

Date of Hearing: April 21, 2026

ASSEMBLY COMMITTEE ON HEALTH
Mia Bonta, Chair
AB 2240 (Stefani) – As Amended April 16, 2026

SUBJECT: Medi-Cal: private duty nursing.

SUMMARY: Requires the Department of Health Care Services (DHCS) assess the provision of private duty nursing (PDN) services to children in Medi-Cal. Specifically, **this bill:**

- 1) Requires DHCS to compare the number of hours of PDN services authorized by the Medi-Cal program under the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit to the hours actually provided to eligible beneficiary children.
- 2) Requires DHCS to determine whether the reimbursement rates for EPSDT PDN services are sufficient to ensure that all authorized hours are able to be provided to eligible beneficiary children.
- 3) Requires, by no later than March 1, 2027, DHCS to report to Legislature on the findings of the assessment.

EXISTING FEDERAL LAW: Defines EPSDT to include vision, dental, hearing and other screening and preventive services at regular intervals, as well as such other diagnostic and treatment services federally allowable under Medicaid to correct or ameliorate defects and physical and mental illnesses and conditions, whether or not those services are covered under the Medicaid State plan. [Title 42 United States Code § 1396d(r)]

EXISTING STATE LAW:

- 1) Establishes the Medi-Cal Program, administered by DHCS, to provide comprehensive health benefits to low-income individuals who meet specified eligibility criteria. [Welfare and Institutions Code (WIC) § 14000, *et seq.*]
- 2) Establishes a schedule of benefits under the Medi-Cal program, which includes federally required and optional Medicaid benefits, subject to utilization controls. [WIC § 14132]
- 3) Establishes EPSDT as a Medi-Cal benefit for any individual under 21 years of age is covered, consistent with the requirements of federal law, as specified. [WIC § 14132(v)]
- 4) Establishes PDN agencies as a provider of skilled nursing services provided on a shift basis covered under the EPSDT supplemental [sic] and home- and community-based waiver programs, subject to federal approval and availability of federal financial participation. Establishes standards for participating PDNs. [WIC § 14105.13]
- 5) Establishes licensure under the Department of Public Health for PDN agencies. Defines “PDN agency” as a private or public organization, including, but not limited to, any partnership, corporation, political subdivision of the state, or other government agency within the state, that provides, or arranges for the provision of, PDN services. Defines “PDN services” to mean skilled nursing services provided on a shift basis for patients who require individual and continuous nursing care, and that meets all of the following requirements:

- a) Is provided by a registered nurse or a licensed vocational nurse, except that any person accepted for service whose care requires medical orders must be under the care of a physician, dentist, podiatrist, or other licensed practitioner within their scope of practice; and,
- b) Is provided to the patient in their temporary or permanent place of residence or other community-based setting. [Health and Safety Code § 1743, *et seq.*]

FISCAL EFFECT: Unknown. This bill has not been analyzed by a fiscal committee.

COMMENTS:

1) PURPOSE OF THIS BILL. According to the author, in recent years, over 1000 children with complex medical conditions and their families have been on waiting lists across the state for medical services that will allow them to remain in their homes and out of institutional settings. The author states that even more children do receive care at home but are receiving hours of service that are less than authorized and insufficient to meet their needs. The author laments that without enough nurses available, parents are often forced to make impossible choices between bringing their child into a hospital or institutional setting or trying to provide highly specialized medical care on their own without the training or support they need. The author argues this bill takes a practical step toward fixing this problem. It will require the state to look at whether children who are approved for in-home nursing are actually receiving the care they are promised, and whether current payment rates are strong enough to recruit and retain the nurses that families depend on. The author concludes that children with complex medical needs deserve dignity, stability, and the chance to grow up at home with their families, and this bill is about making sure our system delivers on that promise.

2) BACKGROUND.

