



May 5, 2026

The Honorable Gavin Newsom
Governor, State of California
State Capitol Sacramento, CA 95814

Re: Urgent Request to Submit Revised Medi-Cal Preprint by May 8

Dear Governor Newsom,

On behalf of nearly 400 California hospitals, we respectfully urge your administration to ensure the Department of Health Care Services (DHCS) submits the revised 2025 Hospital Fee Program preprint with final payment policies to the Centers for Medicare & Medicaid Services (CMS) **no later than May 8.**

The state's original preprint submission was delivered to CMS in December 2024 but required significant revision following passage of the One Big Beautiful Bill Act and CMS' determination that proposed funding levels were not approvable. DHCS developed a revised approach with payment policies that were finalized weeks ago, but the updated preprint reflecting final 2025 payment amounts still has not yet been submitted to CMS. This delay is now putting billions of dollars for both California and hospitals at risk. CMS cannot approve the new fee program until the state completes its work – work that hospitals pay for through up-front fees to the state.

DHCS' unprecedented delays are jeopardizing the state's ability to meet federal two-year claiming requirements, putting \$1.5 billion in federal matching funds at risk. Continued delays not only threaten the loss of federal funds but also create significant cash flow challenges and undue financial hardship for hospitals. We cannot afford further delays.

We stand ready to work with your administration to ensure timely submission and approval of this critical funding mechanism.

Sincerely,

A handwritten signature in blue ink that reads "Carmela Coyle".

Carmela Coyle
President & CEO

Cc: Nani Coloretti, Cabinet Secretary
Richard Figueroa, Deputy Cabinet Secretary