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To: PCPs, OB/GYN, Family Planning Providers & IPA Network

From: IEHP – Compliance

Date: November 4, 2025

Subject: **APL 25-011 – H.R.1 Federal Payments to Prohibited Entities**

On September 17, 2025, the California Department of Health Care Services (DHCS) released a revision to **All Plan Letter (APL) 25-011 – H.R.1- Federal Payments to Prohibited Entities**. The purpose of this APL 25-011 is to provide guidance to Medi-Cal managed care plans (MCP) 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, enacted on July 4, 2025.

On July 3, 2025, the United States Congress passed H.R. 1, which includes Section 71113, "Federal Payments to Prohibited Entities." H.R.1 was enacted on July 4, 2025 (Public Law No: 119-21), and Section 71113 is excerpted here:

“No Federal funds that are considered direct spending and provided to carry out a State plan under title XIX of the Social Security Act or a waiver of such a plan shall be used to make payments to a prohibited entity for items and services furnished during the 1-year period beginning on the date of the enactment of this Act, including any payments made directly to the prohibited entity or under a contract or other arrangement between a State and a covered organization.”

Inland Empire Health Plan (IEHP) is in the process of reviewing DHCS’s guidance and ensuring that we continue to cover services, process, and pay claims or Encounters for Medi-Cal and Family PACT Providers who meet the definition of Prohibited Entity based on the established Provider Claims/Encounter submission allowances and prohibitions.

For further guidance on the definition of a Prohibited Entity and how APL 25-011 may impact you and your Claim/Encounter submission, please review the linked document:

www.dhcs.ca.gov > Forms & Publications > Letters, Information Notices and Bulletins > Medi-Cal Managed Care All Plan and Policy Letters > All Plan Letters > APL 25-011 – H.R.1 Federal Payments to Prohibited Entities or [click here](#).

Per APL 25-011, IEHP is required to communicate these requirements, including the effective dates. IEHP will be sharing additional communication tentatively by end of the month with IPAs and the provider network, providing further guidance on how to support compliance with this APL and expectations for Prohibited Entities within our network. We will continue to alert the network with guidance and updates as information becomes available.

For any questions, please contact the IEHP Provider Call Center at (909) 890-2054, (866) 223-4347 or email ProviderServices@iehp.org.

All IEHP communications can be found at www.providerservices.iehp.org > News & Updates > Notices