

SPECIAL SESSION BOARD OF DIRECTORS Meeting Agenda

Monday, September 21, 2026
12:00 p.m.

Please See Page 2 For Meeting Location Options

	<i>The Board may take action on any of the items listed below, including items specifically labeled "Informational Only"</i>	Time	Form A Page	Target
Call To Order				12:00
I.	Establishment of Quorum	1		12:01
II.	Public Comments¹	30		12:31
III.	Action Item(s) (ADD A)	23		12:54
	A. <i>Approval: Human Resource Committee Meeting Minutes, November 8, 2023 (Pp 6-9)</i> B. <i>Approval: Quality Review Committee Meeting Minutes, Wednesday, May 27, 2026 (Pp 10-14)</i> C. <i>Approval: Governance Committee Meeting Minutes, Monday, June 1, 2026 (Pp 15-18)</i>			
IV.	Conflict of Interest Code Update	5		12:59
V.	Standing Item(s) (ADD B)			
	A. Retirement of Policies	16		1:15
	B. Legislative Update: ACHD Advocate (June, July, August, and September) - <i>Informational Only (Pp 20-45)</i>	5		1:20
	C. Lucidoc Board Policy Listing – <i>Informational Only (Pp 46)</i>	5		1:25
Final Adjournment				1:30

Note: If you need special assistance to participate in the meeting,
please call 760.740.6375, 72 hours prior to the meeting so that we may provide reasonable accommodations.

¹ 3 minutes allowed per speaker. For further details, see Request for Public Comment Process and Policy on page 3 of the agenda.



Special Session Board of Directors Meeting Location Options

Linda Greer Conference Room
2125 Citracado Parkway, Suite 300, Escondido, CA 92029

- Elected Members of the Palomar Health Board of Directors will attend at this location, unless otherwise noticed below
- Other non-Board member attendees, and members of the public may also attend at this location

<https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>

Meeting ID: 223 586 360 330 86

Passcode: kd9ae2CB

or

Dial in using your phone at 929.352.2216; Access Code: 285 237 470#¹

- Non-Board member attendees, and members of the public may also attend the meeting virtually utilizing the above link
- An elected member of the Board of Directors will be attending the meeting virtually from these locations

¹ New to Microsoft Teams? Get the app now and be ready when your first meeting starts: [Download Teams](#)

Source:

Applies to Facilities:
All Palomar Health FacilitiesApplies to Departments:
Board of Directors

Policy : Public Comments and Attendance at Public Board Meetings

I. SUMMARY/INTENT:

A. It is the intention of the Palomar Health Board of Directors to hear public comment about any topic that is under its jurisdiction. This policy is intended to provide guidelines in the interest of conducting orderly, open public meetings while ensuring that the public is afforded ample opportunity to attend and to address the board at any meetings of the whole board or board committees.

II. DEFINITIONS:

A. None defined.

III. POLICY: COMPLIANCE - KEY ELEMENTS:

- A. There will be one time period allotted for public comment at the start of the public meeting. Should the chair determine that further public comment is required during a public meeting, the chair can call for such additional public comment immediately prior to the adjournment of the public meeting. Members of the public who wish to address the Board are asked to complete a [Request for Public Comment form](#) and submit to the Board Assistant prior to or during the meeting. The information requested shall be limited to name, address, phone number and subject, however, the requesting public member shall submit the requested information voluntarily. It will not be a condition of speaking.
- B. Should Board action be requested, it is encouraged that the public requestor include the request on the *Request for Public Comment* as well. Any member of the public who is speaking is encouraged to submit written copies of the presentation.
- C. The subject matter of any speaker must be germane to Palomar Health's jurisdiction.
- D. Based solely on the number of speaking requests, the Board will set the time allowed for each speaker prior to the public sections of the meeting, but usually will not exceed 3 minutes per speaker, with a cumulative total of thirty minutes.
- E. Questions or comments will be entertained during the "Public Comments" section on the agenda. All public comments will be limited to the designated times, including at all board meetings, committee meetings and board workshops.
- F. All voting and non-voting members of a Board committee will be seated at the table. Name placards will be created as placeholders for those seats for Board members, committee members, staff, and scribes. Any other attendees, staff or public, are welcome to sit at seats that do not have name placards, as well as on any other chairs in the room. For Palomar Health Board meetings, members of the public will sit in a seating area designated for the public.
- G. In the event of a disturbance that is sufficient to impede the proceedings, all persons may be excluded with the exception of newspaper personnel who were not involved in the disturbance in question.
- H. The public shall be afforded those rights listed below (Government Code Section 54953 and 54954).
1. To receive appropriate notice of meetings;
 2. To attend with no pre-conditions to attendance;
 3. To testify within reasonable limits prior to ordering consideration of the subject in question;
 4. To know the result of any ballots cast;
 5. To broadcast or record proceedings (conditional on lack of disruption to meeting);
 6. To review recordings of meetings within thirty days of recording; minutes to be Board approved before release,
 7. To publicly criticize Palomar Health or the Board; and
 8. To review without delay agendas of all public meetings and any other writings distributed at the meeting.
- I. This policy will be reviewed and updated as required or at least every three years.

SPECIAL SESSION BOARD OF DIRECTORS Meeting

Meeting will begin at 12:00 p.m.



[Request for Public Comments](#)

If you would like to make a public comment, submit your request by doing the following:

- **In Person: Submit a Public Comment Form, or verbally submit a request, to the Board Clerk**
- **Virtual: Enter your name and “Public Comment” in the chat function**

Those who submit a request will be called on during the Public Comments section and given 3 minutes to speak.

Public Comments Process

Pursuant to the Brown Act, the Board of Directors can only take action on items listed on the posted agenda. To ensure comments from the public can be made, there is a 30 minute public comments period at the beginning of the meeting. Each speaker who has requested to make a comment is granted three (3) minutes to speak. The public comment period is an opportunity to address the Board of Directors on agenda items or items of general interest within the subject matter jurisdiction of Palomar Health.

ADDENDUM A

BOARD HUMAN RESOURCES COMMITTEE MEETING MINUTES – WEDNESDAY, NOVEMBER 8, 2023			
AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP / RESPONSIBLE PARTY	FINAL?
DISCUSSION			
NOTICE OF MEETING			
<i>Notice of Meeting was posted at the Palomar Health Administrative Office; also posted with agenda packet on the Palomar Health website on Thursday, November 2, 2023.</i>			
1. CALL TO ORDER			
<i>The meeting, which was held in the Linda Greer Board Room at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029, and virtually, was called to order at 3:43 p.m. by Committee Chair Terry Corrales</i>			
2. ESTABLISHMENT OF QUORUM			
<i>Quorum comprised of Directors Terry Corrales, Laura Barry and Michael Pacheco</i> <i>Excused Absences: None</i>			
3. PUBLIC COMMENTS			
<i>There were no public comments</i>			
4. FOLLOW-UP ITEMS, IF ANY			

BOARD HUMAN RESOURCES COMMITTEE MEETING MINUTES – WEDNESDAY, NOVEMBER 8, 2023			
AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP / RESPONSIBLE PARTY	FINAL?
DISCUSSION			
a. Minutes: Board Human Resources Committee Meeting – Wednesday, August 9, 2023	MOTION: by Director Barry, 2nd by Director Pacheco and carried to approve the minutes from the Wednesday, August 9, 2023, Board Human Resources Committee Minutes as presented. Roll call voting was utilized Corrales - Aye Barry - Aye Pacheco - Aye None opposed. Motion approved	N/A	Y
No discussion			

