STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	Business Unit Number	Department
2026-2027	4140	Department of Health Care Access and Information

Hyperion Budget Request Name	Relevant Program or Subprogram
4140-075-BCP-2026-A1	3831-Health Care Quality and Affordability/3860- Administration

Budget Request Title
Hospital Pricing (AB 1312)

Budget Request Summary
The Department of Health Care Access and Information (HCAI) requests 8 positions and $1,611,000 for 2026-2027, 2027-28, and 2028-29 from the California Health Planning and Data Fund to support program services associated with the implementation of Assembly Bill (AB) 1312 (Chapter 450, Statutes of 2025).

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☒ Trailer Bill Language ☐ Budget Bill Language ☐ N/A	Health and Safety Code Section 127407

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO Michael Valle	Date N/A

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. N/A **Approval Date:** N/A

Project Approval Document: N/A **Total Project Cost:** N/A

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee. N/A

Prepared By	Date	Reviewed By	Date
Melissa Ferkovich	4/1/2026	Michael Valle	4/1/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Elizabeth Landsberg	4/1/2026	Kim Johnson	4/1/2026

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Joseph Donaldson	4/1/2026

A. Problem Statement

To implement AB 1312, the Department of Health Care Access and Information (HCAI) will need to review hospitals' charity care and discount payment policies for compliance with new requirements, including new presumptive eligibility provisions. Additionally, during the patient complaint investigation process, HCAI will determine if the patient met the qualifying parameters outlined in the bill at the time of service to trigger the hospital's presumptive eligibility review. If it is determined the patient met the outlined parameters at the time of service, HCAI will request and review the hospital's newly required presumptive eligibility notice for compliance. HCAI will also investigate whether the outlined presumptive eligibility processes were followed, and the eligibility notices comply with statute and were sent to the patient within the required timeframes. HCAI will impose an administrative penalty against a hospital for any violations identified. HCAI will also respond to any appeals submitted by hospitals in response to the administrative penalty assessment.

AB 1312 expands existing hospital fair pricing statutes by better connecting eligible patients with hospital financial assistance before they receive a bill. Under AB 1312, hospitals are required to:

- Prescreen patients to determine presumptive eligibility for the charity care or discount payment policy if the patient is experiencing homelessness or enrolled in certain government programs.

- Prescreen patients for presumptive eligibility for the charity care or discount payment policy if the patient is uninsured, enrolled in Medi-Cal with cost sharing, eligible for Medi-Cal under the Hospital Presumptive Eligibility (HPE) program, or enrolled in Covered California. If the hospital determines the patient is financially qualified, the hospital must determine if the patient is eligible without requiring the patient to complete a separate application.

- Inform patients of the hospital's intent to screen for presumptive eligibility for discount payment or charity care, that financial information provided will not be used for any other purpose, and that the patient may opt out of the screening.

- Provide a written notice of the eligibility determination to all patients that are presumptively determined to be eligible for discount payment or charity care in English and the language spoken by the patient.

HCAI's estimate includes 8 workforce staff, including management, legal, analytical, administrative, human resources, and accounting classifications to review the added presumptive eligibility requirements in the hospital's charity care and discount payment policies, investigate whether the hospital met the presumptive eligibility requirements outlined in statute and its policies for individual patients through the patient complaint process, assess administrative penalties if violations are identified, and participate in the appeal process if requested by the hospital.

Workload Analysis

Associate Governmental Program Analyst (1.0)

Description of Task to be Performed	Number of Times the Task is Performed Annually	Number of Hours Needed to Complete the Task	Total Number of Annual Hours
Receipt, review, and response of hospital requests/questions.	275	0.5	138
Receipt, review, and response of patient requests/questions	600	0.5	300
Mail patient complaint closing letters to patients when applicable.	107	1	107
Mail Final Compliance Determination letters.	235	2	470
Corresponding with hospital re: technical assistance for submitting revisions.	100	2	200
Correspondence with patients re: technical assistance for submitting supporting documents.	25	0.5	13
Correspondence with patients re: patient complaint review status.	25	0.5	13
Facilitate movement of escalated cases to attorneys for legal review.	250	0.5	125
Maintain reporting for patient complaints and policy review.	52	1.5	78
Maintain tracker for policy assignments and escalated reviews.	250	1.5	375
Total Hours			**1,818**

Associate Health Program Adviser (1.0)

