

(Without Reference to File)

SENATE THIRD READING

SB 165 (Committee on Budget and Fiscal Review)

As Amended June 26, 2026

2/3 vote. Urgency. Budget Bill Appropriations Take

SUMMARY

This budget trailer bill extends the Skilled Nursing Facility (SNF) Quality Assurance Fee (QAF) and Long-Term Care (LTC) Reimbursement Act from December 31, 2026, to December 31, 2027.

Major Provisions

This budget trailer bill implements health-related provisions for the Budget Act of 2026.

Specifically, this bill:

- 1) Extends the application of the Medi-Cal quality assurance fee currently levied on skilled nursing facilities from December 31, 2026 to December 31, 2027, and would repeal the quality assurance fee provisions on January 1, 2029.
- 2) Declares that it is to take effect immediately as an emergency statute, in order to extend and maintain the financing and reimbursement structures that support the state's skilled nursing facilities and ensure continued access to long-term care for seniors and persons with disabilities.

COMMENTS

- 1) The Skilled Nursing Facility (SNF) Quality Assurance Fee (QAF) and Long-Term Care (LTC) Reimbursement Act was originally established by AB 1629 (Frommer), Chapter 875, Statutes of 2004 and last extended by AB 186 (Committee on Budget) Chapter 46, Statutes of 2022 to govern the financing of Freestanding SNFs and Subacute units in the Medi-Cal Program.
- 2) The financing methodologies specifies facility-specific reimbursement rate-setting system for certain skilled nursing facilities. Reimbursement rates for freestanding skilled nursing facilities are funded by a combination of federal funds and moneys collected pursuant to the skilled nursing uniform quality assurance fee. Currently both statutes sunset on December 31, 2026.
- 3) This bill provides a one-year extension of currently authorized methodologies in order to provide the Department of Health Care Services with additional time to develop a new multi-year reimbursement methodology, effective January 1, 2028.

According to the Author**Arguments in Support**

None on file.

Arguments in Opposition

None on file.

FISCAL COMMENTS

This bill is declared as an urgency statute in order to extend and maintain the financing and reimbursement structures that support the state's skilled nursing facilities and ensure continued access to long-term care for seniors and persons with disabilities.

VOTES**SENATE FLOOR: 28-10-2**

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Umberg, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ABS, ABST OR NV: Reyes, Stern

UPDATED

VERSION: June 26, 2026

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