BOARD HUMAN RESOURCES COMMITTEE MEETING MINUTES – WEDNESDAY, NOVEMBER 8, 2023			
AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP / RESPONSIBLE PARTY	FINAL?
DISCUSSION			
b Board Human Resources Committee 2024 Meeting Calendar	MOTION: by Director Barry, 2nd by Director Pacheco and carried to approve the 2024 Board Human Resources Committee meeting calendar as presented with proposed time change. Roll call voting was utilized Corrales - Aye Barry - Aye Pacheco - Aye None opposed. Motion approved	N/A	Y
2024 dates approved - Request proposed meeting start time changed to 2:30 pm			
5. STANDING ITEM: Human Resources General Update – deferred to February 2024 meeting			

BOARD HUMAN RESOURCES COMMITTEE MEETING MINUTES – WEDNESDAY, NOVEMBER 8, 2023			
AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP / RESPONSIBLE PARTY	FINAL?
DISCUSSION			
6. STANDING ITEM: COMMITTEE MEMBER AGENDA SUGGESTIONS			
No discussion			
7. FINAL ADJOURNMENT			
There being no other business, Chair Terry Corrales adjourned the meeting at 3:57 p.m.			
SIGNATURES:	COMMITTEE CHAIR	_____	Terry Corrales, RN
	COMMITTEE ADMIN	_____	Janet Kren

Board Governance Committee Minutes – Monday, June 1, 2026

Agenda Item

Conclusion/Action

Final?

Discussion

NOTICE OF MEETING

Notice of Meeting was posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Suite 300, Escondido, CA 92029, as well as on the Palomar Health website, on Thursday, May 28, 2026, which is consistent with legal requirements.

CALL TO ORDER

The meeting, which was held in the Palomar Health Administrative Office at 2125 Citracado Parkway, Suite 300, Escondido, CA 92029, and virtually, was called to order at 12:00 p.m. by Committee Chair Jeff Griffith.

I. ESTABLISHMENT OF QUORUM

- Quorum comprised of: Directors Jeff Griffith, Terry Corrales, and Michael Pacheco

II. PUBLIC COMMENTS

- No public comments

III. ACTION ITEMS		
A. <i>Approval:</i> Board Governance Committee Meeting Minutes, Monday, April 20, 2026	MOTION by Director Pacheco, 2nd by Director Corrales to approve the April 20, 2026 Board Governance Committee Minutes as presented. Roll call voting utilized. Director Corrales - aye Director Griffith – aye Director Pacheco – aye Three (3) in favor. None (0) opposed. None (0) absent. No (0) abstention(s) Motion approved	
No Discussion		
B. Per Diem and Reimbursement Policy	MOTION by Director Corrales, 2nd by Director Pacheco to accept and recommend the Per Diem and Reimbursement Policy for full Board of Directors approval with changes pending outside legal approval. Roll call voting utilized. Director Corrales - aye Director Griffith – aye Director Pacheco – aye Three (3) in favor. None (0) opposed. None (0) absent. No (0) abstention(s) Motion approved	
Discussion: Board committee members discussed instances of compensation and legal guidance.		

C. Review: Resolution of the Board of Palomar Health Finding the Need for up to Six Compensable Meetings Per Month for the Effective Operation of the District	MOTION by Director Corrales, 2nd by Director Pacheco to move this to the full Palomar Health Board of Directors for approval at the July Regular Session Board of Directors Meeting with the proper notices prior. Roll call voting utilized. Director Corrales - aye Director Griffith – aye Director Pacheco – aye Three (3) in favor. None (0) opposed. None (0) absent. No (0) abstention(s) Motion approved	
Discussion: - Kevin DeBruin reviewed the previously approved resolution. - Any compensation increase will take effect no earlier than 60 days after resolution approval by the full Palomar Health Board of Directors.		
D. Approval: 27092 Annual Adoption of Statement of Investment	MOTION by Director Pacheco, 2nd by Director Corrales to table the Annual Adoption of Investment agenda item until the August Palomar Health Board Governance Committee Meeting. Roll call voting utilized. Director Corrales - aye Director Griffith – aye Director Pacheco – aye Three (3) in favor. None (0) opposed. None (0) absent. No (0) abstention(s) Motion approved	
Discussion: Kevin DeBruin reviewed the need for the Annual Adoption of Investment to be completed after designated individuals are confirmed to update this item.		

E. Approval: 21800 Conflict of Interest Code	MOTION by Director Corrales, 2nd by Director Pacheco to table the Conflict of Interest Code until the August Palomar Health Board of Directors Governance Committee meeting. Roll call voting utilized. Director Corrales - aye Director Griffith – aye Director Pacheco – aye Three (3) in favor. None (0) opposed. None (0) absent. No (0) abstention(s) Motion approved	
Discussion: Kevin DeBruin reviewed the need for the Annual Adoption of Investment with the next version requiring reflection of the new Form 700 filing requirements with the FPPC.		
IV. Standing Items		
A. Retirement of Policies		
Discussion: No policies to be retired at this time.		
B. Legislative Update: May 2026 ACHD Advocate – <i>Informational Only</i>	No Action	
Discussion: Verbal report was provided.		
C. Lucidoc List of Board Policies – <i>Informational Only</i>	No action	
Discussion: Committee discussed committee charters and timeline for renewal with changes that are to be determined.		
FINAL ADJOURNMENT		
Meeting adjourned by Board Committee Chair Jeff Griffith at 12:58 p.m.		

Board Governance Committee Minutes – Monday, June 1, 2026

Signatures:

Committee Chair

Jeff Griffith

Committee Assistant

Janet Kren

Board Quality Review Committee Minutes – Wednesday, May 27, 2026

AGENDA ITEM

CONCLUSION/ACTION

FOLLOW UP/RESPONSIBLE PARTY

FINAL?

DISCUSSION

NOTICE OF MEETING

Notice of Meeting was posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Suite 300, Escondido, CA 92029, as well as on the Palomar Health website, on Friday, May 22, 2026, which is consistent with legal requirements.

CALL TO ORDER

The meeting, which was held in the Palomar Health Administrative Office at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029, and virtually, was called to order at 3:00 p.m. by Committee Chair Linda Greer.

1. ESTABLISHMENT OF QUORUM

- Quorum comprised of: Directors Greer, Corrales, Jahaaski, and Puckett, MD and Ritchie, MD
- *Director Jahaaski joined the meeting after quorum was established during the Approval of Contracted Services portion of the agenda
- *Puckett, MD, joined the meeting during the Approval of Contracted Services portion of the agenda, after quorum was established

2. PUBLIC COMMENTS

- None

3. ACTION ITEMS

a. Minutes: Board Quality Review Committee Meeting – January 28, 2026

MOTION by Ritchie, MD, 2nd by Director Corrales to approve the January 28, 2026, Board Quality Review Committee meeting minutes as written.

Roll call voting utilized.
Director Corrales – aye
Director Greer – aye
Director Jahaaski - absent
Puckett, MD – absent
Ritchie, MD - aye

Three in favor. None opposed. Two absent. None abstain
Motion approved

Discussion:

- No discussion

b. Approval of Contracted Services

- ARUP
- Corticare Monitoring
- Image First Linen
- Premier Laser Services
- San Diego Blood Bank
- San Diego Urology Mobile Services

MOTION by Director Corrales, 2nd by Ritchie, MD, to approve agenda item 3, b, i-vi.

Roll call voting utilized.
Director Corrales – aye
Director Greer – aye
Director Jahaaski - aye
Puckett, MD – aye
Ritchie, MD - aye

Five in favor. None opposed. None absent. None abstain
Motion approved

Discussion:

- All questions by Committee Members were satisfied.

