



June 2, 2026

The Honorable Jesse Gabriel
Chair, Assembly Committee on Budget
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable John Laird
Chair, Senate Budget & Fiscal Review
Committee
1020 N. Street, Room 502
Sacramento, CA 95814

The Honorable Dawn Addis
Chair, Assembly Budget Subcommittee #1
on Health
1021 O Street, Suite 4120
Sacramento, CA 95814

The Honorable Caroline Menjivar
Chair, Senate Budget Subcommittee
#3 on Health and Human Services
1021 O Street, Suite 6630
Sacramento, CA 95814

RE: Support for PACE Access and Sustainability in the 2026-27 State Budget

Dear Assembly and Senate Budget Leaders:

On behalf of the California PACE Association (CalPACE), which represents the 40 Programs of All-Inclusive Care for the Elderly (PACE) serving over 30,000 medically complex older adults in California, we thank you for your leadership during the 2026-27 budget process and your continued commitment to protecting health care access for older adults and people with complex care needs.

As budget negotiations continue, CalPACE respectfully urges the Legislature to adopt two critical actions that will protect and improve access to PACE services:

Reject the Additional PACE Rate Cap

We appreciate that the Senate budget proposal rejects the Administration's proposed additional cap on PACE rates. At a time when access to health care and long-term services and supports for older adults is increasingly threatened, policies that constrain the resources available to serve individuals with the highest levels of need risk undermining access to care. PACE participants

are nursing facility eligible and rely on a comprehensive array of medical, behavioral health, long-term care, and social services to remain safely in their homes and communities.

While the Assembly proposal delays implementation of the rate cap, CalPACE remains concerned that any future implementation would create significant challenges for PACE organizations and will ultimately impact access to care for some of California's most medically complex and vulnerable older adults.

PACE rates are intended to reflect the cost of serving a population that meets a nursing facility level of care and requires intensive, coordinated services. Artificially limiting rates jeopardizes the ability of PACE organizations to meet participant needs, maintain access to comprehensive services, and support future growth and expansion into underserved communities.

Last year's budget already imposed a significant change to the PACE rate-setting methodology by capping rates at the midpoint of the actuarially sound rate range. PACE organizations have had little time to assess the impact of that change, an additional statutory reduction is unnecessary and will further limit resources available to serve some of California's most vulnerable older adults.

We respectfully request that the final budget reject the proposed additional PACE rate cap.

Include Funding for Additional Level of Care Nurses

We appreciate the Assembly's inclusion of funding for additional state nurses to conduct Level of Care (LOC) eligibility reviews and note that unfortunately this investment was not included in the Senate budget proposal.

One of the most significant barriers to timely enrollment in PACE is the length of time required to complete LOC eligibility determinations. Limited state staffing resources have contributed to longer review timeframes, delaying access to services for older adults who are eligible for and would benefit from the PACE program.

Additional nursing staff would help expedite eligibility reviews, reduce enrollment delays, and ensure that eligible older adults can access needed care and services as quickly as possible. This investment would improve access to care while supporting a proven model that helps older

adults remain safely in their homes and communities rather than enter more costly institutional settings.

We respectfully request that the final budget include funding for additional LOC nurses to ensure timely access to PACE services statewide.

California has long been a national leader in advancing innovative models of care for older adults. By rejecting the proposed PACE rate cap and investing in additional LOC nurses, the Legislature can protect the sustainability of the PACE program while ensuring that eligible Californians can access services without unnecessary delay.

Thank you for your consideration and your ongoing commitment to California's older adults.

Sincerely,



Val Sheehan
Chief Executive Officer
CalPACE

cc: Senator Akilah Weber Pierson, Senate Budget Sub No. 3 on Health and Human Services
Senator Shannon Grove, Senate Budget Sub No. 3 on Health and Human Services
Assemblymember Mia Bonta, Assembly Budget Subcommittee No. 1 on Health
Assemblymember Joe Patterson, Assembly Budget Subcommittee No. 1 on Health
Assemblymember Pilar Schiavo, Assembly Budget Subcommittee No. 1 on Health
Assemblymember José Luis Solache, Assembly Budget Subcommittee No. 1 on Health
Assemblymember Catherine Stefani, Assembly Budget Subcommittee No. 1 on Health
Assemblymember David Tangipa, Rep. Alternate, Assembly Budget Sub No. 1 on Health
Scott Ogus, Deputy Staff Director, Senate Budget Committee
Anthony Archie, Senate Republican Caucus
Patrick Le, Committee Consultant, Assembly Budget Committee
Eric Dietz, Assembly Republican Caucus
Marjorie Swartz, Policy Consultant, Senate President pro Tempore Mike McGuire
Rosielyn Pulmano, Policy Consultant, Speaker Robert Rivas

Elizabeth Fuller, Chief Consultant, Assembly Aging and Long-Term Care Committee

Richard Figueroa, Deputy Cabinet Secretary, Office of Governor Gavin Newsom

Paula Villescaz, Deputy Legislative Affairs Secretary, Office of Governor Gavin Newsom

Michelle Baass, Director, California Department of Health Care Services

Tyler Sadwith, Interim Chief Deputy Director, Health Care Programs, DHCS

Lauren Gavin Solis, Deputy Director, Office of Medicare Innovation and Integration, DHCS

Elva Alatorre, Branch Chief, PACE, OMMI, DHCS

Guadalupe Manriquez, Program Budget Manager, Department of Finance