IHA STAKEHOLDERS' SERIES 2025

Shaping the Future

Integrated Healthcare Association

Inside California Health Policy: Mid-Year Update

A part of IHA 2025 Stakeholders' Series

IHA

Welcome

Jeff Rideout, MD, MA
President & CEO, IHA

Webinar Agenda

Welcome and introductions *Jeff Rideout, MD, MA, President & CEO, IHA*	11:30 – 11:35 AM
State Budget and Legislative updates *Donna Cullinan, MPPA, Director, Chapman Consulting*	11:35 AM – 12:05 PM
Regulatory updates *Jacqui Darcy, General Manager, Symphony, IHA* *Dolores Yanagihara, MPH, General Manager, Performance Measurement, IHA*	12:05 – 12:25 PM
Wrap up *Jeff Rideout, MD, MA, President & CEO, IHA*	12:25 – 12:30 PM

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Q&A

- Please use the Q&A function at the bottom of your screen to submit questions along the way
- We will do our best to get to as many questions as possible at the end of each section

Session speakers

Jeff Rideout
CEO, IHA

Donna Cullinan
Director External Affairs,
Chapman Consulting

Jacqui Darcy
General Manager,
Symphony, IHA

Dolores Yanagihara
General Manager Performance
Measurement, IHA

Integrated Healthcare ASSOCIATION

11:35am – 12:05pm

State Budget and Legislative updates

Donna Cullinan | Director, Chapman Consulting

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Federal Landscape

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H.R.1 – ‘One Big Beautiful Bill Act’

Sweeping Federal Changes to Medicaid & ACA Structure

Overview

On July 4, President Trump signed H.R.1, the ‘One Big Beautiful Bill Act’, enacting the most significant changes to Medicaid and the Affordable Care Act (ACA) since their inception. The law restructures federal Medicaid financing and introduces new program requirements, resulting in an estimated $1.2 trillion reduction in Medicaid funding nationwide over the next decade.

Medicaid Policy Changes

- Mandatory Work Requirements: Adults must meet work or community engagement criteria to retain coverage.
- Stricter Eligibility Verification: Enrollees must complete more frequent documentation to prove eligibility.
- Enrollment System Delays: Postpones previously planned integration of Medicaid, CHIP, and ACA marketplace enrollment processes, increasing administrative complexity.
- Financing Restrictions: Limits how states can finance Medicaid through provider taxes or directed payments, reducing flexibility in state budgets.

ACA Marketplace Changes

- Shortened Open Enrollment: Reduces enrollment period by approximately one month, increasing the risk of coverage gaps.
- Elimination of Auto-Reenrollment: Requires individuals to actively reenroll each year, risking loss of coverage due to administrative error.
- Tighter Documentation Rules: Subsidy recipients must submit full income documentation up front, eliminating the current 90-day grace period.
- DACA Exclusion: Explicitly bars Deferred Action for Childhood Arrivals (DACA) recipients from purchasing marketplace coverage, even without subsidies.

H.R.1 – One Big Beautiful Bill Act: California Impact

California's Unique Perspective

- As the largest Medicaid program in the country, covering over 15 million people, California faces disproportionate consequences from H.R.1.
- California's ACA exchange, Covered California, will be directly impacted by federal eligibility and enrollment restrictions.

Estimated Fiscal & Coverage Impacts

- $28+ billion in federal Medicaid funding at risk over 10 years, per early estimates from the Governor's Office.
- 1.8 million more Californians projected to become uninsured, according to the Kaiser Family Foundation.
- Approx. 600,000 Covered California enrollees could lose coverage due to administrative barriers or eligibility changes.
- Up to $2.4 billion in lost federal premium subsidies, directly impacting affordability and access.

Operational & Policy Challenges

- Threatens county health systems, safety-net hospitals, and Medi-Cal managed care delivery.
- Adds new administrative burdens to enrollment systems and state eligibility verification processes.
- Will require additional planning by state leaders, regulators, and advocates to sustain coverage and minimize disruption during phased implementation (2025–2027, with some measures through 2034).