4. Annual Reports – Informational Only			
a. Quality and Patient Safety Improvement Projects Focus 2026 b. MedStaff Dept: Emergency Medicine Biannual Report c. MedStaff Dept: Trauma Program Biannual Report d. Rehabilitation and Wound Care Services e. Respiratory Services f. Infection Prevention and Control g. Laboratory Services h. Radiology & Nuclear Medicine Med Staff Report i. Outpatient Services – Infusion and Radiation Oncology j. Stroke Program	Informational Only		
Discussion: All questions by Committee Members were satisfied.			
5. Adjournment to Closed Session			
<i>Pursuant to CA Gov't Code §54962 & CA Health & Safety Code §32155; HEARINGS – Subject Matter: Report of Quality Assurance Committee</i>			
6. Adjournment to Open Session			
7. Action Resulting from Closed Session			
FINAL ADJOURNMENT			
Meeting adjourned by Committee Chair Linda Greer at 4:08 p.m.			

Signatures:

Committee Chair

Linda Greer, RN

Committee Assistant

Gen Dieu

DRAFT

ADDENDUM B



THE ADVOCATE

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WHAT'S NEW IN JUNE

CEO MESSAGE

ACHD is thrilled to announce that registration is now open for our [74th Annual Meeting](#), taking place in Monterey at the [Monterey Marriot](#), October 7th-9th. We encourage attendees to register early to take advantage of discounted registration rates and reserve hotel rooms within ACHD's room block.

This year's theme, **Navigate the Changing Tide: Leading Healthcare Districts Forward**, was chosen not just to reflect the beautiful Monterey coast, but to honor the work health care districts are doing to forge forward in these rapidly changing and challenging times. As we have in years past, we will start with Governance Day on October 7th, featuring an opportunity for attendees to complete the newly required **SB 827 Fiscal & Financial training**. The remainder of the day will feature additional presentations focused on health care district governance.

On October 8th and 9th, we will dedicate our time to the official [2026 Annual Meeting](#) which will feature Keynote Speaker [Michelle Gielan](#). Michelle's Keynote will focus on how to thrive in the age of AI.

In the coming weeks, be on the lookout for details on our **theme related activities** (a yacht rock playlist curated by all of you seems in order), our **Awards Nominations**, and **Call for District Best Practice Presentations**. This event works because of you and we hope you make plans to join ACHD in Monterey this fall!

On the legislative front, the house of origin deadline was May 29th so bills that survived will now start making their way through their second house. ACHD's sponsored bill, [AB 2311](#), progressed to the Senate, where it will make its way through the process over the summer.

June also means it is state budget season. [Sarah Bridge, ACHD's VP of Advocacy and Strategy](#), is closely monitoring both houses as they try to reach a deal on the budget and deliver it to the Governor by the June 15th statutory deadline. See Sarah's update below for more details.

As summer kicks into high gear, we hope you find time for some rest and relaxation. As always, if ACHD can be of assistance, please don't hesitate to reach out. We look forward to seeing everyone in Monterey!

With gratitude,

Cathy Martin
Chief Executive Officer



LEGISLATIVE UPDATE

With house of origin behind us, policy committees are picking back up over the month of June. The Legislature will dispense with thousands of bills in policy committees before adjourning for Summer Recess on July 2nd. The Legislature will return for the final month of session on August 3rd and adjourn for the year on August 31st. The full legislative calendar is available [here](#).



State Budget Update: 2026-27 Fiscal Year

California's 2026-27 state budget process is in full swing as the Legislature works toward the constitutional deadline of **June 15th** to pass a budget bill. Both the Senate and Assembly have released their respective budget plans following Governor Newsom's May Revision, and negotiations are actively underway. It is anticipated that the two houses may reach a bicameral agreement **as early as this weekend**, which would set the stage for final three-way negotiations with the Governor's Administration before **the fiscal year begins July 1st**.

Senate Budget Plan: "Foundation for the Future"

The California State Senate released its 2026-27 budget framework, titled **"Foundation for the Future,"** in April 2026. The plan is organized around three core pillars: building state reserves, maintaining funding for essential programs, and reducing the long-term structural deficit. [Read the Senate's full budget plan here](#). The final budget sheets were also released last week, which outline the acceptance, rejection or modification to the Governor's proposed budget. The Budget Subcommittee No. 3 on Health and Human Services budget proposal can be found [here](#).

Key health care provisions in the Senate plan include:

- **Protection of Medi-Cal:** The Senate plan rejects several of the Governor's proposed cuts to Medi-Cal. It maintains continued investments in managed care base rates for primary care, specialty care, and hospital services, and seeks to delay or reject proposed cuts to dental benefits, rural health clinics, and family planning services.
- **Fair Share Contribution:** A signature Senate proposal that would require the top 1–2% of the largest California corporations to contribute toward the Medi-Cal costs of their workers, estimated to generate between **\$5 billion and \$8 billion annually**.
- **Behavioral Health & Workforce:** Continued investments in behavioral health crisis services, mobile crisis response, transitional housing, and workforce development programs at HCAI.
- **Reserves & Fiscal Stability:** The Senate proposes boosting the Rainy Day Fund while maintaining HHAP funding, California Dream for All, and the addition of 44,000 new childcare slots.

Distressed Hospital: The Senate proposes \$200 million for distressed hospitals, up from the \$50 million proposed in the Governor's budget.

Assembly Budget Plan: "Road Map to a Responsible and Compassionate Budget"

The California Assembly released its own 2026-27 budget plan on June 1, 2026. [Access the full Assembly budget plan here](#), including [Subcommittee No. 1 on Health](#).

Key health-related positions in the Assembly plan include:

- **Medi-Cal Asset Test:** Delays implementation of the stricter asset limit until July 1, 2027, protecting an estimated 25,000–37,000 seniors and adults with disabilities from potential coverage loss.
- **Behavioral Health Investments:** Accepts the Governor's proposed cuts to the Behavioral Health Oversight and Accountability Commission (BHSOAC).
- **Health Workforce:** Includes \$5 million General Fund for physician access and workforce development in shortage areas.
- **Distressed Hospital:** Accepts the \$50 million allocation for distressed hospital as proposed by the Governor.

Budget Timeline & Next Steps

With the June 15 constitutional deadline approaching, the Senate and Assembly are expected to resolve remaining differences this weekend, producing a unified two-house legislative budget. Following that agreement, the Legislature will present the budget bill to

Governor Newsom, who will then have 10 days to sign, veto, or line-item veto portions of the bill. Final three-way negotiations will continue in the days following the constitutional deadline to reach a complete budget agreement. The full fiscal year begins **July 1, 2026**.

ACHD Participates in allcove Lobby Day

ACHD was proud to join the **allcove Lobby Day** in Sacramento on May 19th alongside partner health districts and organizations committed to youth mental health access. ACHD participated in this advocacy day alongside, Peninsula Healthcare District, Community Trust of Pajaro and Beach Cities Health District to request a \$24 million allocation to preserve the allcove network.



ACHD's participation in the allcove Lobby Day underscored our commitment to championing programs that reach young people early, reduce stigma, and build a more accessible and equitable behavioral health system for all Californians.

ACHD Joins Coalition to Fight for Restoration of WQIP

ACHD also participated with a broad coalition of stakeholders to advocate for the **restoration of the Skilled Nursing Facility (SNF) Workforce and Quality Incentive Program (WQIP)**, a critical Medi-Cal directed payment program that was eliminated in the 2025-26 state budget.



The **Workforce and Quality Incentive Program (WQIP)** is a directed payment program administered by DHCS that provides financial incentives to Medi-Cal-enrolled Skilled Nursing Facilities (SNFs). The program was designed to improve quality of care, advance equity in health care outcomes, and invest in the SNF workforce by incentivizing improvements in staffing levels, staffing completeness, and staff retention.

