

SUBCOMMITTEE NO. 3

Agenda

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Senator Shannon Grove
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9:00 am
1021 O Street – Room 1200

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Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

VARIOUS DEPARTMENTS**Issue 1: Suitability for the Confinement of Juveniles Trailer Bill**

Governor's May Revision – Trailer Bill Language. The May Revision includes trailer bill language addressing suitability of facilities for the confinement of juveniles. This issue impacts various departments and programs under the jurisdiction of this Subcommittee and Subcommittee #5 on Corrections, Public Safety, Judiciary, Labor and Transportation.

The proposed trailer bill includes the following changes to Welfare and Institutions Code 209, which governs inspections regarding the suitability of juvenile halls, camps, ranches, and secure youth treatment facilities:

- Clarifies the requirement for biennial inspections of facilities used for the confinement of juveniles by the Board of State and Community Corrections (BSCC) is at a minimum a biennial inspection.
- Allows BSCC to delegate the authority to approve or disprove a corrective action plan to administrative staff on the board.
- When determining whether a facility is suitable for the confinement of juveniles, allows BSCC or the judge of the juvenile court to consider the following:
 - Whether the conditions at the facility pose a serious risk to the health, safety, or welfare of juveniles confined in the facility.
 - A facility's failure to submit a corrective action plan.
 - A facility's failure to implement its corrective action plan.
 - Whether the facility is in substantial compliance with BSCC's regulations.
 - Whether there is clear and convincing evidence that the facility will be in compliance with the board's regulations within a reasonable timeframe.
- Authorizes BSCC to bring a civil action in the superior court in the county in which any facility has been noticed of facility unsuitability, in order to enforce compliance.
- Allows BSCC to request the Attorney General bring or assist in any civil action authorized by this section, as specified. If the Attorney General declines to bring or assist BSCC in any civil action, allows BSCC to pursue a civil action independently, as specified.
- Allows BSCC to seek appropriate relief, including injunctive relief, orders compelling compliance, sanctions, and any equitable relief the court deems necessary to protect the health, safety, and welfare of juveniles in custody within the applicable county. Allows BSCC to seek attorneys' fees to the extent authorized by existing law.
- If BSCC brings an action, as specified, allows the requirement that the facility may not be used for confinement of juveniles to be stayed pending order of the court if the affected county brings a noticed motion to stay and meets its burden under applicable law.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of this proposed trailer bill. What is the intent of this trailer bill, and what change would it achieve?

4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION**Issue 1: May Revision Budget Change Proposals**

Budget Change Proposals – May Revision. HCAI requests resources for the following five budget change proposals at May Revision:

Behavioral Health Workforce Initiative. HCAI requests a technical adjustment to its January budget change proposal implementing workforce initiatives under the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT). The technical adjustments are as follows:

- \$14.2 million in 2025-26 and \$32.1 million in 2026-27 through 2029-30 transferred from item 4140-001-0001 to 4140-002-0001. 57 positions would also be added to this item.
- Reimbursements of \$14.2 million in 2025-26 and \$32.1 million in 2026-27 through 2029-30 transferred from item 4140-001-0001 to 4140-002-0001.
- \$52.4 million in 2025-26 and \$153.2 million in 2026-27 through 2028-29 transferred from item 4140-101-0001 to 4140-102-0001.
- Reimbursements of \$52.4 million in 2025-26 and \$153.2 million in 2026-27 through 2028-29 transferred from item 4140-101-0001 to 4140-102-0001.
- \$28.5 million transferred between programs in item 4140-101-3085.

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Health Care Payments Data Program Funding Adjustment. HCAI requests reduction in expenditure authority of \$7 million (\$3 million General Fund, \$700,000 Health Care Payments Data Fund, and \$3.3 million reimbursements) in 2025-26 and \$16.5 million Health Care Payments Data Fund in 2026-27 that was allocated to support the operations of the Health Care Payments Database in 2025-26. HCAI also requests provisional budget bill language to authorize a one-time revenue transfer to the Health Care Payments Data Fund from the Managed Care Administrative Fines and Penalties Fund.

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Long-Term Care Staffing and Transparency Data Reporting. HCAI requests three positions and expenditure authority from the California Health Data and Planning Fund of 597,000 in 2025-26. If approved, these positions and resources would support implementation of new healthcare data reporting requirements related to the following federal rules: Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting Final Rule.

Multi-Year Funding Request Summary		
Fund Source	2025-26	2026-27
0143 – California Health Data and Planning Fund	\$597,000	\$-
Total Funding Request:	\$597,000	\$-
Total Requested Positions:	3.0	0.0

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Pharmacy Benefit Manager Licensure and Data Requirements. HCAI requests six positions and expenditure authority from the Pharmacy Benefit Manager Fund of \$6.2 million in 2025-26 to implement statutory changes to Pharmacy Benefit Manager licensure and data reporting requirements. This request accompanies trailer bill language proposed under the Department of Managed Health Care. In addition, HCAI requests provisional budget bill language authorizing expenditure of funds after approval of the Post-Implementation Evaluation Report by the California Department of Technology for the Health Care Payments Database Project.

Multi-Year Funding Request Summary		
Fund Source	2025-26	2026-27
3447 – Pharmacy Benefit Managers Fund	\$6,209,000	\$-
Total Funding Request:	\$6,209,000	\$-
Total Requested Positions:	6.0	0.0

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Withdrawal of Relocation Rent Adjustment. HCAI requests reduction in expenditure authority of \$2.4 million (\$839,000 General Fund and \$1.6 million California Health Data and Planning Fund or Data Fund) in 2025-26, \$1.2 million (\$399,000 General Fund and \$765,000 Data Fund) in 2026-27, \$1.2 million (\$416,000 General Fund and \$795,000 Data Fund) in 2027-28, \$1.3 million (\$430,000 General Fund and \$828,000 Data Fund) in 2028-29, and \$1.3 million (\$450,000 General Fund and \$860,000 Data Fund) in 2029-30, to reflect the withdrawal of the January proposal for resources to move HCAI to the May Lee State Office Complex. In previous subcommittee hearings, HCAI indicated the Governor's executive order mandating staff return to the office has caused HCAI to reevaluate its office space needs.