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Understanding California's Budget Process

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California Budget Development Timeline

Step of the Process	Date / Timeframe	Description
1. Governor's Budget Proposal	January 10	Governor submits proposed budget for the next fiscal year (July 1–June 30).
2. Legislative Hearings & Revisions	January – May	Budget subcommittees in both houses (Assembly & Senate) hold public hearings. May Revision reflects updated revenue forecasts.
3. Governor's May Revision Budget	May 14	Governor submits updated budget proposal reflecting fiscal updates and priorities.
4. Budget Conference Committee	Late May – Early June	Committees reconcile differences between Senate and Assembly versions of the budget.
5. Budget Passed by Legislature	June 15	Legislature must pass a balanced budget by the constitutional deadline.
6. Governor's Action	By June 30	Governor signs, vetoes, or uses line-item veto authority.
7. New Fiscal Year Begins	July 1	Budget becomes effective at the start of the fiscal year.

Budget Process Timeline

May 14

May Revise

- The May Revision, due by May 14, is an updated version of the January budget.
- It incorporates:
  - Updated revenue projections (based on April tax returns).
  - Changes in caseloads, such as in Medi-Cal and K–12 enrollment.
  - Economic shifts and federal funding updates.
  - This revised proposal allows the Governor to adjust spending plans to reflect real-time fiscal conditions, making it an important part of the process to reflect accurate budgeting.

June 15

Legislative Budget Agreement

- June 15, the California State Legislature is required to pass a balanced budget.
- Key activities during this stage include:
  - Budget hearings and negotiations between the Senate, Assembly, and Governor's Office.
  - Adoption of Budget Trailer Bills to implement related policy changes.
  - A vote on the full budget package.
  - Lawmakers forfeit pay if they miss this deadline, which adds urgency to reach a budget agreement.

June 30

Final Approval and Enactment

- Once the Legislature passes the budget, it goes to the governor for final action.
- The governor can:
  - Sign the budget into law.
  - Use line-item veto power to reduce or eliminate specific appropriations.
  - Negotiate final adjustments with the Legislature.
  - The new fiscal year begins on July 1, and state agencies begin implementing the funded programs and services.

What's Next?

- Additional budget-related bills are expected in August and September 2025, as the legislative session wraps up by Friday, September 12, 2025.
- These may include "clean-up" bills or policy measures delayed until after the summer recess.
- External factors, such as federal budget and tax legislation expected from Congress and President Trump, could dramatically impact California's budget and could require future action.
- Potential impacts include:
  - Cuts to healthcare and social services.
  - Reductions in federal research and university funding.
  - Broader policy shifts that may require state responses.
- If needed, lawmakers could convene a special session this fall or take emergency budgetary action upon reconvening on January 5, 2026.

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California’s Final 2025-2026 Budget

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California 2025–26 Budget Highlights

- Governor Newsom signed the budget into law on June 27, 2025
- Total size: Approx. $321 billion to address a $12 billion deficit
- Deficit closed via a mix of borrowing, reserve draw-downs, loans, and targeted spending cuts
- Healthcare changes:
  - Medi-Cal enrollment for undocumented adults freezes in 2026, with a $30/month premium starting in July 2027
  - Cuts include $78 million from mental-health hotlines, elimination of low-income dental coverage by mid-2026, fertility benefits delayed In-home care for low-income/disabled individuals and reproductive health (e.g., Planned Parenthood) remain funded $3.44 billion loan from General Fund to address Medi-Cal shortfall
- Housing & environmental reforms:
  - Signed major CEQA reforms (AB 130/SB 131) exempting infill housing & other projects to accelerate development
- Education & Public Safety:
  - Full funding for universal school meals, pre-K, and TK–12 education; veteran tax cuts; transit and film production credits included

Medi-Cal Impact to Undocumented Adults

2025–26 California State Budget Implications

- Enrollment Freeze:
  - Starting January 1, 2026, undocumented adults ages 26–49 will no longer be able to newly enroll in full-scope Medi-Cal. Those already enrolled may retain coverage if they remain continuously eligible.
- Monthly Premium Requirement:
  - Beginning July 1, 2027, undocumented adults enrolled in Medi-Cal will be required to pay a $30 per month premium.
    (Originally proposed at $100/month; revised in final budget agreement.)
- Dental & Fertility Benefits Cut or Delayed:
  - Dental coverage for undocumented adults will be eliminated by mid-2026.
  - Fertility services rollout delayed to 2026.

