GOVERNOR'S VETO
AB 1328 (Michelle Rodriguez)
As Enrolled August 26, 2026
2/3 vote

SUMMARY

Requires Medi-Cal fee-for-service (FFS) reimbursement for nonemergency ambulance transportation services to be in an amount equal to 80% of the amount set forth in the federal Medicare ambulance fee for the corresponding level of service, beginning on July 1, 2027. Requires the Department of Health Care Services (DHCS) to establish a Medi-Cal managed care directed payment program to increase the reimbursement rates for nonemergency ambulance transportation services in an amount at least equal to the FFS amounts for the corresponding level of service, commencing on July 1, 2027. Makes the rate increase and directed payment program subject to an appropriation by the Legislature.

Senate Amendments

1) Clarify which health care professionals may certify medical necessity of nonemergency ambulance transportation services for purposes of Medi-Cal coverage.

2) Specify which mechanisms drivers may use to document mileage in their records under the Medi-Cal program, including any mechanism identified by the department, as deemed reasonable based on ongoing technological updates.

3) Require DHCS to revise guidance, as applicable, to implement 1) and 2) above.

Governor's Veto Message
While I appreciate the author's intent to support Medi-Cal members' access to nonemergency transportation services, mandating rate increases for ground ambulance services could create inappropriate incentives to utilize ambulance transport over other more appropriate and available modes of nonemergency transportation. Additionally, the rate increases required by this bill would have an annual General Fund impact in the tens of millions of dollars.

In partnership with the Legislature this year, my administration has enacted a balanced budget that recognizes the challenging fiscal landscape our state faces while maintaining our commitment to working families and our most vulnerable communities. With significant fiscal pressures and the federal government's hostile economic policies, it is vital that we remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure.

COMMENTS

Background. Non-emergency medical transportation (NEMT) is transportation by ambulance, wheelchair van, or litter van for beneficiaries who cannot use public or private transportation to get to and from covered Medi-Cal services, and who need assistance to ambulate. This bill applies to rates for NEMT via ambulance transport. NEMT is available to all beneficiaries when their medical and physical condition does not allow them to travel by bus, passenger car, taxicab, or another form of public or private transportation. Services must be prescribed by a health care provider.

American Ambulance Association Survey, Medicare, and Medi-Cal Rates. According to the American Ambulance Association's (AAA) 2025 State Medicaid Rate Survey, the national average Medicaid reimbursement for ambulance transport is $259.91. California's average rate is $111.07, a difference of $148.84 per transport (AAA 2025 Survey).

Medi-Cal base ambulance rates (including nonemergency ambulance transportation rates) were reduced in 2008 and again in 2013 (by 10%) pursuant to AB 97 (Committee on Budget), Chapter 3, Statutes of 2011. The 10% reduction took effect for ground nonemergency ambulance providers for dates of service on or after September 5, 2013 but was not applied retroactively back to June 2011. The AB 97 rate reduction for non-emergency medical transportation providers was repealed by SB 184 (Committee on Budget), Chapter 47, Statutes of 2022, the 2022 health budget trailer bill.

Medicare and Medi-Cal rates differ substantially in the dollar amount of base rates, with Medicare paying much higher base rates. Unlike Medicare, Medi-Cal pays augmentations that Medicare does not, such as an additional payment amount for services at night, for wait times, the use of electrocardiogram (EKG or ECG) or oxygen, or for an extra attendant and for a patient needing a wheelchair.

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. The author concludes that this would leave a significant gap in the healthcare system and negatively affect the patients and communities who need the transports the most.

Arguments in Support
This bill is sponsored by the California Ambulance Association (CAA), which represents the interests of emergency and non-emergency ambulance service providers. CAA states SB 159 (Committee on Budget), Chapter 40, Statutes of 2024, the health budget trailer bill provided funding through the MCO tax to fund inter-facility transports, aiming to address long-standing gaps in Medi-Cal reimbursement. However, later in 2024, Proposition 35 altered the distribution of funds and effectively nullified those changes and allocations. CAA states this reversal exposed a critical flaw in current law: the Medi-Cal reimbursement rate for non-emergency and inter-facility ambulance transports has not been updated since 1999. CAA states that, for over two decades, providers have operated under a stagnant rate structure that no longer reflects the true cost of care, which jeopardizes timely patient transfers, straining hospital systems, and placing vulnerable patients at risk. CAA states the erosion of inter-facility transport services is already being felt across California. In many of the state's most vulnerable and rural communities, inter-facility providers have ceased operations altogether. Even in urban areas, access is shrinking, resulting in dangerous gaps in care. Without a reliable transport network, patients are losing access to life-sustaining treatment, while ambulance offload delays and emergency system strain continue to escalate.

CAA argues that, if this trend continues, the consequences will be far-reaching. 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. This growing gap in access threatens the equity and quality of California's health care delivery system and directly undermines the state's broader Medi-Cal transformation and public health goals. CAA states this bill is a critical step toward reversing this trend by raising the Medi-Cal reimbursement rate for inter-facility transports, which will bring long-overdue relief to an industry that has gone two decades without an update.

The California Chapter of the American College of Emergency Physicians (Cal-ACEP) states that it is common for a patient to seek care in an emergency department (ED) and, after a medical screening exam and initial care by an emergency physician, need specialty care not available in that hospital. In these instances, the emergency physician will transfer the patient to another facility with the necessary specialist, but the timeliness of the transfer is partially dependent on the availability of appropriate transportation. Ambulance services are not bound to the federal Emergency Medical Treatment and Active Labor Act for the purposes of inter-facility transport and can decline to provide transportation if there is not a guarantee of payment. Emergency physicians across California see the effects of delayed transfers on the patients they treat. Patients' conditions can deteriorate while ED physicians are working to coordinate a transfer to an appropriate facility.

Arguments in Opposition
The Department of Finance is opposed to this bill because it would result in ongoing General Fund costs.

FISCAL COMMENTS

According to the Senate Appropriations Committee:

1) Unknown ongoing costs, likely low hundreds of thousands, for DHCS to seek federal approvals and update policies and guidances (General Fund and federal funds).

2) Unknown ongoing costs, potentially low tens of millions, to fund the reimbursement rates (General Fund and federal funds).

VOTES

ASM HEALTH: 16-0-0
YES: Bonta, Chen, Addis, Aguiar-Curry, Rogers, Carrillo, Flora, Mark González, Krell, Patel, Patterson, Celeste Rodriguez, Sanchez, Schiavo, Sharp-Collins, Stefani

ASM APPROPRIATIONS: 11-0-4
YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache
ABS, ABST OR NV: Sanchez, Dixon, Ta, Tangipa

ASSEMBLY FLOOR: 78-0-1
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Tangipa

SENATE FLOOR: 39-0-1
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Reyes

ASSEMBLY FLOOR: 78-0-1
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: McKinnor

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CONSULTANT: Lisa Murawski / HEALTH / (916) 319-2097 FN: 0004607