
SENATE COMMITTEE ON HEALTH

Senator Caroline Menjivar, Chair

BILL NO: AB 1328
AUTHOR: Michelle Rodriguez
VERSION: July 9, 2025
HEARING DATE: July 16, 2025
CONSULTANT: Jen Flory

SUBJECT: Medi-Cal reimbursements: nonemergency ambulance and other transportation

SUMMARY: Requires the Medi-Cal reimbursement for nonemergency ambulance transportation services to be 80% of the Medicare ambulance fee schedule for the corresponding level of service. Makes additional adjustments to how Medi-Cal certifies medical necessity for nonemergency ambulance transportation services or how mileage for these services can be documented.

Existing law:

- 1) Establishes the Medi-Cal program, administered by the Department of Health Care Services (DHCS), under which low-income individuals are eligible for medical coverage. [WIC §14000, et seq.]
- 2) Establishes a schedule of benefits under the Medi-Cal program, which includes benefits required under federal law and benefits provided at state option but for which federal financial participation through Medicaid is available. The schedule of benefits includes non-emergency medical transportation for a recipient to obtain covered Medi-Cal services, subject to utilization controls. [WIC §14132]
- 3) Requires all nonemergency medical transportation to be prescribed by a physician, dentist, or podiatrist and be subject to prior authorization except when transferring a patient from an acute care hospital as an inpatient to a skilled nursing or immediate care facility. [22 CCR §51323]
- 4) Requires medical transportation providers to document mileage via odometer readings at pickup and delivery location, among other documentation requirements. [22 CCR §51476]
- 5) Requires, in most cases, for a physician to provide a signed and dated statement certifying the medical necessity of nonemergency ambulance services for purposes of Medicare coverage, except allows other specified individuals to provide certification for unscheduled or non-repetitive nonemergency ambulance services when the ambulance provider is unable to obtain the certification statement from the physician. [42 CFR §410.40]

This bill:

- 1) Defines “nonemergency ambulance transportation services” to mean nonemergency medical transportation services, as described in a specified provision of Medi-Cal regulations, which are conducted by ground ambulance, excluding emergency medical transport services.
- 2) Starting January 1, 2026 and subject to an appropriation, requires Medi-Cal fee-for-service reimbursement for nonemergency ambulance transportation services to be 80% of the Medicare ambulance fee schedule for the corresponding level of service. Requires DHCS to

establish a Medi-Cal managed care directed payment program pursuant to existing federal regulations to align the managed care reimbursement amount.

- 3) Requires the reimbursement to be adjusted by the Geographic Practice Cost Index under the federal Centers for Medicare and Medicaid Services, specific to the area of California in which the services are provided.
- 4) Requires DHCS to maximize federal financial participation in implementing the reimbursement increase. Requires DHCS to implement this bill using only state funds if federal financial participation is not available and an appropriation has been made by the Legislature for this purpose.
- 5) Allows DHCS to implement the reimbursement increase via guidance without taking any further regulatory action.
- 6) Aligns nonemergency ambulance transportation services physician certification rules with existing Medicare regulations so that nonphysicians can certify the need for unscheduled, nonrepetitive, nonemergency ambulance transportation when the physician certification is not available. Requires DHCS to update the provider manual or guidance as necessary to implement this change.
- 7) Allows medical transportation providers to document their mileage through any of the following mechanisms: odometer readings at pickup and delivery location, vehicle GPS tracking, digital mapping software or applications, or any other mechanism identified by DHCS as deemed reasonable based on current technology. Requires DHCS to revise and update existing regulations regarding mileage documentation.

FISCAL EFFECT: According to the Assembly Appropriations Committee, annual costs of an unknown amount, potentially in the tens of millions of dollars, or more, to the Medi-Cal program (General Fund and federal funds).