- a) **PDN Services.** PDN providers care for critically ill children in California suffering from complex medical conditions, such as spastic quadriplegic cerebral palsy, muscular dystrophy, and anoxic brain injury. These patients require skilled nursing services performed in the home usually by a Licensed Vocational Nurse (LVN), typically for 8-12 hours per day every day to manage their chronic condition and keep them safe in their homes. PDN agencies are licensed by DPH. PDN services are covered as a benefit for children in Medi-Cal under EPSDT and are also covered for some adults and persons with disabilities under certain Medi-Cal “home-and-community-based waiver” programs. These waiver programs allow individuals who would medically qualify to receive hospital or skilled nursing facility care to instead receive similar services at home or in community settings.
- b) **EPSDT.** Federal law establishes an entitlement to the EPSDT benefit, forming the foundation for children’s coverage under Medicaid. The EPSDT benefit provides a comprehensive array of prevention, diagnostic, and treatment services for individuals under the age of 21 who are enrolled in Medi-Cal. Under EPSDT, Medi-Cal covers periodic screening assessments for infants, children, and adolescents under 21 years of age, as specified in the AAP Bright Futures preventive healthcare periodicity schedule.

EPSDT is an expansive entitlement for children. In addition to screening, vision, dental, hearing and other preventive services, coverage also includes such other diagnostic and treatment services federally allowable under Medicaid to “correct or ameliorate defects and physical and mental illnesses and conditions,” whether or not those services are covered under the Medicaid State Plan. Limits, such as caps on the number of covered visits, on EPSDT services are not allowed when those services are medically necessary. Case law also has established states’ responsibility to provide medically necessary health care services under EPSDT, including rulings that “states have an obligation to cover every type of health care or service necessary for EPSDT corrective or ameliorative purposes that is allowable under [federal Medicaid law]” and that the state is required to provide or to ensure the provision of services under EPSDT.

- c) **Shortage of PDN Providers and Stagnant Reimbursement Rates.** Keeping children in their homes promotes their quality of life and allows them the opportunity to be with their families and engage in their communities. According to providers of PDN services, current reimbursement rates have resulted in a severe shortage of nurses. According to a report by California Health Policy Strategies commissioned by the California Association of Health Services at Home (CAHSAH), “Estimating the Cost of Caring for Children with Complex Medical Conditions During a Nursing Shortage,” the state would save money by increasing reimbursement rates for PDN services by 40% because it would allow children to be served at home instead of in institutional settings. The report notes the current shortage of nursing personnel and the related rise in wages paid to nurses present a challenge to the viability of care at home. The report notes the nursing shortage has a particularly strong impact on home care for children with complex medical conditions whose parents are doing their best to care for their children at home and that for these children, who are hospitalized regularly, a shortage of nurses means longer hospital stays because of difficulties securing appropriate home care upon discharge.

On the request of committee staff, one PDN provider submitted data for the last 13 weeks of their operations. For the children they serve, 461,187 hours were authorized by Medi-Cal and they were only able to fill 308,484, or 67% of the authorized hours. PDN providers note that children who cannot return to their homes because of a lack of available services have no choice but to be served long-term or routinely in an institutional setting.

- 3) **SUPPORT.** CAHSAH supports this bill, arguing we are talking about are children with serious, lifelong medical needs. CAHSAH states these families are not asking for anything extraordinary — they want to bring their kids home, and in many cases, they cannot. CAHSAH explains the nurses who once staffed these cases have moved on to better-paying work in hospitals and clinics, and the pipeline of replacements has not kept pace. CAHSAH notes providers cannot close that wage gap under the current reimbursement structure, and that we need accountability to ensure children are getting the care they are guaranteed under federal law and regulation. This bill is also supported by other providers of PDN services, who argue it is good fiscal policy, because a child receiving skilled nursing care at home costs the Medi-Cal program a fraction of what that same child costs in a hospital bed.
- 4) **PREVIOUS LEGISLATION.** AB 315 (Bonta) of 2025 would have required, among other things, a rate study of Home and Community-Based Alternatives waiver providers (of which PDN Agencies are one type), including whether the current method of rate-setting for a

service provides an adequate supply of service providers. AB 315 was held on the suspense file of the Assembly Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association for Health Services at Home (sponsor)

Aveanna Healthcare

Maxim Healthcare Services

Prime Home Health

Opposition

None on file

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