WQIP replaced the prior Quality Accountability Supplemental Payment (QASP) program and was originally authorized through Assembly Bill 186 (2022) for dates of service January 1, 2023 through December 31, 2026. Its early termination at the end of 2025 removed a key financial lever incentivizing SNFs to improve care quality and invest in their direct care workforce at a time when the long-term care sector is already under significant pressure.

ACHD joined a coalition of stakeholders, including labor groups, long-term care advocates, and provider groups, to urge the Legislature and Administration to restore WQIP funding in

the 2026-27 budget. Restoring WQIP represents a meaningful investment in both quality care and workforce stability for one of California's most vulnerable patient populations.

Legislative Bill Updates

[AB 1337 \(Ward\) — Information Practices Act of 1977 \(IPA Reform Act of 2025\)](#) **-OPPOSE**

AB 1337 is a significant data privacy measure that would modernize California's Information Practices Act (IPA) of 1977, the statutory framework that governs how public agencies collect, store, and disclose personal information by applying it to all local agencies. ACHD is strongly opposed to the measure and is jointly leading the opposition coalition. The bill that was killed last year in Senate Judiciary Committee has been resurrected for reconsideration under the newly created Senate Privacy Committee. The bill will be heard on June 15.

[AB 1854 \(Krell\) — Legally Protected Health Care Activities \(California Shield Law Clarification\)](#) **-OPPOSE UNLESS AMENDED**

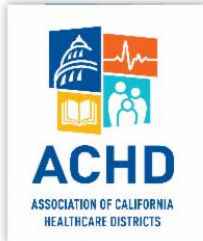
AB 1854, sponsored by California Attorney General Rob Bonta, is a reproductive health care shield law bill introduced in direct response to ongoing attacks on California-based health care providers by out-of-state legal authorities. The bill currently applies only to public health care providers, including healthcare districts. ACHD will continue to work with the author and sponsors to ensure districts can continue to provide appropriate care, in compliance with shield laws.



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WHAT'S NEW IN JULY

CEO MESSAGE

Greetings! July means a much needed break from legislative deadlines in the Capitol. Lawmakers wrapped up policy committee business on July 2 and will recess until August 3. While legislators are back in their district, ACHD's lobbying team will continue to advocate on behalf of districts here in Sacramento as bills head into their respective appropriation committee. **Do not miss [Sarah Bridge's](#)** update below. There was a flurry of activity in June and she lays it out well in her section this month.

Planning for [ACHD's 74th Annual Meeting](#), taking place **October 7-9** in beautiful Monterey is in full swing. If you haven't yet registered, I encourage you to do so soon to take advantage of our Early Bird Discount rate, while securing your accommodations within ACHD's room block at the [Monterey Marriott](#).

If your district has not yet become an **ACHD Certified Healthcare District**, now is the perfect time to explore the [program](#). ACHD recently streamlined the certification process, making it easier than ever to complete. Districts that achieve certification by **July 31** are eligible for discounted registration rates for the Annual Meeting, providing additional value while demonstrating a commitment to governance excellence and transparency.

We also encourage districts to share their successes by [submitting a proposal](#) for our **District Best Practices Presentations**. These presentations are consistently among the

most popular Annual Meeting sessions because they showcase innovative programs, lessons learned, and practical solutions from healthcare districts throughout the state. Proposal submissions are open through **July 20**, and I encourage you to consider sharing your district's story.

In addition, nominations remain open for ACHD's **2026 Annual Awards through July 24**. These awards recognize the outstanding leadership, innovation, and community impact demonstrated by healthcare districts, trustees, and CEOs throughout California. If you know an individual or district deserving of recognition, I encourage you to [submit a nomination](#).

In closing, ACHD looks forward to seeing you in Monterey this October. Our time together each year recharges our team and reconnects us to one another. Until then, have a wonderful summer!

With gratitude,

Cathy Martin
Chief Executive Officer



LEGISLATIVE UPDATE

The Legislature adjourned for its month-long Summer Recess on July 2, 2026, and will reconvene on Monday, August 3, 2026, for the final stretch of the two-year session. When lawmakers return, the focus will shift to floor votes on two-year and newly amended bills, with the last day to pass bills out of the Legislature being August 31, and the Governor's bill-signing deadline on September 30, 2026. ACHD will continue to track and engage on priority bills through the remainder of session and will keep members updated on key floor votes and gubernatorial action.



Bills:

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

AB 1337 would have removed the current exemption that counties, cities, special districts, and other local agencies have from the state's Information Practices Act (IPA) and would

expand the definition of "personal information" and related agency obligations. AB 1337 failed to be taken up in the new Senate Privacy Committee and therefore is dead for the remainder of this session. – **ACHD OPPOSE**

AB 2311 (Schiavo) – District Hospital Physician Employment Act

AB 2311 would create a narrow exemption to California's corporate practice of medicine restrictions to allow district hospitals, as specified, to directly hire physicians. AB 2311 passed out of Senate Health Committee unanimously on July 1. The Committee did require the author to accept an amendment limiting the applicability to hospitals with a combined Medicare and Medi-Cal rate of 75% or greater or those that received a distressed hospital loan. ACHD has surmised this allows for 14 of the 17 originally eligible hospitals to take advantage of the pilot. While the amendment is less than ideal, it did remove the majority of registered opposition, including the California Medical Association, the California Chapter of the American College of Emergency Physicians, the California Society of Pathologists, and the California Orthopedic Association. The bill will now move to the Senate Appropriations Committee – **ACHD SPONSORED**

SB 1304 (Wahab) – Respiratory Care Practice Act

SB 1304 is the sunset-review bill for the Respiratory Care Board, extending the Board's sunset date from January 1, 2027, to January 1, 2031, updating licensure examination requirements to align with the national Registered Respiratory Therapist credential, and establishing mandatory suspension/revocation of a license upon conviction of specified serious felonies. ACHD, alongside a coalition of stakeholders, has been requesting amendments addressing the LVN scope-of-practice issue as it relates to respiratory tasks provided in certain settings. The bill was amended out of Assembly Business & Profession's Committee to specify certain tasks LVNs may still perform, including trach and vent suctioning. ACHD alongside the coalition continues to ask for amendments to the bill to simply make both hospitals and skilled nursing facilities exempt settings. – **ACHD OPPOSE UNLESS AMENDED**

AB 1811 (Rogers) – Health Professional Shortage Areas

AB 1811 would establish a state definition of "health professional shortage area" (HPSA) that state programs can rely on — including areas determined by the Department of Health Care Access and Information (HCAI), those designated by the federal Department of Health and Human Services, or those recognized as an HPSA as of January 1, 2025, regardless of whether the federal designation is later withdrawn — through January 1, 2035. The bill was also amended to include updates to the provider surveys to modernize our state data collection efforts. The bill moved out of the Senate Health Committee on July 1, on consent. – **ACHD CO-SPONSOR**

AB 2282 (Alanis) – Health Facilities: Emergency Medical Services

AB 2282 is a district-specific bill authorizing the **Del Puerto Health Care District** (Stanislaus County) to obtain a special permit to operate a rural emergency stabilization care unit, waiving certain general acute care hospital licensure requirements given the district's geographic isolation and long travel times/distances to the nearest full-service hospital. The bill was heard in Senate Health Committee on July 1, and passed out of committee, 6-1. -

ACHD SUPPORT

AB 1923 (Soria) – Distressed Hospital Loan Program

AB 1923 is a California Hospital Association-sponsored bill that would turn the original Distressed Hospital Loan Program (DHLP) into a grant, offering complete loan forgiveness for qualifying hospitals. The bill passed out of Senate Health Committee on July 1 and will now head the Senate Appropriations Committee. - **ACHD SUPPORT**

Ballot Initiative Update:

June 25, 2026, was the deadline for sponsors of qualified initiatives to withdraw them from the November 2026 ballot in exchange for a legislative deal. Ahead of that deadline, the California Hospital Association and SEIU-United Healthcare Workers West reached an agreement to pull two competing, dueling initiatives from the ballot:

- **The Health Care Executive Compensation Act of 2026**, which would have capped total compensation for healthcare executives, administrators, and managers at \$450,000 per year, has been withdrawn as part of the deal.
- **The California Hospital Association's companion measure** — which would have required health care labor unions to disclose and obtain member approval for political spending on ballot measures — was also withdrawn as part of the same agreement.