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested HCAI to respond to the following:

1. Please provide a brief overview of these proposals.

Issue 2: Proposition 35 Allocations – Medi-Cal Workforce and Reproductive Health

Local Assistance – May Revision. HCAI reflects local assistance funding provided by Proposition 35, approved by voters in November 2024, for the following initiatives:

- Reproductive Health Services – Proposition 35 allocates \$90 million in calendar years 2025 and 2026 to support abortion and family planning services. HCAI proposes to utilize these funds to support reproductive health investments for emergent needs including loan repayments, scholarships, and education capacity expansion for midwifery.
- Medi-Cal Workforce Development – Proposition 35 allocates \$75 million in calendar years 2025 and 2026 to support Medi-Cal workforce development programs. In addition, HCAI will receive \$75 million in federal matching funds through the Department of Health Care Services, as this program will support Medi-Cal beneficiaries. HCAI has not provided information on how these resources will be allocated.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested HCAI to respond to the following:

1. Please provide a brief overview of these Proposition 35 allocations.

Issue 3: General Fund Solution and Technical Adjustments

General Fund Solution and Technical Adjustments – May Revision. HCAI reflects the following General Fund solution and technical adjustments:

CalRx Biosimilar Insulin Manufacturing Facility Reduction. HCAI requests reduction in General Fund expenditure authority of \$45 million that previously was allocated to support building or acquisition of a manufacturing facility for the state’s partnership to develop biosimilar insulin. According to HCAI, \$5 million of the original \$50 million General Fund allocation would be utilized for another program related to albuterol.

As of publication of this agenda, the subcommittee has not received additional information about this proposal from the Department of Finance.

Technical Adjustment to Chaptered Legislation. HCAI requests reduction in expenditure authority from the Hospital Building Fund of \$268,000 in 2026-27, \$470,000 in 2027-28, \$161,000 in 2028-29, and increased by \$89,000 in 2029-30. These resources would align with estimated costs of implementing the following legislation related to seismic safety: AB 869 (Wood), Chapter 801, Statutes of 2024, SB 1382 (Glazer), Chapter 796, Statutes of 2024, and SB 1447 (Durazo), Chapter 896, Statutes of 2024. These adjustments are to a budget change proposal from the January budget. The requirements of these bills are as follows:

- 1) AB 869 (Wood), Chapter 801, Statutes of 2024, establishes a process for small, rural, critical access, and district hospitals, as well as hospitals that are recipients under the Distressed Hospital Loan Program, to seek a delay of up to three years for the seismic safety compliance deadline of January 1, 2030. Hospitals securing a delay must submit, and receive HCAI approval for, a seismic compliance plan and a Nonstructural Performance Category – 5 evaluation report. HCAI may also extend the delay by an additional two years if certain conditions are met.
- 2) SB 1382 (Glazer), Chapter 796, Statutes of 2024, makes non-hospital affiliated, licensed primary care clinics subject to the building requirements outlined in federal law for clinics to participate in Medicare and Medicaid. The bill prohibits the construction standards for non-hospital affiliated, licensed primary care clinics from being more restrictive than the construction standards for hospital affiliated clinics.
- 3) SB 1447 (Durazo), Chapter 896, Statutes of 2024, allows a delay of the deadline for Children’s Hospital Los Angeles to comply with seismic safety standards for up to three years beyond the 20230 seismic safety compliance deadline if certain specified criteria are met and HCAI grants approval.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested HCAI to respond to the following:

1. Please provide a brief overview of these proposals.

Issue 4: Trailer Bill Language Proposals – CalRx and Community Health Workers

Trailer Bill Language Proposals – May Revision. HCAI proposes trailer bill language on the following topics:

CalRx Partnerships for Emerging Issues in Health Care. According to the Department of Finance’s website, HCAI will propose trailer bill language related to CalRx, allowing the program to contract for brand name drugs in addition to generic drugs. This change would allow CalRx to address potential shortages of certain drugs, such as those for medication of abortion, related to federal or court actions.

As of the publication of this agenda, the subcommittee has not received this trailer bill language or any fact sheets from the Department of Finance.

Community Health Workers Certification. According to the Department of Finance’s website, HCAI will propose trailer bill language related to community health care workers certification.

As of the publication of this agenda, the subcommittee has not received this trailer bill language or any fact sheets from the Department of Finance.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested HCAI to respond to the following:

1. Please provide a brief overview of these trailer bill language proposals.

4265 CALIFORNIA DEPARTMENT OF PUBLIC HEALTH**Issue 1: AIDS Drug Assistance Program (ADAP) Estimate**

ADAP Estimate – May Revision. The May 2025 ADAP Local Assistance Estimate reflects revised 2024-25 expenditures of \$356.3 million (\$241.1 million ADAP Rebate Fund and \$115.2 million federal funds), a decrease of \$36.2 million or 9.2 percent compared to estimates in the January budget. According to CDPH, this decrease is primarily due to lower medication and insurance premium expenditures.

For 2025-26, CDPH estimates ADAP expenditures of \$411.7 million (\$301.4 million ADAP Rebate Fund and \$110.3 million federal funds), a decrease of \$50.6 million or 10.9 percent compared to estimates in the January budget. According to CDPH, the decrease is also primarily due to lower medication and insurance premium expenditures.

ADAP Local Assistance Funding Summary		
Fund Source	2024-25	2025-26
0890 – Federal Trust Fund	\$115,230,000	\$110,263,000
3080 – AIDS Drug Assistance Program Rebate Fund	\$241,072,000	\$301,430,000
Total ADAP Local Assistance Funding	\$356,302,000	\$411,693,000

ADAP tracks caseload and expenditures by client group. CDPH estimates ADAP caseload and expenditures for 2024-25 and 2025-26 will be as follows:

<u>Caseload by Client Group</u>	<u>2024-25</u>	<u>2025-26</u>
Medication-Only	8,493	7,763
Medi-Cal Share of Cost	103	138
Private Insurance	9,826	10,451
Medicare	6,715	6,646
PrEP Assistance Program	6,385	11,746
TOTAL	31,522	36,744

<u>Expenditures by Client Group</u>	<u>2024-25</u>	<u>2025-26</u>
Medication-Only	\$199,527,999	\$218,969,711
Medi-Cal Share of Cost	\$1,185,940	\$1,637,978
Private Insurance	\$108,589,944	\$133,976,598
Medicare	\$17,924,609	\$17,335,700
PrEP Assistance Program	\$15,494,563	\$23,539,968
TOTAL	\$342,723,055	\$395,459,955

Costs for administration of ADAP are estimated to be \$4.8 million in 2024-25 and \$5.3 million in 2025-26. Costs for administration of PrEP-AP are estimated to be \$5.4 million in 2024-25 and \$5.4 million in 2025-26. Enrollment costs are estimated to be \$7.8 million in 2024-25 and \$8.3 million in 2025-26.