2025 Budget Impact: Asset Tests

Historical Asset Limits	July 2022	January 2024
• Medi-Cal eligibility for seniors and people with disabilities required strict asset limits (e.g., $2,000 for individuals).	• Raised asset limits to $130,000 per individual, plus $65,000 per dependent, to expand access and reduce paperwork barriers.	• Fully eliminated the asset test for Medi-Cal programs serving low-income seniors, making it easier for them to qualify and enroll.

2025 Budget Updates

- Asset limit raised to $130,000 per individual, plus $65,000 for each additional household member
- Effective January 1, 2026
- Applies to seniors and people with disabilities (formerly referred to as “non-MAGI” Medi-Cal)
- Projected to save $45 million General Fund in 2025–26 and $510 million annually thereafter
- Builds on previous efforts to eliminate the asset test while responding to current budget constraints

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2025 Budget: In-Home Supportive Services Impacts

- In-Home Supportive Services (IHSS) provides in-home care for seniors and people with disabilities, allowing them to remain safely in their homes. Program costs are rising due to:
  - Growth in the senior Medi-Cal caseload
  - Increased enrollment driven by policy changes (e.g., asset test elimination)
  - Rising labor costs and overtime payments

Governor's May Revise Proposal	Final Budget Agreement
• Proposes cost-saving measures, including: – Capping overtime hours for IHSS providers – Eliminating IHSS benefits for undocumented adults newly eligible for Medi-Cal	• Rejects both major IHSS cuts proposed in the May Revise: – No cap on overtime for providers – Retains IHSS eligibility for undocumented adults

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MCO Tax & Proposition 35 Implementation: 2025 Budget

Overview

- Proposition 35, passed by voters in November 2024, establishes the MCO tax as a permanent financing mechanism, contingent on federal approval
- The 2025–26 budget leverages this revenue to generate General Fund savings and reinvest in Medi-Cal through targeted rate increases and service enhancements

General Fund Impact

- Generates $1.3 billion in General Fund savings in 2025–26
- Generates an additional $264 million in General Fund savings in 2026–27

MCO Tax Revenue Allocation

- $804 million in 2024–25
- $2.8 billion in 2025–26
- $2.4 billion in 2026–27

Strategic Reinvestment in Medi-Cal Managed Care

- $1.6 billion allocated across 2025–26 and 2026–27 to support enhanced base payment rates for:
  - Primary care providers
  - Specialty care services
  - Ground emergency medical transportation
  - Hospital outpatient services

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May Revise versus Final Budget Agreement – Health

Health Policy Area	May Revise (Governor's Proposal)	Final Budget Agreement
Medi-Cal Enrollment for Undocumented Adults	Freeze enrollment to control costs	✅ **Accepted**: Enrollment freeze approved
Monthly Premiums for Undocumented Adults	$100/month premium	⚠️ **Modified**: Lowered to **$30/month**; adds **re-enrollment pathway** for those who lose coverage due to nonpayment
Dental Benefits for Undocumented Adults	Eliminate coverage	❌ **Rejected**: Dental benefits maintained
Long-Term Care for Undocumented Adults	Eliminate coverage	❌ **Rejected**: Long-term care benefits maintained
Coverage for Weight Loss Drugs (e.g., Ozempic)	End coverage for weight loss medications	✅ **Accepted**
Asset Test for Seniors	Reinstate asset test to limit eligibility	⚠️ **Modified**: Scaled back; some protections maintained
In-Home Supportive Services (IHSS)	Cap overtime and eliminate benefits for undocumented adults	❌ **Rejected**: Caps and cuts not included
Overall Medi-Cal Cost Controls	Broader cost-cutting reforms and limits to enrollment, benefits, and reimbursements	⚠️ **Partially Accepted**: Some structural proposals adopted, but major benefit cuts scaled back or rejected
Family Planning Clinics	Cut funding	❌ **Rejected**: Funding restored