However, two other SEIU-UHW-sponsored measures were not part of that deal and are moving forward to the November 2026 ballot:

- **The Billionaire Tax Act** (a one-time 5% tax on the accumulated wealth of California residents with a net worth over \$1 billion, estimated to raise approximately \$100 billion, with 90% directed to health care programs such as Medi-Cal and 10% to education and food assistance) qualified for the ballot on June 17 and remains headed to voters despite Governor Newsom's efforts to broker a last-minute compromise.

- **The Clinic Funding Accountability and Transparency Act** (the FQHC "mission-spend" initiative), which would require nonprofit federally qualified health centers and FQHC Look-Alikes to spend at least 90% of annual revenue on mission-related expenses, also qualified and is moving forward to the November ballot.

ACHD will continue to monitor these initiatives as campaign activity ramps up heading into the fall and engage as appropriate. At this time, the ACHD Board of Directors in consultation with the ACHD Advocacy Committee has adopted an oppose position on the Clinic Funding Accountability and Transparency Act and a watch position on the Billionaire Tax.

Budget:

Governor Newsom signed the 2026–27 Budget Act ([SB 111](#), Laird) on June 29, 2026, along with a package of trailer bills. The Administration and Legislature describe the budget as balanced, with no deficit projected this year or next, while preserving nearly \$30 billion in reserves (over \$35 billion including additional holding accounts). Compared to the Governor's January proposal, the final deal reduces the state's projected 2029-30 structural deficit to roughly \$8.4 billion, down from an estimated \$23 billion, aided in part by new revenue from SB 122 (below).

Major Health-Related Deal Points (SB 111)

- **MCO Tax Reauthorization:** The budget continues the state's Managed Care Organization (MCO) provider tax on health plans, a critical funding source for Medi-Cal and for Proposition 35 provider rate increases, in light of new federal requirements affecting the tax's structure.
- **allcove Youth Mental Health Centers – \$7 Million:** The budget includes **\$5 million for allcove youth mental health centers** statewide and an additional **\$2 million dedicated to tribal allcove centers**, for a **combined \$7 million investment** in the allcove model — a proven, community-anchored, no-cost drop-in center that pairs mental health, physical health, substance use, and peer support services for young people ages 12-25. This funding, which **ACHD supported**, helps preserve the program through its pilot, which several member communities had feared losing amid broader behavioral health funding pressures.
- **Rural Health Clinics and Community Health Centers:** The budget delays roughly \$1.1 billion in previously proposed ongoing cuts to health centers and rural health clinics.

- **Family Planning and Public Health:** The budget rejects proposed cuts to Proposition 56 family planning/women's health supplemental payments and to public health funding for programs such as the California Reducing Disparities Project and reproductive health justice grants.
- **Other Investments:** The final budget also protects funding for reproductive health, gender-affirming care, security for nonprofit institutions, Covered California premium subsidies, diaper banks, restorative justice programs, and backfilling of federal cuts to crime-victim services.

Medi-Cal Asset Test: Governor's Further Cut Rejected

Some background: after several years without any asset test, California **already reinstated a Medi-Cal asset limit effective January 1, 2026** — a decision made in last year's budget — set at **\$130,000 for an individual, plus \$65,000 for each additional household member** (i.e., \$195,000 for a couple), applicable to non-MAGI Medi-Cal programs that serve seniors, people with disabilities, and those needing long-term care. Current enrollees only need to report assets at their first renewal after January 1, 2026; younger adults and children in Medi-Cal expansion categories are not subject to any asset test.

The Governor's January and May Revision budget proposals sought to go much further, proposing to **slash that \$130,000 limit down to just \$2,000 for an individual (\$3,000 for a couple)** — the decades-old, pre-2022 federal minimum — beginning January 1, 2027, as a General Fund cost-saving measure. Advocates warned this roughly 98% reduction would force seniors and people with disabilities to spend down modest savings, jeopardizing housing stability and eligibility for linked programs like In-Home Supportive Services (IHSS). **The final signed budget rejects this proposed cut**, keeping the current \$130,000/\$65,000 asset limit in place for 2026-27 with no further reduction scheduled.

Medi-Cal Coverage for Immigrants with Unsatisfactory Immigration Status (UIS): Managed Care to Fee-for-Service

Under new federal guidance issued by the Centers for Medicare & Medicaid Services (CMS) under the Trump Administration, states are barred from using risk-based managed care to cover Medicaid-eligible emergency services for individuals with "unsatisfactory immigration status" (UIS). To comply, the budget **transitions roughly 2 million UIS Medi-Cal enrollees out of managed care plans and into the fee-for-service (FFS) delivery system, effective January 1, 2027.**

Key details:

- The budget includes **\$39 million for care coordination and patient navigators** to help UIS enrollees navigate the transition from managed care to FFS and connect with providers.
- The budget **holds the UIS monthly premium at \$30** for full-scope coverage for adults ages 19-59 (rather than allowing it to increase to \$50 as the Governor's May Revision had proposed); any further increase, up to \$50, would have to be considered by the next Governor's May 2027 budget revision rather than being locked in now.
- The budget **delays, by 12 months, most of the previously scheduled UIS-related benefit cuts** — including the elimination of dental coverage and prospective-payment reimbursement for community clinics serving UIS patients, pushing those changes to July 1, 2027.

Distressed Hospital Loan Program: New Funding

Financial distress among California hospitals — particularly rural and safety-net facilities — was a major theme of this year's budget cycle. Earlier this spring, the Legislature and Governor moved quickly to enact **AB 108, a \$25 million one-time grant program** for nonprofit and public hospitals in immediate financial distress (fewer than 10 days cash on hand), administered by HCAI as the Distressed Hospital Small Grant Program, with unencumbered funds reverting to the General Fund after June 30, 2026.

The final 2026-27 budget goes further, building on the original Distressed Hospital Loan Program (DHLP) created by AB 112 in 2023 (which awarded \$292.5 million in interest-free loans to 16 hospitals, including funds that helped reopen Madera Community Hospital). The signed budget includes:

- **Up to \$190 million in additional General Fund dollars** for new rounds of forgivable loans through the DHLP; and
- **\$10 million in General Fund dollars** to establish a new Healthcare Access Stability Unit at HCAI, which will provide planning support and technical assistance to help hospitals and health systems maintain critical services during periods of financial distress.

This budget augmentation is separate from the ongoing discussion for those that received the initial DHLP funding, a legislative solution that is currently being sought by [AB 1923](#) (see Bill Update, above), which is still moving through the Legislature.