In addition, ADAP's pharmacy benefit manager, Magellan Rx Management, contracts with a safety net recovery vendor, Health Management Systems (HMS) to pursue recovery of paid claims when a liable third party is identified post-payment. CDPH estimates recoveries of \$16.4 million in 2024-25 and \$14.7 million in 2025-26.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested CDPH to respond to the following:

1. Please provide a brief overview of the changes to the ADAP Estimate at May Revision.

Issue 2: Genetic Disease Screening Program (GDSP) Estimate

Genetic Disease Screening Program Estimate – May Revision. The May 2025 Genetic Disease Screening Program Estimate includes expenditure authority from the Genetic Disease Testing Fund of \$173.5 million (\$37.6 million state operations and \$136 million local assistance) in 2024-25, and \$174.5 million (\$36.4 million state operations and \$138.1 million local assistance) in 2025-26.

Genetic Disease Screening Program (GDSP) Funding Summary			
	2024-25	2025-26	BY to CY
Fund Source	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
0203 – Genetic Disease Testing Fund			
State Operations:	\$37,574,000	\$36,396,000	(\$1,178,000)
Local Assistance:	\$135,954,000	\$138,119,000	\$2,165,000
Total GDSP Expenditures	\$173,528,000	\$174,515,000	\$987,000

Newborn Screening (NBS) Caseload Estimate: The budget estimates NBS program caseload of 404,023 in 2024-25, an increase of 4,468 or 1.1 percent, compared to 2023-24 actual total caseload of 399,555. The budget estimates NBS program caseload of 402,104 in 2025-26, a decrease of 1,919 or 0.5 percent, compared to the revised 2024-25 estimate. These estimates are based on state projections of the number of live births in California. CDPH assumes 100 percent of children born in California will participate in the NBS program annually.

Prenatal Screening (PNS) Caseload Estimate: The budget estimates PNS program caseload of 201,875 cfDNA specimens in 2024-25, a decrease of 598 or 0.3 percent, compared to 2023-24 actual total caseload of 202,473 specimens. The budget estimates PNS program caseload of 200,911 cfDNA specimens in 2025-26, a decrease of 964 or 0.5 percent, compared to the revised 2024-25 estimate. These estimates are based on state projections of the number of live births in California, with 50 percent projected to participate in PNS in 2024-25 and 50 percent in 2025-26.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested CDPH to respond to the following:

1. Please provide a brief overview of the caseload and expenditure changes for the Newborn Screening Program.
2. Please provide a brief overview of the caseload and expenditure changes for the Prenatal Screening Program.

Issue 3: Women, Infants, and Children (WIC) Program Estimate

WIC Program Estimate – Governor’s Budget. The May 2025 Women, Infants, and Children (WIC) Program Estimate includes total expenditure authority of \$1.4 billion (\$1.2 billion federal funds and \$192.7 million WIC manufacturer rebate funds) in 2024-25 and \$1.5 billion (\$1.3 billion federal funds and \$186.3 million WIC manufacturer rebate funds) in 2025-26. The federal fund amounts include state operations costs of \$69.5 million in 2024-25 and \$71.1 million in 2025-26.

Women, Infants, and Children (WIC) Funding Summary			
	2024-25	2025-26	BY to CY
Fund Source	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
0890 – Federal Trust Fund			
State Operations:	\$69,473,000	\$71,105,000	\$1,632,000
Local Assistance:	\$1,173,581,000	\$1,206,925,000	\$33,344,000
3023 – WIC Manufacturer Rebate Fund			
Local Assistance:	\$192,652,000	\$186,267,000	(\$6,385,000)
Total WIC Expenditures	\$1,435,706,000	\$1,464,297,000	\$28,591,000

Caseload Estimates. The budget assumes 1,004,181 average monthly WIC participants in 2024-25, a decrease of 6,494 or 0.6 percent compared to estimates in the January budget. The budget assumes 1,013,240 average monthly WIC participants in 2025-26, a decrease of 18,651, or 1.8 percent, compared to the estimates in the January budget.

Food Expenditures Estimate. The budget includes \$1 billion (\$831.9 million federal funds and \$192.7 million WIC Manufacturer Rebate Fund) in 2024-25 for WIC program food expenditures, a decrease of \$5.6 million or 0.5 percent, compared to estimates included in the January budget. According to CDPH, the decrease in costs is due to a decrease in estimated participation.

The budget includes \$1.1 billion (\$865.2 million federal funds and \$186.3 million WIC Manufacturer Rebate Fund) in 2025-26 for WIC program food expenditures, a decrease of \$20.4 million or 1.9 percent compared to estimates included in the January budget. According to CDPH, the decrease in costs is due to a decrease in estimated participation and a lower food inflation rate.

Nutrition Services and Administration (NSA) Estimate. The budget includes \$341.7 million for other local assistance expenditures for the NSA budget in 2024-25 and 2025-26, unchanged from the January budget. The budget also includes \$69.5 million for state operations expenditures in 2024-25 and \$71.1 million in 2025-26, unchanged from the January budget.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CDPH to respond to the following:

1. Please provide a brief overview of the caseload and expenditure changes for the WIC program.

Issue 4: Budget Change Proposals – May Revision

Budget Change Proposals – May Revision. CDPH requests expenditure authority to support the following budget change proposals at May Revision:

Workload Budget Change Proposals

Behavioral Health Transformation – Behavioral Health Services Act Continued Implementation. CDPH requests expenditure authority from the Behavioral Health Services Fund of \$7.4 million in 2025-26. If approved, these resources would support implementation of population-level prevention and behavioral health initiatives, pursuant to the Behavioral Health Services Act, SB 326 (Eggman), Chapter 790, Statutes of 2024, and Proposition 1, approved by voters in March 2024.

