CONCURRENCE IN SENATE AMENDMENTS
AB 2348 (Bonta)
As Amended August 18, 2026
Majority vote

SUMMARY

Authorizes Medi-Cal managed care plans to continue to cover Community Supports (services meant to address non-health care related barriers to health) in the Medi-Cal program, and creates associated processes and requirements to promote transparency, accountability, consistency and stability in the delivery of these services. *Requires, by March 31, 2029, the Department of Health Care Services (DHCS) to provide to the fiscal and policy committees of the Legislature information in writing necessary to inform legislative consideration of transitioning Community Supports to Medi-Cal benefits. Codifies definitions of Enhanced Care Managements (ECM) within the Medi-Cal program in alignment with current practice definitions in guidance, and makes minor technical cleanup, updates, and changes*.

Senate Amendments

1) Require DHCS to publish ECM and Community Supports utilization data on a quarterly basis, to the extent feasible.

2) Recast the requirement to define model coverage standards and policy for Community Supports to align with DHCS's current processes and guidance documents, and require a Medi-Cal managed care plan to adopt community supports policies consistent with DHCS guidance.

3) Recast requirements related to the standard timeline and process for seeking public input to clarify that exception processes apply to all aspects of the requirements. Specifies a minimum period of two weeks, versus one month, of public input.

4) Specify plans shall educate, versus provide technical assistance to, their in-network providers.

5) Make additional minor and technical changes.

COMMENTS

California Advancing and Innovating Medi-Cal (*CalAIM).* CalAIM is a collection of major initiatives spearheaded by DHCS to improve Medi-Cal, including addressing social drivers of health, reducing program complexity and increasing flexibility, and modernizing payment structures to promote better outcomes. The majority of CalAIM proposals were put forward in 2021 through two comprehensive applications to the federal government for a "Section 1115 demonstration" and "Section 1915(b) waiver." Although CalAIM expires at the end of 2026, the administration has signaled its intention to continue Community Supports beyond 2026. ECM, which was created through CalAIM, is now a permanent Medi-Cal benefit.

Community Supports. One component of CalAIM that addresses social drivers of health is called Community Supports. Community Supports are services that can be provided by Medi-Cal managed care plans as cost-effective alternatives to traditional medical services or settings. DHCS has a pre-approved list of 14 Community Supports, based on experience in prior

demonstration programs to address health-related social needs. These supports are designed to provide flexibility to address specific needs of complex populations.

Federal Guidance on "In Lieu of Services" (ILOS). Every Medicaid program has a Medicaid State Plan that specifies the benefits and services covered by that program. ILOS can be covered if the state determines they are medically appropriate and cost-effective substitutes or settings for a service specified in the State Plan. Community Supports, as defined through CalAIM, are considered ILOS. ILOS is a permanent option for state Medicaid programs enshrined in federal Medicaid managed care regulations and, as required by the federal Centers for Medicare & Medicaid Services (CMS), memorialized in approved managed care plan contracts.

The general idea behind ILOS is that prevention of an illness or injury, or the mitigation of a condition through lower-intensity services is both cost-saving and more beneficial to an individual's health. If higher-intensity services, like skilled nursing facility, emergency department, or inpatient services can be avoided, resources are freed up to be redirected to lower-intensity and preventive care in a virtuous cycle. For instance, home modifications and adaptations can support individuals in maintaining or improving their health and reduce emergency department visits and inpatient stays by reducing falls.

Next Steps for Community Supports after the Five-Year "CalAIM Term." According to DHCS, after December 31, 2026, the date the defined 5-year CalAIM term expires, Community Supports will continue to be covered under ILOS authority and will not need to be approved under waiver authority. The 12 Community Supports covered as ILOS are not dependent on DHCS' current CalAIM Section 1115 or 1915(b) waiver approvals. The community supports not allowable under ILOS authority are being pursued through Section 1115 demonstration authority. These include recuperative care (short-term residential setting in which members recover from an injury or illness while obtaining access to primary care, behavioral health services, case management, and other supportive social services) and short-term post-hospitalization housing (ongoing supports necessary for recuperation and recovery after exiting an institution).

Cost-Effectiveness of Community Supports. According to DHCS, all 12 Community Supports that are under ILOS authority are, or will likely be proven to be, cost-effective in the remaining years of the waiver demonstration period if current trends continue. An independent evaluator is conducting a rigorous independent evaluation of all Community Supports by 2028. DHCS evaluated the cost-effectiveness of Community Supports based on data from July 2022 to June 2024. According to DHCS, this early data already shows promising results, with nine of the 12 services already demonstrating cost-effectiveness. For example, a Community Support that assists with Housing Deposits demonstrated a 36.6% reduction in inpatient services costs, 34.6% reduction in outpatient services costs, 21.2% reduction in emergency room services costs, 34.3% reduction in long-term care services costs, and a 2.3% reduction in outpatient mental health services costs. When accounting for the costs of the Community Supports plus the reduction in spending for other services noted above, DHCS reports the net impact is an overall reduction in spending of 31.6%.

