Office of Senate Floor Analyses
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UNFINISHED BUSINESS

Bill No: SB 530
Author: Richardson (D), et al.
Amended: 9/4/25 in Assembly
Vote: 21

SENATE HEALTH COMMITTEE: 9-0, 4/9/25
AYES: Menjivar, Durazo, Gonzalez, Limón, Padilla, Richardson, Rubio, Weber Pierson, Wiener
NO VOTE RECORDED: Valladares, Grove

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/23/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto
NO VOTE RECORDED: Dahle

SENATE FLOOR: 28-7, 5/29/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NOES: Choi, Dahle, Jones, Niello, Ochoa Bogh, Seyarto, Strickland
NO VOTE RECORDED: Alvarado-Gil, Grove, Limón, Reyes, Valladares

ASSEMBLY FLOOR: 62-1, 9/9/25 – Roll call is not available

SUBJECT: Medi-Cal: time and distance standards

SOURCE: National Health Law Program
Western Center on Law and Poverty

DIGEST: This bill extends the operation of the existing Medi-Cal managed care plan network adequacy standards for three more years, and adds new requirements

regarding subcontractors, telehealth appointments, applications for alternative access standards, and reporting and testing of network adequacy.

Assembly Amendments do the following:

- Remove the requirement that the Department of Health Care Services (DHCS) determines that a Medi-Cal plan seeking an alternative access standard can deliver a level of care consistent with professionally recognized standards of practice and the alternative standards will not have a detrimental impact on enrollee health;

- Allow Medi-Cal plans to have previously approved alternative access standards reviewed again every three years rather than every two years; removes the requirement for Medi-Cal plans to notify enrollees of their options to receive services when the network is inadequate and instead requires Medi-Cal plans to demonstrate to DHCS how it is complying with the standards, including by arranging for transportation or through the use of telemedicine;

- Delete the requirements for DHCS to examine appointment time complaints, review data on the number of enrollees subject to an alternative access standard and the number of alternative access standards requested and approved or denied by Medi-Cal plans, and separate measures for impacts on new and returning patients, in its evaluation of plan compliance;

- Delete additional specialties added to the list of specialists subject to the time and distance standards;

- Add requirements that DHCS publish a workplan and convene a stakeholder workgroup to assist in evidence-based network adequacy standards and to allow for a 30-day comment period prior to implementing changes to the network adequacy standards;

- Restore the sunset but move it from 2026 to 2029;

- Authorizes DHCS to enter into contract to implement recent federal regulations on access to Medicaid and CHIP services, including managed care rules without review of the Department of General Services until January 1, 2029.

ANALYSIS:

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. [Welfare and Institutions Code (WIC) §14000, et seq.]

2) Authorizes the Director of DHCS to contract, on a bid or nonbid basis, with any qualified individual, organization, or entity to provide services to, arrange for, or case manage the care of Medi-Cal beneficiaries. [WIC §14087.3]

3) Requires Medi-Cal managed care plans (Medi-Cal plans) to adhere to certain network adequacy standards that require them to maintain a network of specialists that are located within a certain time or distance from their enrollees' places of residence, and to offer appointment times in accordance with state law regulating commercial managed care plans. That time and distance is dependent on what county the enrollee lives in and the type of care. [WIC §14197]

4) Allows DHCS to authorize a Medi-Cal plan to use clinically appropriate telehealth as a means of demonstrating compliance with the time or distance standards, as defined by DHCS. Allows DHCS to develop policies on how clinically appropriate telehealth will be considered to determine compliance with time or distance standards. [WIC §14197]

5) Allows DHCS to authorize alternative access standards when requesting Medi-Cal plan has exhausted all other reasonable options to obtain providers to meet the applicable standard and DHCS determines the requesting Medi-Cal plan has demonstrated that its delivery structure is capable of delivering the appropriate level of care and access. Requires Medi-Cal plans to include a description in its request for an alternative access standard of how it intends to arrange for services that are outside of the specified time or distance standard. [WIC §14197]

6) Requires Medi-Cal plans to submit requests for alternative access standards at least every three years. Requires Medi-Cal plans to timely address corrective action plan deficiencies and continually work to improve access in their provider network. [WIC §14197]

7) Requires Medi-Cal plans to submit a report annually and when requested by DHCS demonstrating compliance with the time or distance and appointment time standards. Requires the report to measure separately adult and pediatric services for primary care, behavioral health, and core specialist services. [WIC §14197]

8) Requires DHCS to annually evaluate a Medi-Cal plan's compliance with the time, distance, and appointment time standards. Allows the evaluation to include, but not be limited to, annual and random surveys and investigations of complaints or other indicia of noncompliance. [WIC §14197]

9) Requires DHCS to publish an annual report on its website that details its findings regarding Medi-Cal plan's compliance with the time or distance and appointment time standards, and including Medi-Cal plan's responses to corrective action plans if available. [WIC §14197]

This bill:

1) Requires each Medi-Cal plan to ensure that each subcontractor network complies with the existing appointment time standards, unless already required to ensure compliance. Defines "subcontractor network" as a provider network of a subcontractor or downstream subcontractor, wherein the subcontractor or downstream subcontractor is delegated risk and is responsible for arranging for the provision of, and paying for, covered services as stated in their subcontractor or downstream subcontractor agreement.