Multi-Year Funding Request Summary – Behavioral Health Transformation		
Fund Source	2025-26	2026-27
3085 – Behavioral Health Services Fund	\$7,355,000	\$-
Total Funding Request:	\$7,355,000	\$-
Total Requested Positions:	0.0	0.0

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

California Syndromic Surveillance Reappropriation. CDPH requests reappropriation of expenditure authority from the Opioid Settlements Fund of up to \$2.5 million, originally authorized in the 2022 Budget Act. If approved, this reappropriation of resources would support implementation of the California Syndromic Surveillance Program (CalSyS), respond to the state’s overdose epidemic by tracking early symptoms data on opioid overdoses statewide, and enable hospitals to meet statewide requirements in SB 159 (Committee on Budget and Fiscal Review), Chapter 40, Statutes of 2024.

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Center for Health Care Quality (CHCQ) Acute Psychiatric Hospital Investigation Support. CDPH requests five positions and expenditure authority from the Licensing and Certification Fund of \$1 million annually. If approved, these positions and resources would support investigations of complaints at acute psychiatric hospitals. CDPH also requests trailer bill language to authorize the promulgation of emergency regulations for oversight of acute psychiatric hospitals.

Multi-Year Funding Request Summary – Acute Psychiatric Hospital Investigations		
Fund Source	2025-26	2026-27*
3098 – Licensing and Certification Fund	\$1,029,000	\$1,029,000
Total Funding Request:	\$1,029,000	\$1,029,000
Total Requested Positions:	5.0	5.0

* Positions and resources ongoing after 2026-27.

As of the publication of this agenda, the subcommittee has not received this budget change proposal or associated trailer bill language from the Department of Finance.

CHCQ Operations Support. CDPH requests eight positions and expenditure authority of from the Licensing and Certification Fund of \$1.5 million annually. If approved, these positions and resources would support operations within the Center for Health Care Quality.

Multi-Year Funding Request Summary – CHCQ Operations Support		
Fund Source	2025-26	2026-27*
3098 – Licensing and Certification Fund	\$1,499,000	\$1,499,000
Total Funding Request:	\$1,499,000	\$1,499,000
Total Requested Positions:	8.0	8.0

* Positions and resources ongoing after 2026-27.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

CHCQ Generative Artificial Intelligence (GenAI) Contract. CDPH requests expenditure authority from the Internal Departmental Quality Improvement Account to support a minimum viable product contract for generative artificial intelligence (GenAI) to improve investigations within the Center for Health Care Quality.

Multi-Year Funding Request Summary – CHCQ GenAI Contract		
Fund Source	2025-26	2026-27
0942 – Internal Departmental Quality Improvement Acct	\$8,000,000	\$-
Total Funding Request:	\$8,000,000	\$-
Total Requested Positions:	0.0	0.0

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Industrial Hemp Compliance Enforcement. CDPH requests General Fund expenditure authority of \$758,000 in 2025-26. If approved, these resources would support compliance enforcement of the manufacturing and distribution of industrial hemp products, as required by AB 45 (Aguiar-Curry), Chapter 576, Statutes of 2021, and associated emergency regulations.

Multi-Year Funding Request Summary – Industrial Hemp Compliance		
Fund Source	2025-26	2026-27
0001 – General Fund	\$758,000	\$-
Total Funding Request:	\$758,000	\$-

Total Requested Positions:	0.0	0.0
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AB 45 (Aguiar-Curry), Chapter 576, Statutes of 2021, authorized the Industrial Hemp Enrollment and Oversight Fund for the collection of fees to establish and maintain a robust industrial hemp inspections and enforcement program to protect California residents. CDPH funding received in 2021 was predicated on the expectation that licensing fees would become self-sustaining after three years. According to CDPH, revenue has been far less than projected and new enforcement and investigative work requires more resources than the fund can support. As a result, CDPH is requesting General Fund resources, as the Industrial Hemp Enrollment and Oversight Fund has insufficient revenue to cover program activities in 2025-26. This funding would support the following existing positions:

- **Two Investigators** conduct investigations of industrial hemp processors, manufacturers, warehouses, and distributors; conduct complaint investigations; prepare investigational supports; and make appropriate disposition of cases based on adequacy of evidence or procedures.
- **0.3 Food and Drug Unit Chief** provides initial oversight of the industrial hemp enforcement activities.
- **0.8 Food and Drug Program Specialist** provides enforcement coordination with allied state and local law enforcement agencies.

Maintenance and Operations for California Vaccine Management System. CDPH requests General Fund expenditure authority of \$31.5 million in 2025-26. If approved, these resources would support maintenance and operations of the California Vaccine Management System (myCAVax).

Multi-Year Funding Request Summary – Maintenance and Operations for myCAVax		
Fund Source	2025-26	2026-27
0001 – General Fund	\$31,451,000	\$-
Total Funding Request:	\$31,451,000	\$-
Total Requested Positions:	0.0	0.0

The California Vaccine Management System (myCAVax) connects vaccination providers and local health departments with tools and functionality for managing and administering vaccines. The system supports the Vaccines for Children (VFC) program, Vaccines for Adults (VFA), and the LHD 317 and State General Fund vaccine programs for individuals with limited access to healthcare. The Governor's January budget included no resources to continue myCAVax. According to advocates, continued operation of the system would cost \$44 million. CDPH request at May Revision is for \$31.5 million for myCAVax.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Sustaining Wastewater Surveillance for Infectious Diseases. CDPH requests General Fund expenditure authority of \$3.2 million in 2025-26. If approved, these resources would support a wastewater surveillance program in all regions of California.

Multi-Year Funding Request Summary – Wastewater Surveillance		
Fund Source	2025-26	2026-27
0001 – General Fund	\$3,249,000	\$-
Total Funding Request:	\$3,249,000	\$-
Total Requested Positions:	0.0	0.0

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Transgender Wellness and Equity Reappropriation. CDPH requests reappropriation of expenditure authority from the Transgender Wellness and Equity Fund of \$7.2 million. If approved, this reappropriation of resources would support continuation of existing gender health equity programs within the Office of Health Equity Gender Health Equity Section.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Vital Records Staffing Resources. CDPH requests expenditure authority from the Health Statistics Special Fund of \$2.4 million in 2025-26 through 2027-28, and \$1.7 million annually thereafter. If approved, these resources would support efforts to eliminate backlogs in requests for vital records and reduce wait times by one to three months.