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Legislative Updates

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AB 1415: California Health Care Quality and Affordability Act (Bonta)

- Expands the Office of Health Care Affordability's (OHCA) authority to oversee cost drivers in California's health system
- Updates definitions to include broader categories of providers, health systems, and hedge funds
- Introduces oversight and data reporting requirements for Management Services Organizations (MSOs)
- Requires expanded transaction notification for agreements involving health care entities, MSOs, and their controlling interests
- Aims to improve transparency, cost control, and market accountability across health care sectors
- **Status: Awaiting hearing in the Senate Appropriations Committee**

Prior Authorization Bills

AB 512 (Harabedian):

- AB 512 reduces the time health plans and insurers have to make prior authorization decisions to 48 hours for standard requests and 24 hours for urgent requests once they receive all necessary information. This change aims to speed up access to care while maintaining current requirements for medical necessity reviews.
- **Status: to be heard today (7/9) in Senate Health Committee**

AB 539 (Schiavo):

- AB 539 requires that prior authorizations for health care services remain valid for at least one year from the date of approval or for the duration of the prescribed treatment if it is less than one year. This ensures that once authorized, patients can continue treatment without needing repeated reauthorization.
- **Status: Awaiting hearing in Senate Health Committee**

SB 306 (Becker):

- SB 306 prevents health plans and insurers from requiring prior authorization for specific services for one year if they approved 90% or more of those requests in the previous year. It also requires them to post a list of these exempt services online each year and explain how approval rates are calculated.
- **Status: Awaiting hearing in Assembly Health Committee**

AB 280: Provider Directories (Aguiar-Curry)

- Requires health plans and insurers to annually verify and remove inaccurate provider listings
- Sets accuracy benchmarks for provider directories:
  - 60% accuracy by July 1, 2026
  - Gradual increase to 95% accuracy by July 1, 2029
- Imposes administrative penalties for failing to meet accuracy standards
- Requires coverage and reimbursement at out-of-network rates when enrollees rely on inaccurate directory information
- Prohibits providers from charging enrollees more than in-network cost sharing in such cases
- Mandates plans/insurers to provide in-network provider information on request and limits related cost sharing
- Requires timely review and approval of provider reinstatement requests to directories (within 10 business days)
- Authorizes Departments of Managed Health Care and Insurance to develop uniform data request formats and accuracy methodologies by January 1, 2026
- **Status: To be heard today (7/9) in the Senate Health Committee**