Description of Task to be Performed	Number of Times the Task is Performed Annually	Number of Hours Needed to Complete the Task	Total Number of Annual Hours
Preparing requests for additional Information for policies and reviewing hospital response.	67.5	1	68
Preparing requests for additional information from patients and reviewing patient responses.	43	1	43
Initial review of hospital policies.	67.5	12	810
Preparing initial compliance determination letters for patient complaint review.	83	1	83
Preparing initial compliance determination letters for policy review.	67.5	1	68
Preparing updated compliance determinations for policy review.	67.5	8	540
Total Hours			**1,611**

Health Program Specialist I (2.0)			
Description of Task to be Performed	**Number of Times the Task is Performed Annually**	**Number of Hours Needed to Complete the Task**	**Total Number of Annual Hours**
Secondary review of identified violations for policy review.	471	5	2,355
Secondary review of identified violations for patient complaint review.	575	2	1,150
Communicate with hospitals as the program liaison.	150	0.75	113
Total Hours			**3,618**

Attorney IV (1.0)			
Description of Task to be Performed	**Number of Times the Task is Performed Annually**	**Number of Hours Needed to Complete the Task**	**Total Number of Annual Hours**
Corresponding with external stakeholders related to program updates, including new statutes and revised regulations.	710	0.25	178
Final legal review of final compliance determination for patient complaint review.	191	2	382
Final legal review of final compliance determination for policy review.	157	8	1,256
Total Hours			**1,816**

Attorney IV (1.0)			
Description of Task to be Performed	**Number of Times the Task is Performed Annually**	**Number of Hours Needed to Complete the Task**	**Total Number of Annual Hours**
Communicate and coordinate with program regarding final Compliance Determinations and associated penalties.	52	0.75	39
Prepare and regularly update information regarding Administrative Hearings on website, and Requests for Administrative Hearings.	12	1	12
Administrative Hearing for appeals of Patient Compliance penalty (assuming 15 percent of penalties reviewed by Program Attorney IV will be appealed). This includes pre-hearing work and scheduling, holding hearing, reviewing exhibits, legal research regarding appeal, drafting and editing decision.	29	33	957

Administrative Hearing for appeals of Policy Compliance penalty (assuming 15 percent of penalties reviewed by Attorney IV will be appealed. This includes pre-hearing work and scheduling, holding hearing, reviewing exhibits, legal research regarding appeal, drafting and editing decision.	24	33	792
Total Hours			**1,800**

B. Justification

Program Description

Under AB 1312, HCAI will review the added presumptive eligibility section in the hospital's charity care and discount payment policies for compliance and impose an administrative penalty against the hospital for any identified violations. HCAI will also respond to any appeals submitted by hospitals in response to the administrative penalty assessment. The current reporting process requires hospitals to report biennially by submitting revised policies or informing HCAI that there have been no changes since the completion of the last reporting period. With the implementation of this bill, all 471 hospitals will submit their revised charity care and discount payment policies, which departmental staff will review for compliance and assess penalties, as applicable.

AB 1312 requires a hospital to prescreen a patient for presumptive eligibility for participation under the hospital's charity care policy and discount payment policy if the patient meets specific criteria, including, if the patient is enrolled in CalFresh or CalWORKs.

HCAI will review the added presumptive eligibility section in the hospital's charity care and discount payment policies for compliance, impose an administrative penalty against the hospital for any identified violations, and respond to any appeals submitted by hospitals in response to the administrative penalty assessment.

HCAI will determine if the patient met the qualifying parameters at the time of service to trigger the hospital's presumptive eligibility review and potentially review the newly required presumptive eligibility notice.

HCAI will investigate whether the outlined presumptive eligibility processes were followed, if the required notices met requirements, and if the notices were sent to the patient in the required timeframes.

HCAI will impose an administrative penalty against the hospital for any violations identified during its investigation and respond to any appeals submitted by hospitals in response to the administrative penalty assessment.

Requested Positions

This proposal will provide staff needed for HCAI to fulfill its directive of verifying hospitals are complying with the presumptive eligibility determination and notice requirements outlined above.

To adequately implement the provisions of this bill, HCAI requests 8 permanent positions and $1,611,000 for 2026-2027, 2027-28, and 2028-29 from the California Health Data and Planning Fund. The requested positions are necessary to support program services associated with the implementation of AB 1312, including collecting and reviewing information and documentation necessary to determine compliance with AB 1312, as well as assessing penalties and administering the appeal process for any identified violations. Further evaluation will be done to determine if the fees assessed under this bill will be sufficient to sustain the program ongoing.