PRIOR VOTES:

Assembly Floor:	78 - 0
Assembly Appropriations Committee:	11 - 1
Assembly Health Committee:	16 - 0

COMMENTS:

- 1) *Author's statement.* According to the author, this bill is critical because it will help ensure that Medi-Cal patients can receive the transports they often desperately need. This bill accomplishes this important goal by raising the reimbursement rate for an industry that has been hurting for two decades. Without an increase, ambulance services will continue to degrade in rural and impoverished communities. This would leave a significant gap in the healthcare system and negatively affect the patients and communities who need the transports the most.
- 2) *Non-emergency medical transportation.* The non-emergency medical transportation services Medi-Cal benefit is transportation by ambulance, litter van, wheelchair van, or air to get to and from covered Medi-Cal services. These services are provided only in situations when the enrollee cannot utilize ordinary means of public or private transportation (such as bus, passenger car, or taxicab) due to their medical, mental health, or physical condition. This is

distinct from another Medi-Cal benefit, non-medical transportation that is provided to Medi-Cal recipients who have no means of getting to their medical appointments, but do not have medical conditions preventing them from using ordinary public or private transportation. Non-emergency medical transportation services are subject to prior written authorization by a licensed practitioner. The provider must submit a treatment authorization request that includes: a) the purpose of the transportation; b) the frequency of medical visits/trips or the inclusive dates of the requested transportation; and, c) the medical, mental health, or physical condition that makes normal public or private transportation inadvisable. Once requests are approved, Medi-Cal plans are required to authorize the lowest cost type of transportation that is adequate for the member's medical or mental health needs. This bill pertains to the ambulance rate in particular for this benefit, which is most often used to transfer patients from one medical facility to another.

- 3) *Medi-Cal non-emergency ambulance rates.* Medi-Cal non-emergency ambulance rates are low, both as compared to other state Medicaid programs and as compared to Medicare rates. For example, according to the most recent Medi-Cal provider manual, the Medi-Cal daytime rate for non-emergency ambulance requiring advanced life support is \$107.16. According to the American Ambulance Association 2025 Medicaid Rate Survey, the average state Medicaid rate for the same service is \$292.68. For that same service alone in Medicare, the rate would be \$380.24. The Medi-Cal rate does have some small add-ons that do not exist in Medicare such as a \$9.98 oxygen rate and a \$19.76 waiting time rate, but overall, the rates are still far lower. This would increase the Medi-Cal rate to 80% of the Medicare rate (\$304.19) and adjust the rate annually as Medicare rates are currently adjusted.
- 4) *Managed Care Organization (MCO) tax and non-emergency medical transportation.* Federal Medicaid regulations allow states to impose taxes on health care service providers to use as the non-federal share of spending for health care services in a state's Medicaid program, which allows the state to draw down additional federal funding for those services. State Medicaid programs may receive federal financial participation for expenditures using health care-related taxes, as long as the taxes are broad-based, uniformly imposed, and contain no hold-harmless provisions. AB 119 (Committee on Budget, Chapter 13, Statutes of 2023) reauthorized a tax on MCOs licensed by the Department of Managed Health Care or contracted with the Medi-Cal program to generate funds for the Medi-Cal program, including to increase provider rates. This tax was increased the following year by SB 136 (Committee on Budget and Fiscal Review, Chapter 6, Statutes of 2024). As part of 2024's budget discussions, a number of provider rate increases were included in the health trailer bill, SB 159 (Committee on Budget and Fiscal Review, Chapter 40, Statutes of 2024). According to the Senate Budget Committee agenda that gave detail on the agreement, among those rate increases was \$13 million starting in January 2026 for non-emergency medical transportation. SB 159 also contained trigger language repealing a number of the rate increases, including the increase for non-emergency medical transportation, if the voters approved Proposition 35 that November, which they did. Proposition 35 made the MCO permanent under state law and created new rules around how to spend the resulting MCO tax revenue. Funding for non-emergency medical transportation has not been included in the latest spending plan under Proposition 35 and is not likely to be included given the funding parameters in the proposition.
- 5) *Related legislation.* SB 339 (Cabaldon) changes the formula for the determination of laboratory service rates for services related to the diagnosis and treatment of sexually

transmitted infections to increase the rates. *SB 339 was held on the Senate Appropriations Committee suspense file.*

- 6) *Prior legislation.* SB 159 (Committee on Budget and Fiscal Review, Chapter 40, Statutes of 2024), the health trailer bill, contained a provision to augment nonemergency medical transportation, contingent upon Proposition 35 not passing.