Multi-Year Funding Request Summary – Vital Records Staffing		
Fund Source	2025-26	2026-27*
0099 – Health Statistics Special Fund	\$2,408,00	\$2,408,000
Total Funding Request:	\$2,408,000	\$2,408,000
Total Requested Positions:	0.0	0.0

* Additional fiscal year resources requested – 2027-28: \$2,408,000; 2028-29 and ongoing: \$1,740,000.

CDPH's Center for Health Statistics and Informatics (CHSI) is responsible for registering and issuing certified copies of birth, marriage, death, and fetal death records, and creating and distributing vital statistics data products to researchers and government. CHSI directly processes 5.3 percent of requests and oversees local county offices that process the remaining 95 percent. According to CDPH, CHSI has not added staff in over 11 years, while workload has increased. As a result, processing time for vital records requests has increased from an expected two weeks, to seven to nine weeks currently. CDPH plans to administratively establish the following positions supported with the requested funding:

Vital Records Issuance Branch – 12 positions

- **Two Program Technician III** positions and **ten Program Technician II** positions would handle incoming mail; search CDPH databases, film reels, and physical certificates for original records; contact local county recorder offices to locate records not found in the database; scan and print birth, death, or marriage certificates; and perform quality control before mailing out requests.

Research and Analytics Branch – One position

- **One Research Data Specialist I** position would serve as subject matter expert to improve disaster-related mortality reporting by training coroners and local health jurisdictions to correctly identify disaster-related deaths in concurrence with national guidance.

Operations Branch – One position

- **One Associate Governmental Program Analyst (AGPA)** would implement revenue processing, tracking, and monitoring; receive and log all checks and cash remitted to the state; ensure fees are remitted to the State Registrar's Office; resolve fee discrepancies; track, monitor, and maintain revenue tracking tools; analyze data maintained in these trackers for allocating fees to individual funds; projecting workload; projecting revenues; and identifying counties that are not remitting the mandated fees.

Vital Records Registration Branch – Four positions

- **Two Program Technician II** positions in the Customer Service Unit would field calls in the customer service unit.
- **Two Program Technician II** positions in the Birth and Marriage Registration Unit would assist with birth registration; provide helpdesk assistance to external stakeholders with birth and marriage registration related inquiries; process incoming mail; filing marriage records; and processing previous years of marriage records that have not been scanned and indexed.

Death Registration Unit – One position

- **One Program Technician II** position would assist with the review and registration of death and fetal records, death and fetal death certificate amendment processing, and death help desk calls and emails.

Legislative Budget Change Proposals

Anti-Fraud Death Data Files (SB 1511). CDPH requests expenditure authority from the Health Statistics Special Fund of \$492,000 annually. If approved, these resources would support implementation of new requirements related to death registration, pursuant to the requirements of SB 1511 (Committee on Budget and Fiscal Review), Chapter 492, Statutes of 2024.

Multi-Year Funding Request Summary – Anti-Fraud Death Data Files (SB 1511)		
Fund Source	2025-26	2026-27*

0099 – Health Statistics Special Fund	\$492,000	\$492,000
Total Funding Request:	\$492,000	\$492,000
Total Requested Positions:	0.0	0.0

* Resources ongoing after 2026-27.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Coroners Duties (AB 1859). CDPH requests one position and General Fund expenditure authority of \$288,000 annually. If approved, these resources would support analysis and posting of xylazine overdose data gathered by coroners to the California Overdose Surveillance Dashboard, pursuant to the requirements of AB 1859 (Alanis), Chapter 684, Statutes of 2024.

Multi-Year Funding Request Summary – Coroners Duties (AB 1859)		
Fund Source	2025-26	2026-27*
0099 – Health Statistics Special Fund	\$288,000	\$288,000
Total Funding Request:	\$288,000	\$288,000
Total Requested Positions:	1.0	1.0

* Positions and resources ongoing after 2026-27.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Data Collection – Sexual Orientation, Gender Identity, and Intersex Status (SB 957). CDPH requests three positions and General Fund expenditure authority of \$538,000 annually. If approved, these resources would support implementation of changes and preparation of reports to comply with the requirements of SB 957 (Wiener), Chapter 868, Statutes of 2024.

Multi-Year Funding Request Summary – SOGI and Intersex Data Collection (SB 957)		
Fund Source	2025-26	2026-27*
0099 – Health Statistics Special Fund	\$538,000	\$538,000
Total Funding Request:	\$538,000	\$538,000
Total Requested Positions:	3.0	3.0

* Positions and resources ongoing after 2026-27.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Online Accreditation and Certification Application System Development (SB 1076). CDPH requests net decrease of expenditure authority of \$2.8 million in 2025-26. The net expenditures consist of a decrease of \$5 million of Lead Related Construction Fund and a \$2.2 million increase in General Fund. If approved, these resources would support the development of an online accreditation and application system for firms

and individuals who perform lead renovation, repair, and painting work, pursuant to SB 1076 (Archuleta), Chapter 507, Statutes of 2022.

Multi-Year Funding Request Summary – Online System for Lead Contractors (SB 1076)		
Fund Source	2025-26	2026-27
0001 – General Fund	\$2,196,000	\$-
3155 – Lead Related Construction Fund	(\$4,989,000)	\$-
Total Funding Request:	(\$2,793,000)	\$-
Total Requested Positions:	0.0	0.0

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Health Facility Patient Safety and Anti-discrimination (SB 3161). CDPH requests expenditure authority from the Licensing and Certification Fund of \$1.1 million in 2025-26. If approved these resources would support oversight of hospital patient safety plans to include demographic data on injured patients to address racism and discrimination in health care, pursuant to the requirements of AB 3161 (Bonta), Chapter 757, Statutes of 2024.

