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To: PCP's & Family Planning
From: IEHP
Date: January 8, 2026
Subject: **Action Required: APL 25-011 – H.R.1 Federal Payments to Prohibited Entities**

As shared on November 4, 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**.

This **law prohibits federal Medicaid funds from being used to pay certain providers classified as “Prohibited Entities” for services rendered during the one-year period beginning July 4, 2025.**

What is a Prohibited Entity?

Under H.R.1, a “Prohibited Entity” is defined as an organization (including affiliates, subsidiaries, successors, and clinics) that meets all of the following criteria:

- **Nonprofit Status:** Classified as a 501(c)(3) tax-exempt organization.
- **Essential Community Provider:** Primarily engaged in family planning services, reproductive health, and related medical care.
- **Provides Abortions:** Except in cases of rape, incest, or life-endangering conditions.
- **Medicaid Funding Threshold:** Received \$800,000 or more in combined Federal and State Medicaid expenditures for medical assistance in Fiscal Year 2023, either directly or through a covered organization, including payments as part of a nationwide health care provider network

For an expanded definition of “Prohibited Entity”, please refer to California Department of Health Care Services (DHCS) All Plan Letter (APL) 25-011 – H.R.1- Federal Payments to Prohibited Entities found [here](#).

Action Required:

Providers are expected to determine in good faith whether they meet the definition of a “Prohibited Entity.” If your organization meets all of these criteria, you must self-identify to IEHP immediately. Please do so by contacting contractupdates@iehp.org. This is necessary to ensure compliance with federal requirements and proper claims processing.

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

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