



February 19, 2026

The Honorable Gavin Newsom  
Governor, State of California  
1021 O Street, Suite 9000  
Sacramento, CA 95814

The Honorable Monique Limón  
Senate President pro Tempore  
1021 O Street, Suite 8518  
Sacramento, CA 95814

The Honorable Robert Rivas  
Speaker of the Assembly  
1021 O Street, Suite 8330  
Sacramento, CA 95814

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

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

**Re: Support for \$26 Million One-Time Investment to Protect Access to Transgender Health Care**

Dear Governor Newsom, Pro Tem Limón, Speaker Rivas, Chair Laird, and Chair Gabriel:

On behalf of a coalition of LGBTQ+, health, and civil rights organizations representing patients, families, and providers across California, we respectfully urge your support for a \$26 million one-time General Fund investment to stabilize and protect access to health care for transgender, gender-diverse, and intersex (TGI) Californians. This one-time, narrowly targeted investment will serve as a critical bridge to stabilize California's gender-affirming care delivery system—preventing irreversible provider withdrawals, protecting patients from dangerous gaps in care, and ensuring continued compliance with California's nondiscrimination and coverage mandates.

California is home to the largest TGI population in the nation, including an estimated 263,700 transgender adults and 84,600 transgender youth. The state has long led the country in recognizing gender-affirming care as medically necessary, evidence-based treatment essential to the health and well-being of TGI people. Under California law, individuals are guaranteed access to medically necessary gender-affirming care without discrimination.

Despite the state's strong legal protections, escalating federal actions are destabilizing California's care infrastructure—particularly for transgender youth. Federal executive actions, investigations, coverage exclusions, and proposed rulemaking have generated widespread uncertainty around the use of federal

funds for gender-affirming care. Most notably, the Centers for Medicare and Medicaid Services (CMS) released two proposed rules that would prohibit the use of federal Medicaid and Children's Health Insurance Program funds for transition-related care for transgender youth and bar hospitals that provide this care from participating in Medicare or Medicaid altogether. If finalized, these rules would effectively force hospitals and many providers to discontinue care for transgender youth, even when medically necessary and required under state law.

The impacts of these federal actions are already being felt across the state. In July 2025, Children's Hospital Los Angeles closed its gender-affirming care clinic, abruptly discontinuing care for approximately 3,000 patients. In January 2026, Rady Children's Hospital and Children's Hospital of Orange County also ended gender-affirming care for youth, further shrinking access to care in Southern California.<sup>1</sup> Other major providers have ended gender-affirming surgical care for patients under 19, with additional providers signaling plans to pause or discontinue services. Because hospitals have historically served as primary providers of youth gender-affirming care, these preemptive actions have been especially disruptive, leaving families scrambling for care and overwhelming community-based providers.

At the same time, changes to federal health programs are compounding these harms. TRICARE now excludes coverage of gender-affirming care for youth. The Department of Veterans Affairs is phasing out coverage for veterans of all ages. The Federal Employees Health Benefits Program and the Postal Service Health Benefits Program eliminated coverage for transgender people of all ages beginning in January 2026. These changes have displaced patients into already overstretched community health centers, increased uncompensated care, and, in some cases, left individuals without access to care entirely. These impacts fall most heavily on low-income families and Medi-Cal beneficiaries, for whom alternative care options are limited or nonexistent.

Taken together, these federal actions have created a chilling effect across California's health care system. Providers face growing fear of audits, enforcement actions, loss of federal funding, and mounting uncompensated care costs, discouraging them from continuing to offer care that remains legal and required under state law. Without targeted state intervention, provider withdrawals will only accelerate, further undermining access to care statewide.

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<sup>1</sup> Although Rady Children's Hospital and Children's Hospital of Orange County announced plans to end gender-affirming care for youth, California Attorney General Rob Bonta filed litigation challenging these actions, and both hospitals must continue providing gender-affirming care while the case proceeds.

To prevent further collapse of California's gender-affirming care delivery system and ensure continued compliance with state nondiscrimination and coverage mandates, we respectfully request a \$26 million one-time General Fund appropriation to establish a state-backed continuity and provider stabilization framework for transgender health care. This investment would provide immediate, time-limited support while federal policy changes and litigation unfold, including:

**State-only Medi-Cal Coverage and Billing Pathway (\$1 million):**

Enable the Department of Health Care Services to establish a state-only Medi-Cal billing and reimbursement pathway for gender-affirming care, separate from federal financial participation. This pathway is essential to maintain continuity of care for Medi-Cal beneficiaries and prevent further erosion of the provider network.