Multi-Year Funding Request Summary – Patient Safety and Anti-Discrimination (AB 3161)		
Fund Source	2025-26	2026-27
0001 – General Fund	\$1,112,000	\$-
Total Funding Request:	\$1,112,000	\$-
Total Requested Positions:	0.0	0.0

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested CDPH to respond to the following:

1. Please provide a brief overview each of these budget change proposals for May Revision.

Issue 5: General Fund Solutions – May Revision

General Fund Solutions – May Revision. CDPH proposes the following General Fund solutions to address the General Fund shortfall at May Revision:

Reversion of Unspent Public Health Funds Adjustments. CDPH requests reversion of General Fund expenditure authority of \$31 million. If approved, these reversions would eliminate unspent funding for the following public health programs:

- Sexually Transmitted Disease Prevention - \$1 million, from \$1 million originally authorized in the 2023 Budget Act.
- Public Health Workforce Development and Engagement - \$1.4 million, from \$3.2 million originally authorized in the 2023 Budget Act.
- Public Health Pathways Training Corps - \$840,000, from \$8 million originally authorized in the 2023 Budget Act.
- Microbiologist Training - \$1.3 million, from \$2.8 million originally authorized in the 2023 Budget Act.
- Lab Aspire Program - \$1.7 million, from \$5.4 million originally authorized in the 2023 and 2022 Budget Acts
- California Epidemiological Investigation Service (CalEIS) Fellowship - \$1.7 million, of \$3.2 million originally authorized in the 2023 Budget Act.
- Hepatitis C Prevention - \$1 million, from \$1 million originally authorized in the 2023 Budget Act.
- Increased Capacity, Training, and Care for LGBTQ+ Foster Youth - \$4 million, from \$5 million originally authorized in the 2022 Budget Act.
- Hospice Fraud Task Force - \$1 million, from \$1 million originally authorized in the 2022 Budget Act.
- Extreme Heat Action Plan - \$900,000, from \$3 million originally authorized in the 2022 Budget Act.
- California Reducing Disparities Project - \$15.8 million, from \$58.1 million originally authorized in the 2021 Budget Act.
- Hepatitis C Testing Kits - \$328,000, from \$1 million originally authorized in the 2021 Budget Act.

Lesbian, Bisexual, Queer (LBQ) Women’s Health Equity Funding Expiration. CDPH requests to allow General Fund expenditure authority of \$15.5 million, originally authorized in the 2019 Budget Act, to expire. This funding was intended to support a local comprehensive grant program to address Lesbian, Bisexual, and Queer (LBQ) women’s health disparities and to fund research targeting LBQ women’s health needs and an inventory of existing programs. According to CDPH, it has been unable to spend this allocation to implement the program prior to expiration of the funding authority. The Administration declined to reappropriate this funding to allow continued operation of the program, but instead has chosen to realize the expired funding as General Fund savings to address the General Fund shortfall.

Elimination of Public Health Workforce Development and Engagement Program. CDPH requests a reversion of General Fund expenditure authority of \$3.2 million that supports the Public Health Workforce Development and Engagement Program, which supports public health workforce upskilling.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested CDPH to respond to the following:

1. Please provide a brief overview of these General Fund solutions.

Issue 6: Technical Adjustments – May Revision

Technical Adjustments – May Revision. CDPH requests the following technical adjustments at May Revision:

Maintain Food Safety and Epidemiology Contract Services. CDPH requests shift of expenditure authority from the Food Safety Fund of \$45,000 from local assistance to state operations. If approved, this shift would allow CDPH to maintain existing contract services with the University of California, Davis to support the California Epidemiologic Investigation Service Fellowship Program.

Mental Health and Impacts of Social Media Adjustment (AB 1282). CDPH requests shift of expenditure authority from the Behavioral Health Services Fund of \$100,000 in 2025-26 and \$50,000 in 2026-27 from local assistance to state operations, to reflect changes since the January budget to the proposed resources to implement AB 1282 (Lowenthal), Chapter 807, Statutes of 2024.

Public Contract Code Exemption for Emergencies and Threats. CDPH requests budget bill language to exempt from the Public Contract Code requirements for department operations supporting preparedness and response during emergencies and imminent threats with the potential for significant public health impacts.

Proposition 99 Expenditure Adjustments. CDPH requests the following adjustments to Proposition 99 tobacco tax expenditure accounts to reflect updated tax revenue:

- Research Account - \$723,000 reduction
- Unallocated Account - \$286,000 reduction
- Health Education Account - \$6.3 million reduction

Adjustment to Reflect Available Resources in the Breast Cancer Fund. CDPH requests a reduction in expenditure authority of \$10,000 in the Breast Cancer Research Account of the Breast Cancer Fund to reflect updated tobacco tax revenue estimates.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested CDPH to respond to the following:

1. Please provide a brief overview of these adjustments.

4260 DEPARTMENT OF HEALTH CARE SERVICES**Issue 1: May 2025 Medi-Cal Local Assistance Estimate**

Local Assistance Estimate – Governor’s Budget. The May 2025 Medi-Cal Local Assistance Estimate includes \$174.6 billion (\$37.6 billion General Fund, \$107.5 billion federal funds, and \$29.5 billion special funds and reimbursements) for expenditures in 2024-25, and \$188.1 billion (\$42.1 billion General Fund, \$118.1 billion federal funds, and \$28 billion special funds and reimbursements) for expenditures in 2025-26.

Medi-Cal Local Assistance Funding Summary			
Fiscal Year:	2024-25 (CY)	2025-26 (BY)	CY to BY
<u>Benefits</u>			
Fund Source	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
General Fund	\$36,026,962,000	\$43,300,822,000	\$7,273,860,000
Federal Funds	\$102,454,007,000	\$112,751,300,000	\$10,297,293,000
Special Funds/Reimbursements	\$32,890,909,000	\$31,008,696,000	(\$1,882,213,000)
Total Expenditures	\$171,371,878,000	\$187,060,818,000	\$15,688,940,000
<u>County and Other Local Assistance Administration</u>			
Fund Source	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
General Fund	\$1,408,976,000	\$1,308,903,000	(\$100,073,000)
Federal Funds	\$6,180,313,000	\$6,022,645,000	(\$157,668,000)
Special Funds and Reimbursements	\$44,174,000	\$125,055,000	\$80,881,000
Total Expenditures	\$7,633,463,000	\$7,456,603,000	(\$176,860,000)
<u>TOTAL MEDI-CAL LOCAL ASSISTANCE EXPENDITURES</u>			
Fund Source	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
General Fund	\$37,435,938,000	\$44,609,725,000	\$7,173,787,000
Federal Funds	\$108,634,320,000	\$118,773,945,000	\$10,139,625,000
Special Funds and Reimbursements	\$32,935,083,000	\$31,133,751,000	(\$1,801,332,000)
Total Expenditures	\$179,005,341,000	\$194,517,421,000	\$15,512,080,000

Caseload. In 2024-25, the budget assumes annual Medi-Cal caseload of 15 million, a decrease of 18,300 beneficiaries, or 0.1 percent, compared to assumptions in the January budget. The department estimates 93.6 percent of Medi-Cal beneficiaries, or 14 million, will receive services through the managed care delivery system while 6.4 percent, or 962,006, will receive services through the fee-for-service delivery system.