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Questions

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12:05pm – 12:25pm

Regulatory updates

Jacqui Darcy | General Manager, Symphony, IHA

Dolores Yanagihara, MPH | General Manager, Performance Measurement, IHA

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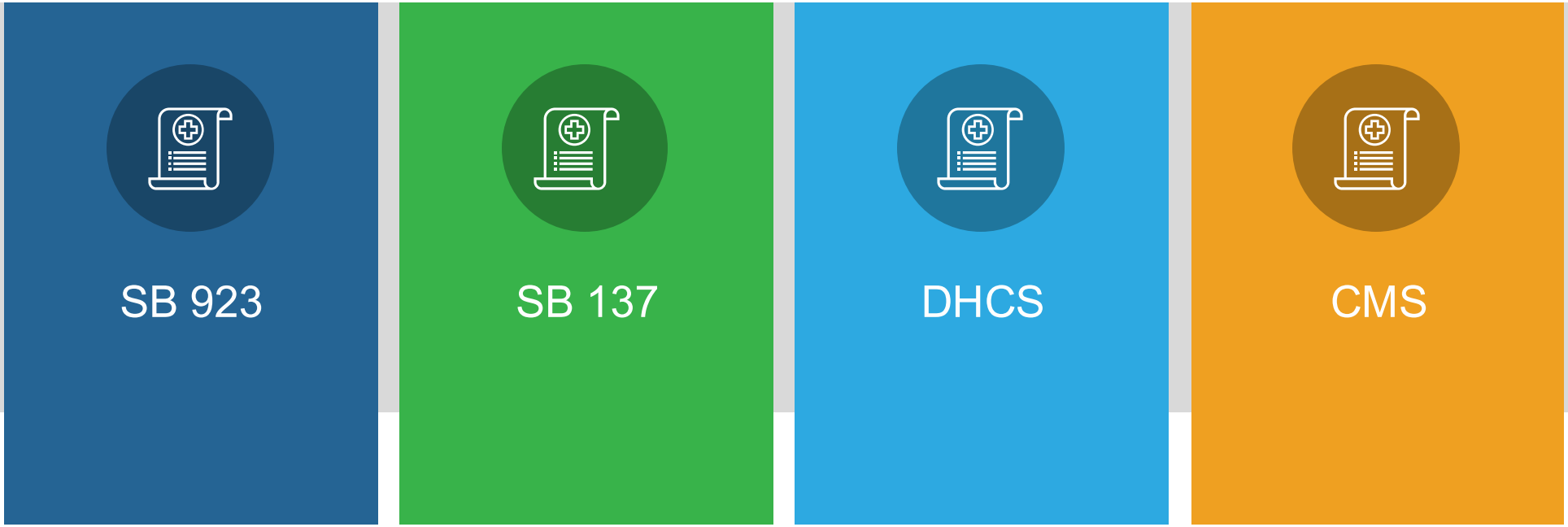
Symphony Provider Directory

Jacqui Darcy | General Manager, Symphony, IHA

The regulatory landscape remains dynamic, and Symphony is consistently seeking ways to adapt, communicate, and meet new and evolving requirements.



Symphony remains nimble to address regulatory requirements

How Symphony enables compliance

SB 923

- 16 gender-affirming care services (included in SB 923) updated in Symphony ”Areas of Expertise.”
- Addition of new bucket category covering other gender-affirming care services was also added.

SB 137

- Responded during 2 public comment periods in 2025
- Feedback included continued work on network alignment, granularity concerns, and practical application of new requirements

DHCS All Plan Letter

- Review requirements and provide feedback to DHCS by July 1, 2025

CMS' path to create a national provider directory

Symphony's approach to CMS' intent for a National Provider Directory

Establish ongoing dialogue with CMS leaders to shape future pilots and implementations