AB 55 (Rodriguez of 2023) would have established a supplemental Medi-Cal payment for emergency and non-emergency ambulance services, to establish overall payment for ambulance services at 80% of the lowest maximum allowance established by the federal Medicare Program for the applicable base rate and mileage rate for the transportation service provided by private medical transportation providers who raise wages for several classes of employees. AB 55 would have specified the new payments are in addition to base Medi-Cal payments and “add-on” payments made through an existing supplemental payment program. *AB 55 was held on the Assembly Appropriations suspense file.*

AB 2436 (Mathis) would have required DHCS to establish payment rates for Medi-Cal ground ambulance services based on changes in the Consumer Price Index-Urban. *AB 2436 was held on the Assembly Appropriations Committee suspense file.*

- 7) *Support.* Sponsor, California Ambulance Association writes that the Medi-Cal reimbursement rate for non-emergency and interfacility ambulance transports has not been updated since 1999. For over two decades, providers have operated under a stagnant rate structure that no longer reflects the true cost of care. They state that the erosion of interfacility transport services is already being felt across California. In many of the state’s most vulnerable and rural communities, providers have ceased operations altogether. Even in urban areas, access is shrinking. This decline is creating dangerous gaps in care—delaying or preventing patient transfers from rural hospitals to specialty centers for stroke, cardiac, psychiatric crises, and other time-sensitive conditions. Non-emergency ambulance transportation is a vital link in California’s continuum of care, especially for seniors, people with disabilities, and low-income patients who rely on timely transport for dialysis, chemotherapy, rehabilitation, and safe transfers between hospitals and skilled nursing facilities. Delays or disruptions in these services lead to avoidable hospital readmissions, worsened health outcomes, longer patient offload delays, and increased reliance on emergency departments already stretched thin.
- 8) *Policy comment.* While a rate increase for nonemergency medical transportation services is long overdue, the timing of this bill is difficult. Medi-Cal eligibility for seniors and services for immigrants will be cut beginning January 2026, as a result of actions taken as part of the Budget Act of 2025. At the federal level, H.R. 1, which includes several cuts to the Medicaid program with some starting as soon as October, was signed into law on July 4, 2025. The author may want to consider a delay in the implementation of this bill.
- 9) *Amendments.* The author and committee have agreed to an amendment changing the effective date of the rate increase for both the fee-for-service and managed care reimbursement from July 1, 2026 to July 1, 2027:

14124.151. (a) (1) Commencing on July 1, ~~2026-2027~~, subject to an appropriation made by the Legislature to fund, in whole or in part, the reimbursement rates described in this subdivision, Medi-Cal fee-for-service reimbursement for nonemergency ambulance

transportation services shall be in an amount equal to 80 percent of the amount set forth in the federal Medicare ambulance fee schedule established pursuant to Section 1395m of Title 42 of the United States Code, for the corresponding level of service.

...

(3) The department shall establish a Medi-Cal managed care directed payment program . . . The directed payments shall commence on July 1, ~~2026~~2027, subject to an appropriation made by the Legislature to fund, in whole or in part, the reimbursement rates described in this paragraph.

SUPPORT AND OPPOSITION:

Support: California Ambulance Association (sponsor)
Alphaone Ambulance Medical Services
AmbuServe
Amwest Ambulance
California Chapter of the American College of Emergency Physicians
County of Sacramento
Emergency Ambulance Service
Guardian Ambulance Service
International Association of EMTs and Paramedics
LIFEWest Ambulance
MedReach Ambulance Service
MedResponse
NorCal Ambulance
PRN Ambulance
Pro Transport-1 Ambulance
Riggs Ambulance
RSI/Medic Ambulance
San Diego Ambulance Service
San Gabriel Valley Economic Partnership
San Luis Ambulance
Southern California Ambulance Association

Oppose: None received.

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