counties including: Fresno, Kern, Kings, Madera, and Tulare.

Joint May Revision Proposals

Behavioral Health Transformation (BHT): Behavioral Health Services Act Continued Implementation requests permanent positions and expenditure authority to continue implementation of Senate Bill 326 (Chapter 790, Statutes of 2023), which reforms the behavioral health system through efforts to 1) modernize the Mental Health Services Act; and 2) improve statewide accountability and access to behavioral health services. This request builds off previously approved BCPs as part of BHT and resources are currently supporting policy development, implementation, and readiness activities that over time will transition into ongoing operations, monitoring, and oversight.

Long-Term Care Staffing & Payment Transparency Final Rule requests resources and expenditure authority to implement new federal rules and program support workload related to the CMS new final rule that has two components. The Minimum Staffing Standards for Long-Term Care Facilities establishes federal minimum hours per resident staffing requirements for LTC facilities, establishes a hardship exemption process, and increases facility staffing assessment requirements. The Medicaid Institutional Payment Transparency Reporting component requires state Medicaid agencies to calculate, report, and publish the percentage of Medicaid payments for services in skilled nursing facilities and intermediate care facilities for individuals with intellectual disabilities that are spent on compensation for direct care workers and support staff in both the fee-for-service and managed care delivery systems.