Position Symphony to become CMS's preferred national provider directory solution

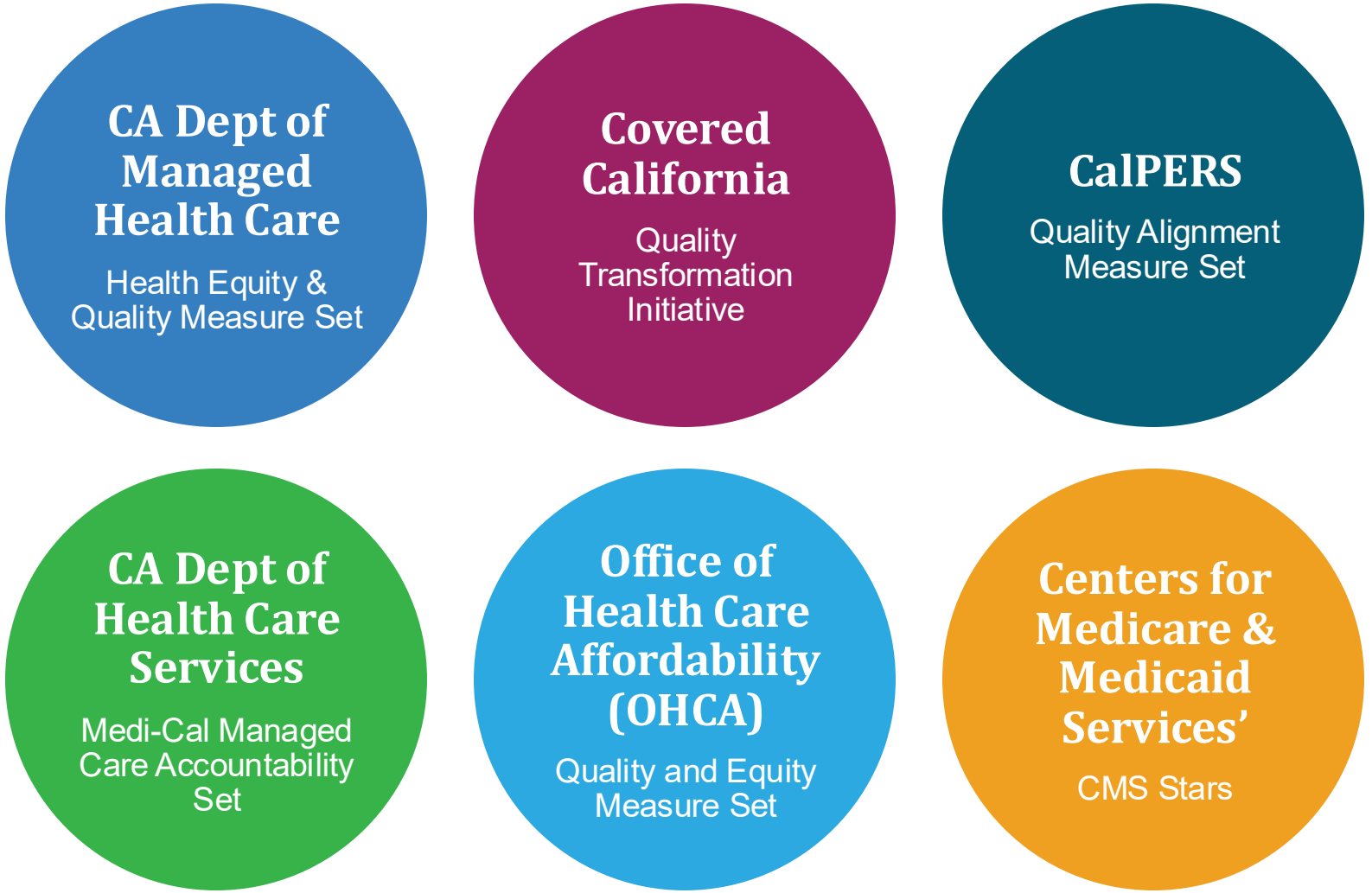
Showcase collaboration and learnings from real-world implementations with Health Plans and Provider Organizations

Leverage Symphony's role in powering Covered California's 'Shop and Compare' tool as a national proof point

Performance Measurement

Dolores Yanagihara, MPH | General Manager, Performance Measurement, IHA

IHA performance measurement continues to inform and align across California programs



State and national measures and benchmarks alignment across all lines of business

DMHC Quality and Health Equity Program
12 measures
96 plans affected

Covered California QTI
4 measures
12 QHPs affected

CalPERS QAMS
5 measures
7 plans affected

DHCS Managed Care Accountability Set
18 measures
23 MCPs affected

OHCA Quality and Equity Measure Set
12 measures
50+ submitters

CMS Stars Measure Set
21 measures
156 MA contracts affected

Assesses performance against set benchmarks

Includes “Core 4” measures: Colorectal Cancer, Blood Pressure, HbA1c, Childhood Immunizations

Includes race & ethnicity stratification

Includes primary care spending reporting

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Health equity and primary care spending activities