The following positions are being requested:

One (1) Associate Governmental Program Analyst (AGPA) position, under the direction of the Staff Services Manager II, is necessary to implement and administer AB 1312 by providing administrative assistance, including the tracking and logging of patient complaints, closing patient complaints, and sending Administrative Penalty Notices. The AGPA exercises independence and judgement in formulating program procedures, policies, and solution alternatives, and tabulates and analyzes data and prepares reports.

One (1) Associate Health Program Adviser (AHPA) position is necessary, under the direction of the Health Program Manager 1 with support of the Health Program Specialist I, to implement and administer AB 1312 by reviewing policy submissions and patient complaints to identify violations of AB 1312, draft correspondence letters to hospitals requesting specific documents required by AB 1312, draft closing letters, and assist with the Administrative Penalty Notices.

Two (2) Health Program Specialist I (HPS I) positions, under the direction of the Staff Services Manager II, are necessary to implement and administer AB 1312 by serving as secondary reviewer to confirm violations and penalty assessments, assist with preparing witness lists and evidentiary documents for the appeal process, where applicable, and serve as liaison between hospital and Program to facilitate seamless policy and complaint reviews.

One (1) Attorney IV position, under the direction of the Assistant Chief Counsel, with specialized expertise in complex state and federal hospital financial assistance requirements and experience with enforcement and the administrative hearing process is necessary to implement and administer AB 1312 by reviewing and confirming AB 1312 violations identified by staff attorneys and analysts during the policy review and patient complaint processes and take lead on responding to appeals filed by hospitals.

One (1) Staff Services Manager I (SSMI) is necessary to lead HR Operations to support AB 1312. This position will absorb critical HR operational functions to support the staff meeting the requirements of AB 1312, such as managing audits, leave management escalations, and internal control tracking. With the implementation of AB 1312 and the addition of new positions at HCAI, this relief will enable existing HR units to focus on the hiring, onboarding, and continued personnel support required by the new AB 1312 staff.

One (1) Senior Accounting Officer (SAO) Specialist position is necessary to implement and administer AB 1312 by providing essential support to Program through the processing of penalty assessment invoices, tracking payment progress, and notifying hospitals of delinquent penalties.

One (1) Attorney IV position, under the supervision of the Assistant Chief Counsel in General Legal, with specialized expertise in hospital billing and discount payment and charity care policies, is necessary to administer the administrative appeals process and act as hearing officer, including holding hearings and issuing written determinations.

Workload History

Workload Measure	2020-21 PY - 4	2021-22 PY - 3	2022-23 PY - 2	2023-24 PY-1	2024-25 PY	2025-26 CY
Patient Complaints Received	N/A	N/A	N/A	138.0	518.0	160.0
Initial Hospital Policies received	N/A	N/A	N/A	124.0	177.0	172.0
Revised Policies Received	N/A	N/A	N/A	50	613	435

Late Filing Notices Mailed to Hospitals and Licensees	N/A	N/A	N/A	191.0	1.0	0
Administrative Penalty Notice and Final Compliance Determinations Mailed	N/A	N/A	N/A	0	68.0	45.0
Requests for Administrative Hearing Received	N/A	N/A	N/A	0	0	2.0
Program Information Letters Sent Electronically to External Stakeholders	N/A	N/A	N/A	2.0	2.0	1.0
Contact Us Inquiries Received	N/A	N/A	N/A	132.0	153.0	63.0
Hospital Representative Association Requests Resolved through the Patient Complaint Portal	N/A	N/A	N/A	745.0	307.0	19.0

C. Departmentwide and Statewide Considerations

The proposal supports HCAI's goals to protect Californians from medical debt by furthering patient access to hospital charity care and discount payment programs and is in alignment with HCAI's mission to expand equitable access to quality, affordable health care for all Californians through resilient facilities, actionable information, and the health workforce each community needs.

The Department of Health Care Services and Covered California estimate that HR 1 will result in more than three million Californians losing Medi-Cal or Covered California coverage – making the protections of the Hospital Fair Billing Program even more important for uninsured Californians who receive hospital care.