SB 122 – Taxation (Signed) & ACHD/CSDA Clean-Up Effort

As part of the budget package, Governor Newsom signed [SB 122](#) on June 29, 2026. SB 122 is a budget trailer bill that expands California's sales and use tax base, for the first time, to "digital products," meaning prewritten computer software, including Software-as-a-Service (SaaS) products, however delivered (physical media, electronic download, or remote access), effective **January 1, 2027**. Custom software built to order remains exempt, but off-the-shelf and subscription-based software purchases, the kind commonly used by public agencies, including healthcare districts, for administrative, clinical, and IT systems, will newly be subject to the state's 7.25% sales and use tax plus applicable local district taxes.

Because SB 122 does not exempt public agencies, it would significantly increase healthcare districts' costs for software and technology purchases. **ACHD and the California Special Districts Association (CSDA) are co-leading a clean-up effort** to secure an exemption for special districts (including healthcare districts) from this new tax on software and SaaS purchases. ACHD will keep members informed as this clean-up language is drafted and moves through the Legislature and will alert members to opportunities to weigh in with legislators.

Reminder: Rural Health Transformation

California has been awarded \$233.6 million in federal Fiscal Year 2026 funding through the federal Rural Health Transformation Program (RHTP), administered in California as "CalRHT" by the Department of Health Care Access and Information (HCAI). CalRHT funding is organized around three initiatives: the Transformative Care Model, Rural Health Workforce Development, and Rural Health Technology and Tools.

The first grant opportunity under the program — the Accelerator Partner Program (part of the Transformative Care Model initiative), supporting hospitals and other rural organizations implementing regional hub-and-spoke care collaboratives — is now open for applications. The application portal is expected to open shortly; in the meantime, districts are encouraged to review the Grant Guide and Request for Application to prepare.

- **Accelerator Partner Grant Guide:** [hcai.ca.gov – CalRHT Accelerator Partner Grant Guide](https://hcai.ca.gov/calrht/accelerator-partner-grant-guide)
- **Accelerator Partner Request for Application (reference copy):** [hcai.ca.gov – CalRHT Accelerator Partner RFA](https://hcai.ca.gov/calrht/accelerator-partner-rfa)
- **CalRHT Grant Funding Opportunities page (all initiatives):** hcai.ca.gov/rural-health/calrht/funding

Additional funding opportunities — including the Workforce Development Recruitment, Retention, and Relocation (WDRRR) Program (expected to launch in July) and EHR Modernization Grants — are anticipated in the coming weeks. Districts should sign up for HCAI's Rural Health News and Updates mailing list to be notified as each opportunity opens and can direct questions to info@calruralhealth.org or 1-888-CAL-RHTP.

A banner for the ACHD 74th Annual Meeting. The background is a scenic sunset over a beach with waves and a sailboat. On the left is a circular logo with a sailboat and the text "NAVIGATING the CHANGING TIDE: LEADING HEALTHCARE DISTRICTS FORWARD". On the right is the ACHD logo with the text "ACHD ASSOCIATION OF CALIFORNIA HEALTHCARE DISTRICTS". In the center, the text "Registration Now Open" is displayed. At the bottom right, it says "ACHD 74TH ANNUAL MEETING Monterey OCTOBER 7-9".

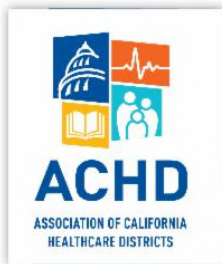
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WHAT'S NEW IN AUGUST

CEO MESSAGE

On August 3, California legislators returned to Sacramento for the final weeks of session. This is the second year of a two-year session; therefore, lawmakers must wrap up business by **August 31**, with the Governor's deadline to sign, veto, or allow bills to become law without his signature being **September 30**.

ACHD's sponsored bill, **AB 2311 (Schiavo)**, which would authorize district hospitals to directly employ physicians, was placed on suspense in the Senate Appropriations committee on Monday. The Suspense File, as it is referred to, is where bills that have fiscal impact on the state will wait to be taken up later in August. Bills that make it out of suspense will then move to the Senate floor. **AB 1811 (Rogers)**, co-sponsored by ACHD, advanced to the Senate Floor. This bill would, until January 2035, protect health professional shortage area (HPSA) designations for state program and funding purposes. See more details on all of ACHD's priority bills in Sarah Bridge's Legislative Update below.

ACHD's 74th Annual Meeting is rapidly approaching. Join us in **Monterey, October 7-9** for **Navigating the Changing Tides: Leading Healthcare Districts Forward**. We will be hosting our annual **ACHD Awards Reception** on October 8, where we will honor all the deserving nominees for CEO, Trustee and District of the Year. This is always a festive time and this year we will be bringing back our **Awards BINGO with a nautical twist**. Be sure to **submit your favorite**

"Yacht Rock" hit to be included in **ACHD's Annual Meeting Playlist!** If you hear your submission anytime throughout the conference you will receive additional chances to win raffle prizes.

Before you close this email message today, be sure to see **Best Best & Krieger's** important message to the field. As healthcare districts prepare for the remainder of 2026, our Bronze Sponsor, Best Best & Krieger LLP (BBK), has compiled a **helpful guide** outlining important governance deadlines, compliance reminders, and key public agency requirements.

Enjoy the remaining days of Summer 2026. We look forward to seeing you in coastal weather this October. As always, feel free to reach out directly if we can be of assistance on any issue.

With gratitude,

Cathy Martin
Chief Executive Officer



LEGISLATIVE UPDATE

The California Legislature returned from Summer Recess on August 3, kicking off the final month of the 2025-26 legislative session. With the policy committee process now complete, the remaining weeks are dedicated to fiscal committee review and floor votes ahead of the August 31 constitutional deadline for each house to pass bills. ACHD is now gearing up for the August 13 Appropriations Suspense File, where the fate of hundreds of bills will be determined.

As a reminder, 2026 is the second year of the two-year session. Any bill not passed and signed by the end of this session dies and would need to be reintroduced in 2027. The Governor has until September 30 to sign or veto bills sent to him. ACHD's advocacy team will be at the Capitol throughout this final stretch, tracking priority legislation on members' behalf.



Bill Update:

Many of ACHD's priority support and opposition bills saw no committee action this week and will remain parked in the Senate and Assembly Appropriations awaiting their Suspense File hearing, which is expected in the coming days ahead of the August 14 deadline.

[AB 2311 \(Schiavo\)](#) – District Hospital Physician Employment Act. Still pending in Senate Appropriations. – **ACHD SPONSORED**

AB 2311 was heard on August 3 in the Senate Appropriations Committee and moved to the Appropriations Suspense file to be dispensed with at the suspense hearing.

[AB 1811 \(Rogers\)](#) – Health Professional Shortage Areas. Still pending in the Senate. – **ACHD CO-SPONSOR**

AB 1811 would safeguard Health Professional Shortage Areas (HPSA) for state purposes until 2035 and makes necessary updates to the provider surveys that inform these designations, was 28.8'd out of Appropriations and will head directly to the Senate floor. ACHD, in collaboration with our Co-Sponsor's continue to finalize final amendments on the measure which will then be heard on the Senate floor.

[AB 1923 \(Soria\)](#) – Distressed Hospital Loan Program. – **ACHD NEUTRAL**

AB 1923, which would have provided loan forgiveness to the original set of distressed hospital loan recipients was gutted and amended into a Fresno County elections bill on Monday, August 3, 2026. ACHD has removed its support and gone neutral on the measure, as it no longer pertains to healthcare districts. ACHD, alongside our hospital counterparts and other stakeholders are working diligently to identify another legislative or budget solution to address this pressing priority issue.

Resource from ACHD Bronze Sponsor Best Best & Krieger



As healthcare districts prepare for the remainder of 2026, our Bronze Sponsor, Best Best & Krieger LLP (BBK), has compiled a helpful guide outlining important governance deadlines, compliance reminders, and key public agency requirements. Click below to download the **Healthcare District Reminders for 2026**.