Program	Health Equity Activities	Primary Care Spending Activities
DMHC	• Collect race/ethnicity stratified results • Penalties TBD based on regulations promulgated January 2027	

Covered CA	• Penalties tied to race/ethnicity stratified results for MY 2026:
	  ○ Controlling High Blood Pressure (CBP)
	  ○ Colorectal Cancer Screening (COL-E)
	• Plan to compare 4 subpopulations (Asian, Hispanic/Latino, White, and All Other Members)	

CalPERS	• Penalties tied to race/ethnicity stratified results for MY 2026 • Plan to generally align with Covered California approach	
DHCS	• Race/ethnicity stratified results publicly reported • No financial penalties but used for PIPs	
OHCA	• First annual report with quality and equity performance to be published by June 1, 2027 • Will use DMHC HEQMS data for health plans and OPA Medical Group Report Cards (AMP public reporting) for POs	
CMS	• Framework for Healthy Communities, updated 2025 • Health Equity Benchmark Adjustment in ACO REACH	

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Health equity and primary care spending activities

Program	Health Equity Activities	Primary Care Spending Activities
DMHC	• Collect race/ethnicity stratified results • Penalties TBD based on regulations promulgated January 2027	• Network adequacy regulations for timely primary care access

Covered CA	• Penalties tied to race/ethnicity stratified results for MY 2026:
	  ○ Controlling High Blood Pressure (CBP)
	  ○ Colorectal Cancer Screening (COL-E)
	• Plan to compare 4 subpopulations (Asian, Hispanic/Latino, White, and All Other Members)
		• QHPs must report on total primary care spending and percentage of spend within each category of the HCP LAN alternative payment model (APM) framework
		• QHPs must progressively expand percentage of PCPs paid through HCP LAN categories 3 and 4

CalPERS	• Penalties tied to race/ethnicity stratified results for MY 2026 • Plan to generally align with Covered California approach	• Same as Covered CA
DHCS	• Race/ethnicity stratified results publicly reported • No financial penalties but used for PIPs	• Same as Covered CA
OHCA	• First annual report with quality and equity performance to be published by June 1, 2027 • Will use DMHC HEQMS data for health plans and OPA Medical Group Report Cards (AMP public reporting) for POs	• 15% primary care investment target by 2034 • 0.5%-1% YoY improvement target • Targets for APM adoption by line of business
CMS	• Framework for Healthy Communities, updated 2025 • Health Equity Benchmark Adjustment in ACO REACH	• CMMI has several primary care and ACO models • Advanced Primary Care Management services

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Incorporating health equity and primary care spending into ongoing performance measurement at IHA

Health Equity

Measure set

- Tested Race/Ethnicity Diversity of Membership (RDM) for AMP for MY 2024; available for incentives for MY 2026
  - Measure of demographics + data completeness
    - % of each subpopulation and unknown
    - % direct/indirect data
  - Requirement of NCQA Health Equity Accreditation
  - Transition to Cozeva could improve data completeness through combining plan and PO data, supplemented by imputation

Incentive design

- Double weighting for equity sensitive measures

Recognition awards

- Double weighting for equity sensitive measures
- Initiating Medi-Cal PO awards

Primary Care Spending

- Producing annual primary care spending information for plans and POs since MY 2018
- Creating an interactive tool of analysis and insights for plans and POs to understand performance against OHCA targets
  - Reports available Q1 2026 for MY 2022-2023
  - Modifying methodology to align with OHCA
- Planning to formalize within AMP and Atlas measure sets
  - OHCA-aligned measure proposed for MY 2026 AMP Measure Set

Final thoughts

Jeff Rideout, MD, MA
President & CEO, IHA

*Symphony is presenting at the **CAHP Annual Conference** on October 1:*

The Power of the Industry in Driving Directory Accuracy

Our session with HHS/CMS, a national health plan, and a state provider association will discuss how California has improved provider directory data exchange and accuracy through Symphony as a model for the future.

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Thank You!

Please complete the survey to inform future webinars!

A recording of this webinar will be available soon

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