In 2025-26, the budget assumes annual Medi-Cal caseload of 14.8 million, an increase of 348,200 beneficiaries, or 2.4 percent, compared to assumptions in the January budget. The department estimates 93.6 percent of Medi-Cal beneficiaries, or 13.9 million, will receive services through the managed care delivery system while 6.4 percent, or 951,797, will receive services through the fee-for-service delivery system.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested DHCS to respond to the following:

1. Please provide a brief overview of the significant General Fund changes in the Medi-Cal program in the 2024-25 and 2025-26 fiscal years, as reflected in the May Revision Estimate.

Issue 2: May 2025 Family Health Local Assistance Estimate

Local Assistance Estimate – Governor’s Budget. The November 2024 Family Health Local Assistance Estimate includes \$247.2 million (\$215.3 million General Fund, \$5.2 million federal funds, and \$26.7 million special funds and reimbursements) for expenditures in 2023-24, and \$250.9 million (\$218.9 million General Fund, \$5.5 million federal funds, and \$26.5 million special funds and reimbursements) for expenditures in 2024-25.

Family Health Local Assistance Funding Summary			
Fiscal Year:	2024-25 (CY)	2025-26 (BY)	CY to BY
<u>California Children’s Services (CCS)</u>			
Fund Source	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
General Fund	\$76,215,000	\$85,155,000	\$8,940,000
Special Funds/Reimbursements	\$7,454,000	\$6,292,000	(\$1,162,000)
County Funds [non-add]	[\$83,669,000]	[\$90,716,000]	[\$7,149,000]
Total CCS Expenditures	\$83,669,000	\$91,447,000	\$7,778,000
<u>Genetically Handicapped Persons Program (GHPP)</u>			
Fund Source	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
General Fund	\$194,547,000	\$163,174,000	(\$31,373,000)
Special Funds and Reimbursements	\$535,000	\$459,000	(\$76,000)
Total GHPP Expenditures	\$195,082,000	\$163,633,000	(\$31,449,000)
<u>Every Woman Counts Program (EWC)</u>			
Fund Source	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
General Fund	\$-	\$-	\$-
Federal Funds	\$5,518,000	\$5,787,000	\$269,000
Special Funds and Reimbursements	\$10,602,000	\$13,758,000	\$444,000
Total EWC Expenditures	\$18,832,000	\$19,545,000	\$713,000
<u>TOTAL FAMILY HEALTH EXPENDITURES</u>			
Fund Source	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
General Fund	\$270,762,000	\$248,329,000	(\$22,433,000)
Federal Funds	\$5,518,000	\$5,787,000	\$269,000
Special Funds and Reimbursements	\$21,303,000	\$20,509,000	(\$794,000)
County Funds [non-add]	[\$83,567,000]	[\$90,716,000]	[\$7,149,000]
Total Family Health Expenditures	\$297,583,000	\$274,625,000	(\$22,958,000)

Background. The Family Health Estimate forecasts the current and budget year local assistance expenditures for three state-only funded programs that provide services for low-income children and adults with special health care needs who do not qualify for enrollment in the Medi-Cal program.

The programs included in the Family Health Estimate are:

- **California Children’s Services (CCS):** The CCS program, established in 1927, is one of the oldest public health care programs in the nation and is administered in partnership with county health departments. The CCS state-only program provides health care services to children up to age 21 who have a CCS-eligible condition such as: cystic fibrosis, hemophilia, cerebral palsy, heart disease, cancer or traumatic injury; and either do not qualify for full-scope Medi-Cal or whose families cannot afford the catastrophic health care costs for the child’s care. CCS costs for Medi-Cal eligible children are reflected in the Medi-Cal Local Assistance Estimate.
 - Caseload Estimate (Medi-Cal): The budget estimates Medi-Cal CCS caseload of 174,837 in 2024-25, an increase of 1,579 or 0.9 percent, compared to estimates in the January budget. The budget estimates Medi-Cal CCS caseload of 174,064 in 2025-26, an increase of 806 or 0.5 percent, compared to estimates in the January budget.
 - Caseload Estimate (State-Only): The budget estimates state-only CCS caseload of 13,965 in 2024-25, a decrease of 1,087 or 7.2 percent, compared to estimates in the January budget. The budget estimates state-only CCS caseload of 14,284 in 2025-26, a decrease of 768 or 5.1 percent, compared to estimates in the January budget.
- **Genetically Handicapped Persons Program (GHPP):** The GHPP program, established in 1975, provides medically necessary services and administrative case management for individuals age 21 and over with a GHPP-eligible condition such as cystic fibrosis, hemophilia, sickle cell, Huntington’s, or metabolic diseases. The GHPP state-only program is for those individuals who do not qualify for full-scope Medi-Cal. GHPP costs for Medi-Cal eligible individuals are reflected in the Medi-Cal Local Assistance Estimate
 - Caseload Estimate (Medi-Cal): The budget estimates Medi-Cal GHPP caseload of 641 in 2024-25, a decrease of 114 or 15.1 percent, compared to estimates in the January budget. The budget estimates Medi-Cal GHPP caseload of 612 in 2025-26, a decrease of 143 or 18.9 percent, compared to estimates in the January budget.
 - Caseload Estimate (State-Only): The budget estimates state-only GHPP caseload of 624 in 2024-25, a decrease of 77 or 11 percent, compared to estimates in the January budget. The budget estimates state-only GHPP caseload of 599 in 2025-26, a decrease of 102 or 14.6 percent, compared to estimates in the January budget.
- **Every Woman Counts (EWC) Program:** The EWC program provides free breast and cervical cancer screening and diagnostic services to uninsured and underinsured women who do not qualify for Medi-Cal. Women diagnosed with breast or cervical cancer may be referred to the Breast and Cervical Cancer Treatment Program (BCCTP).
 - Caseload Estimate: The budget estimates EWC caseload of 8,786 in 2024-25, a decrease of 3,902 or 30.8 percent, compared to estimates in the January budget. The budget estimates EWC caseload

of 9,255 in 2025-26, a decrease of 3,590 or 27.9 percent compared to estimates in the January budget.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested DHCS to respond to the following:

1. Please provide a brief overview of the significant changes in Family Health Estimate programs in the 2024-25 and 2025-26 fiscal years, as reflected in the May Revision.