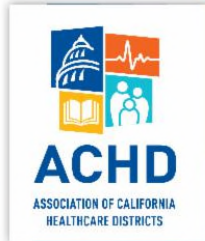
2026 Reminder Guide



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WHAT'S NEW IN SEPTEMBER

CEO MESSAGE

California's 2026 legislative session has come to a close and ACHD is proud of the progress that we and our members made on issues that directly impact your ability to provide accessible, high-quality care in your communities.

This year, ACHD focused on solutions to some of the most pressing challenges facing health care districts, including physician and workforce recruitment and maintaining access to care in rural and underserved communities. ACHD's sponsored bills, **AB 2311** and **AB 1811**, successfully passed both houses and are now awaiting action by the Governor.

AB 2311, authored by Assemblymember Pilar Schiavo, would give qualifying district hospitals the ability to directly employ physicians. This legislation addresses a longstanding inequity in California law and provides district hospitals with another important tool to recruit and retain physicians. ACHD was proud to sponsor this effort and grateful to Assemblymember Schiavo and our legislative partners for their leadership.

AB 1811, authored by Assemblymember Rogers, seeks to protect access to health care by preserving the use of Health Professional Shortage Area (HPSA) designations in state programs. For health care districts serving rural and underserved communities, maintaining these designations is critical to preserving workforce resources and supporting efforts to recruit and retain health professionals.

While the legislative session has ended, our advocacy work does not. ACHD will continue to advocate for the Governor's signature on these bills and other high-priority bills. We will keep members informed as we await the Governor's decisions. Please see [Sarah Bridge's](#) message below for a comprehensive update on other legislative outcomes.

We look forward to seeing you next month at [ACHD's 74th Annual Meeting](#) in Monterey. In the meantime, thank you for everything you and your districts do every day to keep care close to home.

With gratitude,

Cathy Martin
Chief Executive Officer



LEGISLATIVE UPDATE

The California Legislature adjourned the second year of the 2025–26 regular session at 11:59 p.m. on August 31, 2026, closing out a two-year cycle in which health care access, workforce, and affordability issues, including several measures directly affecting healthcare districts, moved through to the Governor's desk. The final weeks of session were dominated by budget-trailer cleanup, and hundreds of bills needing to clear both houses before the deadline. ACHD was actively engaged through the end of session on a number of high-priority issues.



With the legislative session concluded, all bills passed by the Legislature now move to Governor Newsom for action. The Governor has until September 30, 2026, to sign or veto bills sent to him in the closing days of session; any bill not acted on by that date becomes law without his signature. ACHD will issue a Governor's Signature/Veto recap once final action is known on the bills below.

Bills of Note:

[AB 1811 \(Rogers\)](#) — Health Professional Shortage Areas - **ACHD CO-SPONSOR**

AB 1811, ACHD's co-sponsored bill, passed both houses with unanimous support. AB 1811 would preserve Health Professional Shortage Area (HPSA) designations that were in place as of January 1, 2025, including roughly 285 designations that had been proposed for withdrawal, through January 1, 2035. HPSA status drives state prioritization for loan repayment, workforce placement, and other programs relevant to rural and underserved districts.

AB 2282 (Alanis) — Health Facilities: Emergency Medical Services - ACHD SUPPORT

AB 2282, sponsored by Del Puerto Health Care District, would authorize the CA Department of Public Health to issue a special permit allowing Del Puerto to operate a rural emergency stabilization and care unit in Patterson (Stanislaus County), waiving certain general acute care hospital licensure requirements. The district must maintain transport/transfer agreements with every licensed ED within a 30-mile radius; the permit sunsets once a general acute care hospital with an operating ED is licensed in the area. The bill is currently awaiting Governor action.

To join ACHD in supporting Del Puerto Healthcare District in their efforts, **please utilize this link** to send a letter of support to the Governor and encourage his signature.

AB 2311 (Schiavo) — Health Care Districts: Employment - ACHD SPONSOR

ACHD-sponsored bill, passed the Legislature nearly unanimously and is pending Governor's action. AB 2311 establishes a ten-year pilot to allow district hospitals meeting specified conditions to directly employ physicians and surgeons and bill for their services. Like other pilots in this space, the bill is accompanied by guardrails prohibiting interference with clinical judgment and requiring new positions to supplement, not displace, existing medical staff.

SB 947 (McNerney) — Employment: Automated Decision Systems - ACHD OPPOSE

SB 947, also known as "No Robo Bosses Act", is the reboot of SB 7 last year, which ACHD successfully helped defeat. The modified version now sits in front of the Governor for signature or veto.

Beginning July 1, 2027, the bill would require meaningful human review before an automated decision system can finalize employment actions such as discipline or termination, require notice to affected workers, and restrict predictive use of certain employee-monitoring data. However, the bill is nuanced in its definitions and applicability, making it problematic and difficult to comply with from an employer standpoint.

AB 2575 (Ortega) — Health Care Services: Artificial Intelligence - ACHD OPPOSE

AB 2575 would require health facilities to maintain and disclose an inventory of clinical decision support system (CDSS)/AI tools in use, protect clinicians' ability to override AI-generated recommendations without retaliation, and bar AI developers from using a

clinician's failure to override as a liability defense. ACHD is part of a broad coalition opposed to the bill alongside the California Hospital Association and California Chamber of Commerce.

2026-27 State Budget:

Governor Newsom signed the main 2026–27 Budget Act on June 29, 2026. The enacted budget for the Department of Health Care Services totals \$226.3 billion (\$45.7 billion General Fund), with the overall Medi-Cal budget at \$222.4 billion (\$48.8 billion General Fund), covering an estimated 14 million Californians. Rather than implementing the deepest Medi-Cal reductions immediately, the Legislature and Governor largely delayed the most painful decisions — including cuts to dental benefits for adults with unsatisfactory immigration status (UIS), reinstatement of the asset test, and reduced clinic payment rates — to July 1, 2027, leaving them for the next Governor and Legislature to resolve.

- Medi-Cal solutions adopted in the 2025–26 budget continue to ramp up, growing from roughly \$4.7 billion in savings in 2025–26 to a projected \$8.6 billion by 2028–29 — with many of the larger solutions first taking effect in 2026–27.
- The budget sets aside \$300 million to support increased Covered California subsidies as enhanced federal premium tax credits expire, and roughly \$2 million for an HR 1 Navigators for Clinics Program to support Medi-Cal outreach and enrollment.
- Hospitals are slated to receive \$340 million in grant funding as the state continues to respond to federal Medicaid reductions under H.R. 1, which is expected to strip roughly \$800 billion in federal Medicaid funding nationally over the coming decade.
- The Managed Care Organization (MCO) tax — a major Medi-Cal funding source — faces continued uncertainty as federal rules under H.R. 1 push the state to restructure the tax, likely reducing the revenue it generates going forward.
- Beginning in 2026–27, the state discontinues federally funded coverage of Medicaid emergency services for UIS members delivered through managed care, a change scored as more than \$600 million in budget-year savings; the state is providing transitional care-coordination funding as members move to fee-for-service Medi-Cal.

The Legislative Analyst's Office continues to caution that even with these solutions, the state faces sizable structural deficits in future years, meaning further Medi-Cal policy fights are likely in the 2027–28 budget cycle.

August Health Budget Package: AB 113 and AB 173

Beyond the main June budget act, the Legislature closed out session by passing a package of 16 additional budget bills on August 31, 2026, to finalize items that were budgeted in June but not yet appropriated, and to make technical and policy cleanup changes. Two of those bills are worth flagging for ACHD members: AB 113, the "Budget Bill Junior," and AB 173, the omnibus health budget trailer bill.