2) Clarifies that the use of telehealth providers to meet time or distance standards, including those imposed by contract, does not absolve the Medi-Cal plan of responsibility to provide a beneficiary with access, including transportation, to in-person services if the beneficiary prefers. Specifies that DHCS's policy on how to consider telehealth services in determining compliance only applies to Medi-Cal plans that cover at least 85% of the population points in the ZIP code.

3) Requires Medi-Cal plans to inform enrollees of their option to use or not use telehealth, covered transportation services, or out-of-network providers to access covered services if the health care provider is located outside of the time or distance standards in a manner specified by DHCS starting no sooner than January 1, 2026.

4) Requires Medi-Cal plans requesting alternative access standards for the time or distance standards to submit to the department documentation demonstrating efforts to contract with providers in those areas, based on guidance by DHCS.

5) Requires DHCS to evaluated the sufficiency of payment rates offered by the Medi-Cal plan to the provider type or for the service type for which an alternative access standard is being requested for contract periods starting on or after January 1, 2027.

6) Requires a Medi-Cal plan, excluding dental plans and behavioral health plans, to demonstrate to DHCS each subcontractor network's compliance with the time or distance and appointment time standards, including how the Medi-Cal plan arranged for the delivery of Medi-Cal covered services to Medi-Cal enrollees, such as through the use of either covered transportation or clinically appropriate video synchronous interaction, if Medi-Cal plan's enrollees needed to obtain health care services from a health care provider located outside of the time or distance standards on an annual basis and when requested by DHCS.

7) For contract periods starting on or after January 1, 2029, requires DHCS's evaluation for appointment time standards compliance to be performed using a direct testing method, including a "secret shopper" method. Requires the evaluation to also utilize a method for accounting for and reporting the number of providers who are unavailable or unreachable for purposes of the evaluation. Allows DHCS to issue sanctions or terminate plan contracts for failure to participate in DHCS's evaluation.

8) Authorizes DHCS to require time or distance standards more stringent than those set for in this bill via its contracts with Medi-Cal managed care plans provided those standards are consistent across contracts for similar geographic classifications and that DHCS publishes all enhanced standards.

9) Requires DHCS to publish a workplan on its website by January 1, 2027, that includes an explanation of its approach to updating network adequacy standards, a description of the data, and a summary of the analyses that will inform its approach.

10) Requires DHCS to convene a stakeholder workgroup to assist in the development of evidence-based network adequacy standards informed by the analyses described in 9) above and to provide a 30-day public comment period prior to implementing any changes to the network adequacy standard.

11) Moves the sunset of the time or distance and appointment time standards statute to January 1, 2029.

12) Authorizes DHCS to enter into contract to implement recent federal regulations on access to Medicaid and CHIP services, including managed care rules without review of the Department of General Services until January 1, 2029.

Comments

According to the author of this bill:

> Access to covered services is a persistent problem for Medi-Cal recipients enrolled in managed care. Yet, there has been an increasing volume of Medi-Cal alternative access request and approvals. In 2023, DHCS received approximately 25,000 alternative access standard requests from health plans, and approximately 14,000 were approved. Approval of these requests means that Medi-Cal patients must travel farther or longer than state law requires just to access care. Research indicates that there is an association between increasing time or distance to healthcare and increasingly worse health outcomes. Barriers to such care can mean delayed routine preventative care, such as regular medical and dental checkups, disease screening tests, and delayed diagnosis and treatment for cancer. With over one third of Californians receiving health care coverage through Medi-Cal and roughly 94% of Medi-Cal recipients receiving their care through the managed care system, it is critical that we ensure timely access to care.