ECM. ECM is a statewide Medi-Cal benefit created as part of CalAIM. It is available through Medi-Cal plans to provide care management to Medi-Cal enrollees with the highest needs. ECM identifies these enrollees as "Populations of Focus." Enrollees have a single lead care manager who coordinates all their health and health-related care, including physical, mental, and dental care, and social services. The lead care manager role is designed to "meet enrollees where they

are" to meet their needs, build a trusting relationship, and provide intensive coordination of health and health-related services. DHCS estimated that between 3% and 5% of all Medi-Cal plan members statewide are potentially eligible for ECM.

Utilization of Community Supports and ECM. At this time and under ILOS authority, Community Supports are only available through Medi-Cal managed care plans and are optional for the plans to implement. Nearly 5,000 Community Supports providers and over 4,000 ECM providers are contracted by Medi-Cal MCPs to offer these services.

According to DHCS, all 58 counties in California offer at least 8 Community Supports. Twenty-four counties (representing 41% of all Medi-Cal MCP members) have access to all 14 Community Supports. In Quarter 2 of 2025, about 188,000 unique members have used one or more Community Supports services, a 51% increase from a year prior. In Quarter 2 of 2025, about 206,000 unique members received ECM, an increase of 61% from a year prior.

Successes and Challenges. CalAIM providers, plans, advocates, and other stakeholders have mixed and varied opinions based on their unique experience with implementation of CalAIM. Although CalAIM is in the last year of the 5-year implementation period, implementation of Community Supports and ECM has yet to reach a steady state, and DHCS continues to make policy adjustments and refinements, engage with stakeholders, and provide technical assistance to plans and providers. In conducting stakeholder outreach in fall 2025 throughout the state on the impacts of federal Medicaid cuts, the author reports being struck by the frequency with which stakeholders in every part of the state independently brought up the importance of continuing the effective parts of CalAIM, largely related to Community Supports and ECM. Based on further stakeholder outreach to a variety of CalAIM providers and advocates for these services, the author has noted that the following issues have been identified, some of which are addressed in this bill: certainty about coverage, inconsistency among plans on eligibility criteria and benefits policy, unpredictable policy processes, insufficient technical assistance and focus on best practices to support plans to successfully implement some Community Supports, and lack of robust outcomes data.

According to the Author
CalAIM has been a transformative journey for the Medi-Cal program, challenging entities throughout the state to collaborate, innovate and improve care so that Medi-Cal enrollees stay healthier and get the right care, from the right provider, in the right setting and at the right time.. This bill requires a continued commitment to timely public data reporting, promotes consistency and best practices for coverage policy by requiring DHCS to publish a model "Evidence of Coverage" document and implements other provisions designed to enhance transparency, accountability, stability, consistency, and continuous improvement in Community Supports. This bill will cement Community Supports for the long term and help the state truly realize the promise of CalAIM.

Arguments in Support
This bill is supported by health and children's advocates and providers of CalAIM and Medi-Cal services. Supporters note this bill provides a clear, consistent framework for the continuation of vital services that address the social drivers of health, such as assisted living, housing transition navigation, medically supportive food, and other community-based supports that have proven to improve health outcomes and reduce avoidable utilization of higher-cost care. Supporters note this bill ensures that progress made under CalAIM is not lost. Supporters cite DHCS reports that

show Community Supports have reduced avoidable emergency department visits, hospital stays, and long-term care use while showing strong early signs of cost savings. Additionally, supporters note this bill aims to enhance transparency, consistency, and stability in the implementation of these CalAIM services.

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Senate Appropriations Committee:

1) *Unknown ongoing costs, potentially hundreds of thousands, for DHCS for state administration (General Fund and federal funds).*

2) *Unknown ongoing cost pressures to increase Medi-Cal plan rates in order for plans to comply with required standards (General Fund and federal funds).*

VOTES:

ASM HEALTH: 16-0-0
YES: Bonta, Chen, Addis, Aguiar-Curry, Ahrens, Caloza, Carrillo, Mark González, Johnson, Patel, Patterson, Rogers, Sanchez, Schiavo, Sharp-Collins, Stefani

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 78-0-2
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, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, 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: Muratsuchi, Celeste Rodriguez

SENATE FLOOR: 40-0-0
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, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

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