**Provider Network Stabilization and Uncompensated Care Grants (\$25 million):**

Provide targeted grants to stabilize, rebuild, and expand the gender-affirming care provider network—particularly for transgender youth—while offsetting growing uncompensated care costs. Allowable uses would include staffing and infrastructure support, operational support for clinics absorbing displaced patients, workforce recruitment and retention, targeted malpractice insurance support for providers opening stand-alone clinics, and reimbursement for uncompensated care delivered to individuals earning up to 400 percent of the federal poverty level who are enrolled in plans with coverage exclusions.

Thank you for your careful consideration of this proposal, which is urgently needed to stabilize California's gender-affirming care delivery system, protect patient access to medically necessary services, and preserve California's leadership in ensuring equitable access to health care for all. If you have any questions, please do not hesitate to contact Equality California's Legislative Director, Craig Pulsipher, at [craig@eqca.org](mailto:craig@eqca.org) or (916) 444-7807, or the California Primary Care Association's Director of Budget Advocacy and Strategic Policy, Laura Sheckler, at [lsheckler@cpca.org](mailto:lsheckler@cpca.org) or (916) 440-8170 ext. 1023.

Sincerely,

Access Reproductive Justice  
ACLU California Action  
Aging and HIV Institute  
AJL Community Health LLC  
Alianza Translatinx  
Alliance for TransYouth Rights  
Asian Americans Advancing Justice Southern California  
Black Women for Wellness Action Project

California Latinas for Reproductive Justice  
California LGBTQ Health and Human Services Network  
California Rural Legal Assistance Foundation  
California School-Based Health Alliance  
California Work & Family Coalition  
CalPride Valle Central  
Casita Feliz Latine LGBTQ+ Center  
CFT  
Courage California  
CPCA Advocates  
East Bay Community Law Center  
Equal Rights Advocates  
Equality California  
Essential Access Health  
Gaylesta  
Gender Affirming Professionals  
Gender Alchemy  
Gender Justice LA  
Gente Organizada  
Harvey Milk LGBTQ Democratic Club  
Hmong Innovating Politics  
Impact Fund  
Indivisible San Francisco  
Jewish Center for Justice  
Lambda Legal  
Lavender Phoenix  
LGBTQ Center OC  
Linda K. Reeves Marriage & Family Therapy, Inc.  
Los Angeles LGBT Center  
Lyon-Martin Community Health Services  
LYRIC  
Mirror Memoirs  
National Health Law Program  
Nevada County Pride  
Nourish California  
Okaeri, a Program of Little Tokyo Service Center  
Our Family Coalition  
PFLAG Clayton-Concord  
PFLAG Fresno  
PFLAG Lamorinda  
PFLAG Manhattan Beach/South Bay  
PFLAG Oakland/East Bay  
PFLAG Sacramento  
PFLAG San Francisco

PFLAG San Jose / Peninsula  
PFLAG Tri-Valley  
Placer LGBTQ+ Center  
Planned Parenthood Affiliates of California  
Pomona Valley Pride  
Pride at the Pier  
Public Counsel  
Rainbow Families Action  
Rainbow Labs  
Sacramento LGBT Community Center  
San Bernardino County Black Pride  
San Diego Pride  
San Francisco AIDS Foundation  
San Francisco LGBT Community Center  
Santa Cruz Community Health Centers  
Search to Involve Pilipino Americans  
Solano Pride Center  
Somos Familia Valle  
Sound Mind Neurofeedback & Healing Center  
The Children's Partnership  
The Landing Spot  
The San Diego LGBT Community Center  
The Source LGBTQ+ Center  
The TransLatin@ Coalition  
The Trevor Project  
Transcanwork  
Trans-E-Motion  
TransFamily Support Services  
Transgender Health & Wellness Center  
Transgender Resource Advocacy & Network Service (T.R.A.N.S.)  
Tri-County Diversity  
URGE: Unite for Reproductive & Gender Equity  
Viet Rainbow of Orange County  
Viet Voices  
Western Center on Law & Poverty

cc:

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Paula Villescaz, Deputy Legislative Affairs Secretary, Office of Governor Newsom  
Richard Figueroa, Deputy Cabinet Secretary, Office of Governor Newsom  
Kim Johnson, Secretary, California Health and Human Services Agency  
Michelle Baass, Director, California Department of Health Care Services

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