There is no current requirement that hospitals screen patients for presumptive eligibility for the hospital's charity care and discount programs, even if the hospital has information that supports that the patient would qualify for financial assistance. As a result, many eligible patients fail to obtain the financial assistance they are entitled to, either because they are unaware of the available financial assistance or because the application process is overly burdensome.

AB 1312 is meant to further patient access to hospital charity care and discount payment programs. Prescreening for financial assistance eligibility when certain conditions apply will allow qualified patients to obtain financial assistance before receiving the first medical bill and without having to go through the burdensome application process. Additionally, the presumptive eligibility determination notice will provide further information about financial assistance available under hospital discount payment and charity care programs. These new requirements will likely protect qualified individuals from being billed for hospital services they cannot afford when they are eligible for, but unaware of, the hospital's financial assistance programs.

D. Outcomes and Accountability

Approval of the requested resources will allow HCAI to implement the requirements of this bill. Due to the new presumptive eligibility requirements of AB 1312, all 471 hospitals will be required to submit revised charity care and discount payment policies. This is a total of 942 policies Program staff will be required to review for compliance and assess penalties, as applicable.

Based on current patient complaint intake since inception, the department projects an increase in patient complaints due to the failures of hospitals to adhere to the requirements of AB 1312. The Department will be monitoring and tracking use of new staff to support proper distribution of the increased workload.

E. Implementation Plan

Timeline	**Activity**
January 2027 – July 2027	• Recruit, interview, and hire new positions • Develop program requirements • Develop process for reviewing associated policy provisions • Develop process for investigating compliance with statutory requirements for individual patient complaints
July 2027 – Ongoing	• Collect required revised policies and review for compliance • Assess administrative penalties to hospitals that fail to revise policies to comply with requirements • For individual patient complaints, investigate compliance with required actions, notices, and timelines • Assess administrative penalties to hospitals that fail to meet requirements for individual patients as identified through patient complaint process

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Hospital Pricing (AB 1312)

BR Name: 4140-075-BCP-2026-A1

Budget Request Summary

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Positions - Permanent	0.0	8.0	8.0	8.0	8.0	8.0
Total Positions	**0.0**	**8.0**	**8.0**	**8.0**	**8.0**	**8.0**
Salaries and Wages Earnings - Permanent	0	859	859	859	0	0
Total Salaries and Wages	**$0**	**$859**	**$859**	**$859**	**$0**	**$0**
Total Staff Benefits	0	456	456	456	0	0
Total Personal Services	**$0**	**$1,315**	**$1,315**	**$1,315**	**$0**	**$0**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	72	72	72	0	0
5320 - Travel: In-State	0	24	24	24	0	0
5322 - Training	0	8	8	8	0	0
5324 - Facilities Operation	0	88	88	88	0	0
5346 - Information Technology	0	104	104	104	0	0
Total Operating Expenses and Equipment	**$0**	**$296**	**$296**	**$296**	**$0**	**$0**

Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Budget Request	**$0**	**$1,611**	**$1,611**	**$1,611**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0143 - California Health Data and Planning Fund	0	1,611	1,611	1,611	0	0
Total State Operations Expenditures	**$0**	**$1,611**	**$1,611**	**$1,611**	**$0**	**$0**
Total All Funds	**$0**	**$1,611**	**$1,611**	**$1,611**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
3831 - Health Care Quality and Affordability	0	1,215	1,215	1,215	0	0
3860 - Administration	0	396	396	396	0	0
Total All Programs	**$0**	**$1,611**	**$1,611**	**$1,611**	**$0**	**$0**

Personal Services Details

Positions

Positions	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
VR00 - Various (Eff. 07-01-2026)	0.0	8.0	8.0	8.0	8.0	8.0
Total Positions	**0.0**	**8.0**	**8.0**	**8.0**	**8.0**	**8.0**

Salaries and Wages

Salaries and Wages	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
VR00 - Various (Eff. 07-01-2026)	0	859	859	859	859	859
Total Salaries and Wages	**$0**	**$859**	**$859**	**$859**	**$859**	**$859**

Staff Benefits

Staff Benefits	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5150900 - Staff Benefits - Other	0	456	456	456	0	0
Total Staff Benefits	**$0**	**$456**	**$456**	**$456**	**$0**	**$0**

Total Personal Services

Total Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Personal Services	**$0**	**$1,315**	**$1,315**	**$1,315**	**$859**	**$859**