AB 113 Budget Act of 2026: Budget Bill Junior

A "Budget Bill Junior" is the informal term for any bill that amends the Budget Act itself, typically by adding, increasing, or reallocating appropriations that were agreed to in principle in June but finalized later in the year. [AB 113](#) is this year's primary Budget Bill Junior. It increases General Fund spending by under \$100 million above the June agreement (largely to cover an unexpected loss of federal funds at the Department of Rehabilitation), appropriates \$2.66 billion in Proposition 4 climate bond funds, and appropriates \$450 million in Greenhouse Gas Reduction Fund dollars, alongside a long list of one-time, district-specific, and program appropriations across nearly every policy area.

Health Items of Note:

- Appropriates \$1 million to support research on how House Resolution 1 (H.R. 1) implementation is changing insured/uninsured populations and health care utilization trends.
- Increases General Fund authority from \$1 million to \$3 million for HCAI to administer the Uncompensated Care Program and Abortion Practical Support Program.
- Appropriates \$10 million for HCAI to support gender-affirming care services for children and youth who lost federal Medi-Cal matching funds under recent federal rule changes.
- Appropriates \$30 million from the 988 State Suicide and Behavioral Health Crisis Services Fund across CalHHS, DHCS, and Cal OES for 988 system oversight, interoperability, and crisis-line operations, including a dedicated LGBTQ+ "Press 3" option.
- allcove youth mental health centers: Item 67 of AB 113 specifies recipients of funding previously adopted in the 2026 Budget Act for allcove centers.

[AB 173](#) is the companion health "trailer bill" to the budget. It doesn't move new money so much as it changes the underlying statutes needed to implement health provisions of the

2026 Budget Act. Most notably for ACHD members, AB 173 implements the statutory authority needed to facilitate the transfer of assets from Palomar Health District to the newly formed Palomar UC San Diego Health Authority, a district affiliation/transfer structure that other member districts exploring similar hospital partnership or governance transitions will want to watch closely as a potential model or point of comparison.

Other items of note:

- Expands DHCS provider-oversight authority in Medi-Cal, including the new ability to deny, suspend, or place a 180-day moratorium on provider enrollment to safeguard program integrity, with notice to the Joint Legislative Budget Committee.
- Requires DHCS and the California Department of Aging to study Community-Based Adult Services (CBAS) center closures and report back to the Legislature by March 1, 2029.
- Provides, effective October 1, 2026, coverage of medically necessary outpatient maintenance dialysis for individuals on restricted-scope Medi-Cal.
- Extends the existing nurse-to-patient staffing ratio penalty exemption — currently available to general acute care hospitals under specified circumstances — to acute psychiatric hospitals.
- Implements a series of 988 Suicide & Crisis Lifeline changes, including new interoperability, training, and governance requirements for how 911, 988, and mobile crisis teams coordinate calls.
- Makes technical changes to align Medi-Cal eligibility rules with federal H.R. 1 requirements and clarifies AIDS Drug Assistance Program (ADAP) rules.

Other News:

Yesterday, ACHD joined Assemblymember Juan Alanis and Del Puerto Health Care District leadership for a press conference at Del Puerto's Patterson campus in support of AB 2282, the district-sponsored bill to authorize a rural emergency stabilization and care unit on the west side of Stanislaus County. The press conference was an opportunity for Assemblymember Alanis and district trustees and administration to underscore why the bill matters well beyond Patterson.



Webinar: Funding Energy Savings for Rural Healthcare Resilience

Presented By
Ty Kincade, Senior Account Manager
VEREGY



ACHD
ASSOCIATION OF CALIFORNIA
HEALTHCARE DISTRICTS

SEPTEMBER 16, 2026
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LUCIDOC BOARD POLICY LISTING

Review Date: September 21, 2026

ID	Title	Type	Source	Owner	Next Review Date	Status
27932	Naming Policy	Policy	BOD	Chair of the Board	In Process	Official
44692	Physician Owned Medical Device (POD) Company Arrangements	Policy	BOD	Chair of the Board	6/26/2021	Official
51952	CEO Evaluation and Compensation*	Policy	BOD	Chair of the Board	3/4/2023	Official
59212	Bylaws of Palomar Health	Bylaws	BOD	Chair of the Board	In Process	Official
71572	Charter of the Human Resources Committee of the Palomar Health Board of Directors	Bylaws	BOD	Chair of the Board	5/1/2026	Official
21780	Succession Policy	Policy	BOD	Chair of the Board	5/1/2026	Official
58912	Outsourced Labor Policy	Procedure	BOD	Chair of the Board	5/1/2026	Official
72752	Charter of the Community Relations Committee	Bylaws	BOD	Chair of the Board	9/27/2026	Official
21800	Conflict of Interest Code	Policy	BOD	Chair of the Board	11/12/2026	Official
72513	Charter of the Quality Review Committee	Bylaws	BOD	Chair of the Board	4/9/2027	Official
71613	Charter of the Strategic and Facilities Planning Committee of the Palomar Health Board of Directors	Bylaws	BOD	Chair of the Board	4/9/2027	Official
21809	Annual Budget Approval	Policy	BOD	Chair of the Board	7/1/2027	Official
58892	Debt Policy	Policy	BOD	Chair of the Board	8/6/2027	Official
27092	Annual Adoption of Statement of Investment	Policy	BOD	Chair of the Board	8/13/2027	Official
21776	Gifts and Donations	Policy	BOD	Chair of the Board	11/12/2027	Official
21798	Oath of Office	Policy	BOD	Chair of the Board	11/12/2027	Official
21825	Provider Recruitment	Policy	BOD	Chair of the Board	11/12/2027	Official
63352	Board Committee Agenda Creation	Policy	BOD	Chair of the Board	2/13/2028	Official
11058	Nursing and Patient Care	Policy	BOD	Chair of the Board	4/8/2028	Official
71612	Charter of the Finance Committee of the Palomar Health Board of Directors	Bylaws	BOD	Chair of the Board	4/29/2028	Official
68552	Board of Directors Code of Conduct	Policy	BOD	Chair of the Board	6/15/2028	Official
72512	Charter of the Audit and Compliance Committee	Bylaws	BOD	Chair of the Board	9/10/2028	Official
71332	Charter of the Governance Committee of the Palomar Health Board of Directors	Bylaws	BOD	Chair of the Board	9/10/2028	Official
70012	Board Dispute Resolution Policy	Policy	BOD	Chair of the Board	4/7/2029	Official
21783	Political Activities on Palomar Health Property	Policy	BOD	Chair of the Board	4/7/2029	Official
62012	Public Comment Form	Form	BOD	Chair of the Board	4/7/2029	Official
21790	Public Comments and Attendance at Public Board Meetings	Policy	BOD	Chair of the Board	4/7/2029	Official
78652	Disruption of Telephonic or Internet Service	Policy	BOD	Chair of the Board	4/16/2029	Official
21794	Revision of Policies	Policy	BOD	Chair of the Board	4/16/2029	Official
78732	Appointment of Representatives to the Palomar UCSD Health Authority	Policy	BOD	Chair of the Board	5/11/2029	Official
78734	JPA Appointee Application	Form	BOD	Chair of the Board	5/11/2029	Official
78733	JPA Appointee Position Description	Form	BOD	Chair of the Board	5/11/2029	Official
58873	Extraordinary Event Management	Policy	BOD	Chair of the Board	5/28/2029	Official
79292	Board Per Diem and Compensation	Policy	BOD	Chair of the Board	8/13/2029	Official

*Ad Hoc Committee