Background

Medi-Cal network adequacy standards. In 2016, the Centers for Medicare and Medicaid Services (CMS) promulgated regulations to align the rules governing Medicaid managed care with other sources of coverage, promote quality of care and beneficiary experience, and strengthen delivery system reform efforts. Importantly, the regulation required states to establish and enforce network adequacy standards, and to ensure that all services covered under the Medicaid state plan are available to beneficiaries in a timely manner. The Legislature passed AB 205 (Wood, Chapter 738, Statutes of 2017) to implement these regulations in state statute, mandating that primary care providers, dental services, and obstetrics and gynecology providers be located within 10 miles or 30 minutes from where their enrollees lived. It also required that hospitals be within 15 miles or 30

minutes, and set standards for specialists, pharmacy, and several other services based on how densely populated the county that the enrollee lived in was. AB 205 required Medi-Cal plans to follow the appointment time standards that plans licensed by the Department of Managed Health Care (DMHC) were already subject to (including many Medi-Cal plans). Finally, it allowed DHCS to approve alternative access standards when the Medi-Cal plan could not meet the required time and distance standards even after exhausting all other reasonable options to obtain sufficient providers.

A subsequent California State Auditor's report noted that when California began implementing timely access standards in 2018, DHCS received nearly 80,000 alternative access requests. This highlighted the fact that there are many areas in California where Medi-Cal beneficiaries do not have adequate access to services. Also of note in the report was that of the 10,000 requests DHCS approved, some seemed extremely unreasonable by timely access standards, such as an approved request that would have required a Medi-Cal enrollee to travel 250 miles or 6 hours to access a specialist. AB 1642 (Wood, Chapter 465, Statutes of 2019) added additional requirements for alternative access standards that exist when a plan cannot meet the time and distance standards due to lack of providers, including a requirement that the plan assist enrollees in finding an out-of-network provider when there is no in-network provider. The health budget trailer bill SB 184 (Committee on Budget and Fiscal Review, Chapter 47, Statutes of 2022), contained the most recent sunset extension to January 1, 2026. A more recent, albeit limited, report from the California State Auditor in 2023 found not only that survey data demonstrated that Medi-Cal plans were unable to provide timely access to behavioral health care for children, but that DHCS and DMHC were excluding many providers from their compliance reporting leading to artificially high compliance rates.

When CMS approved the California Advancing & Innovating Medi-Cal (CalAIM) 1915(b) waiver in 2021, the special terms and conditions of that waiver contained several items regarding the reporting that DHCS must do to demonstrate the network adequacy compliance of Medi-Cal plans, including a comparison of the plans' network adequacy compliance across its other lines of business. This requirement suggests that CMS had reason to be concerned about the Medi-Cal plan networks. Those required evaluations are currently underway.

Finally, CMS recently updated its network adequacy regulations in 2024. Among the changes included in this bill are the addition of a secret shopper requirement to evaluate whether plans are meeting the network adequacy requirements and

clarifying how telehealth appointments may be calculated in determining compliance. This bill contains some of the changes that were made in those regulations, including a "secret shopper" requirement to test appointment time compliance that is not yet in effect federally, in addition to other requirements intended to increase enforcement of the requirements.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee, this bill has costs of an unknown amount, potentially in the high hundreds of thousands to low millions of dollars, for DHCS to engage in stronger oversight of Medi-Cal plans and for Medi-Cal plans to comply with the bill's requirements (General Fund, federal funds).

SUPPORT: (Verified 9/9/25)

National Health Law Program (co-source)
Western Center on Law and Poverty (co-source)
Alliance of Catholic Health Care, Inc.
Alzheimer's Association
Asian Americans Advancing Justice – Southern California
Asian Resources, Inc.
California Academy of Family Physicians
California Advocates for Nursing Home Reform
California Children's Hospital Association
California Dental Association
California Hospital Association
California LGBT Health and Human Services Network
California Pan - Ethnic Health Network
California Physicians Alliance
California Rural Legal Assistance Foundaiton
California Senior Legislation
California State Council of Service Employees International Union
California Urgent Care Association
Children Now
Courage California
Health Access California
Justice in Aging
Latino Coalition for A Healthy California
Private Essential Access Community Hospitals
Rady Children's Hospital
The Arc and United Cerebral Palsy California Collaboration

The Children's Partnership

OPPOSITION: (Verified 9/9/25)

None received.

ARGUMENTS IN SUPPORT: Co-sponsors National Health Law Program and Western Center on Law and Poverty write that over recent years, DHCS has approved an increasing volume of approved alternative access requests, which have spanned across the entire state. In some cases, such as Alameda, Los Angeles, and San Bernardino, the approved alternative access standards nearly doubled the average time and distance Medi-Cal enrollees must travel to access health care services beyond the state standards. They also cite to research indicating that there is an association between increasing time or distance to health care and negative health outcomes, including delayed routine preventive care, postponed disease screening, delayed cancer diagnosis and treatment, and missed follow-up appointments. The impact to low-income and Black, Indigenous, and people of color communities (BIPOC) is further compounded by limited access to transportation, paid time off work, and childcare.

Prepared by: Jen Flory / HEALTH / (916) 651-4111
9/9/25 14:50:55

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