

DHCS All Plan Letter Summary

To: Medi-Cal network participants November 2025

Subject: All Plan Letter 25-011: H.R. 1 – Federal Payments to Prohibited Entities

The Department of Health Care Services (DHCS) recently issued [All Plan Letter \(APL\) 25-011](#), “H.R. 1 – Federal Payments to Prohibited Entities.” We are sharing a summary of this APL with you to ensure you are aware of the information, and you can apply the information to your practice or facility operations, where appropriate.

APL 25-011 offers guidance to managed care plans (MCPs) such as Blue Shield of California Promise Health Plan on the handling of payments to Medi-Cal and Family Planning, Access, Care, and Treatment Program (Family PACT) providers who may be impacted by H.R. 1. The APL also addresses related legal actions and their effect on payments to these providers.

*Please note that because the legal situation is evolving, the guidance issued in this APL is subject to change.

Key information from revised APL

- The implementation of federal law H.R. 1, effective July 4, 2025, has been affected by subsequent legal actions, including two separate PIs issued in July and then an order staying both PIs issued in September. On September 17, 2025, DHCS revised APL 25-011 to align with these legal actions.
- Screenshot of the table from the September 17 revision of the APL, to help inform claim submissions:

<u>Claim/Encounter submission instructions for Providers who meet the definition of “Prohibited Entity”:</u>		
<u>DOS</u>	<u>Abortion Services</u>	<u>Non-Abortion Services</u>
<u>On or before July 3, 2025</u>	<u>Submit claims</u>	<u>Submit claims</u>
<u>July 4, 2025 through September 10, 2025</u>	<u>Submit claims</u>	<u>Providers who obtained relief under either the July 21 or July 28, 2025 PIs: Submit claims</u>
		<u>Providers who did not obtain relief under either the July 21 or the July 28, 2025 PIs: Do not submit claims</u>
<u>On or after September 11, 2025</u>	<u>Submit claims</u>	<u>Do not submit claims</u>

APL summary

- H.R. 1 forbids state plans from using federal funds to make payments to “prohibited entities” for items and services furnished during the 1-year period beginning on July 4, 2025.
- According to APL 25-011, which quotes [H.R. 1](#), section 71113:

“Prohibited Entity” is defined as follows: “The term “prohibited entity” means an entity, including its affiliates, subsidiaries, successors, and clinics—

(A) that, as of the first day of the first quarter beginning after the date of enactment of this Act—

 - (i) is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code;
 - (ii) is an essential community provider described in section 156.235 of title 45, Code of Federal Regulations (as in effect on the date of enactment of this Act), that is primarily engaged in family planning services, reproductive health, and related medical care; and
 - (iii) provides for abortions, other than an abortion—
 - (I) if the pregnancy is the result of an act of rape or incest; or
 - (II) in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed; and

(B) for which the total amount of Federal and State expenditures under the Medicaid program under title XIX of the Social Security Act for medical assistance furnished in fiscal year 2023 made directly, or by a covered organization, to the entity or to any affiliates, subsidiaries, successors, or clinics of the entity, or made to the entity or to any affiliates, subsidiaries, successors, or clinics of the entity as part of a nationwide health care provider network, exceeded \$800,000.”
- The APL explains when MCPs should continue to cover services and process claims or encounters for Medi-Cal and Family PACT providers.
- Non-abortion services provided by prohibited entities may not be covered by Medi-Cal, unless they fell under one of the legal stays. (Please refer to the screenshot from the September 17 version of the APL.)
- MCPs may continue to make payments and process claims or encounters that fall outside of the submission allowances described in the APL, but those costs will not be considered in capitation rates paid by DHCS to MCPs under the Primary Contract. Additional information will be forthcoming on whether DHCS will consider those costs when determining capitation rates paid under the State-Only Contract.
 - Blue Shield Promise will not make payments or process claims or encounters that fall outside of the submission allowances described in APL 25-011.
- “Prohibited entities” may continue to submit claims or encounters exclusively for procedural and medication abortions since these services are already entirely covered and reimbursed by DHCS with state general funds.
- Claims and encounters for abortion services should be submitted separately from all other services that are not directly related to abortion.
 - Abortion procedure codes: 59840, 59841, 59850-59852, 59855-59857, S0190, S0191, and S0199

This summary is only meant as a brief description of the APL. Please see the APL itself for additional background and the complete requirements. The full text of APL 25-011 may be found at this URL:

<https://www.dhcs.ca.gov/Documents/MCQMD/APL-HR-1-REVISED-9-17-25.pdf>

(Links to the DHCS.ca.gov website will take you off the Blue Shield Promise website.)

If you have questions about the topics covered in this APL, please contact our Provider Customer Service team via Live Chat after logging in at blueshioldca.com/provider or call **(800) 468-9935** from 6 a.m. to 6:30 p.m., Monday through Friday.