Issue 3: Budget Change Proposals – May Revision

Budget Change Proposals and Trailer Bill Language – May Revision. DHCS is requesting expenditure authority and trailer bill language for the following budget change proposals:

988 Suicide and Crisis Lifeline Allocation Increase. DHCS requests expenditure authority from the 988 State Suicide and Behavioral Health Crisis Services Fund of \$17.5 million in 2025-26. If approved, these resources would support managing an increase in 988 contact volume, including growth in 988 calls, chats, and texts.

Multi-Year Funding Request Summary – 988 Suicide and Crisis Lifeline		
Fund Source	2025-26	2026-27
3414 – 988 State Suicide and BH Crisis Services Fund	\$17,500,000	\$-
Total Funding Request:	\$17,500,000	\$-
Total Requested Positions:	0.0	0.0

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Behavioral Health Infrastructure Bond Act. DHCS requests 22 positions and expenditure authority from the Behavioral Health Infrastructure Fund of \$13.5 million annually. If approved, these positions and resources would support implementation of the Behavioral Health Continuum Infrastructure Program expanded through AB 531 (Irwin), Chapter 789, Statutes of 2023, and Proposition 1, the Behavioral Health Bond Act.

Multi-Year Funding Request Summary – Behavioral Health Infrastructure Bond Act		
Fund Source	2025-26	2026-27*
6092 – Behavioral Health Infrastructure Fund	\$13,522,000	\$13,522,000
Total Funding Request:	\$13,522,000	\$13,522,000
Total Requested Positions:	22.0	22.0

* Positions and resources ongoing after 2026-27.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Centers for Medicare and Medicaid Services (CMS) Interoperability. DHCS requests eight positions and expenditure authority of \$1.1 million (\$194,000 General Fund and \$909,000 federal funds) in 2025-26 and \$1.1 million (\$270,000 General Fund and \$811,000 federal funds) annually thereafter. If approved, these

Multi-Year Funding Request Summary – CMS Interoperability		
Fund Source	2025-26	2026-27*
0001 – General Fund	\$194,000	\$270,000

0890 – Federal Trust Fund	\$909,000	\$811,000
Total Funding Request:	\$1,103,000	\$1,081,000
Total Requested Positions:	8.0	8.0

* Positions and resources ongoing after 2026-27.

As of the publication of this agenda, the subcommittee has not received this budget change proposal or associated trailer bill language from the Department of Finance.

Federally Qualified Health Center (FQHC) Policy Guide. DHCS requests expenditure authority of \$700,000 (\$350,000 federal funds and \$350,000 reimbursements) in 2025-26. If approved, these resources would support engagement with stakeholders to develop a consolidated policy manual or similar resource to comprehensively document the FQHC prospective payment system. These resources are supported by a grant from the California Health Care Foundation.

Multi-Year Funding Request Summary – CHCQ GenAI Contract		
Fund Source	2025-26	2026-27
0890 – Federal Trust Fund	\$350,000	
0995 – Reimbursements	\$350,000	\$-
Total Funding Request:	\$700,000	\$-
Total Requested Positions:	0.0	0.0

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Human Resources Plus Modernization (HR+ Mod). DHCS requests three positions and expenditure authority of \$3.7 million (\$1.8 million General Fund and \$1.8 million federal funds) in 2025-26 and \$2.8 million (\$1.4 million General Fund and \$1.4 million federal funds) annually thereafter. If approved, these positions and resources would support planning, procurement, and project costs to modernize human resources and related fiscal systems business technology.

Multi-Year Funding Request Summary – HR+ Modernization		
Fund Source	2025-26	2026-27*
0001 – General Fund	\$1,831,000	\$1,382,000
0890 – Federal Trust Fund	\$1,829,000	\$1,381,000
Total Funding Request:	\$3,660,000	\$2,763,000
Total Requested Positions:	3.0	3.0

* Positions and resources ongoing after 2026-27.

According to DHCS, currently a mix of manually intensive processes and aging legacy systems are used to support the department's workforce needs. Processes and systems are ineffective, inefficient, and not compliant with current security requirements. The department is pursuing a modern human capital management system to improve operations and resource management, and is currently awaiting approval

of its Stage 2 Alternatives Analysis as part of the Project Approval Lifecycle at the Department of Technology.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Medicaid Managed Care, Access, and Eligibility Final Rules. DHCS requests 47 positions and expenditure authority of \$7.8 million (\$3.9 million General Fund and \$3.9 million federal funds) in 2025-26. If approved, these resources would support implementation and planning, as well as increased workload, due to recently released federal regulations related to access to care, transparency, and quality. DHCS also requests trailer bill language related to this proposal.

Multi-Year Funding Request Summary – Medicaid Managed Care, Access, and Eligibility		
Fund Source	2025-26	2026-27*
0001 – General Fund	\$3,908,000	\$-
0890 – Federal Trust Fund	\$3,908,000	\$-
Total Funding Request:	\$7,816,000	\$-
Total Requested Positions:	47.0	47.0

* Positions ongoing after 2026-27.

As of the publication of this agenda, the subcommittee has not received this budget change proposal or associated trailer bill language from the Department of Finance.

Transforming Maternal Health (TMaH) Model. DHCS requests two positions and federal fund expenditure authority of \$1.1 million in 2025-26, \$1.8 million in 2026-27, \$1.3 million in 2027-28, \$3.5 million in 2028-29, and \$2.3 million annually thereafter. If approved, these positions and resources would support implementation of the Transforming Maternal Health (TMaH) Model, pursuant to a federal grant.

Multi-Year Funding Request Summary – Transforming Maternal Health Model		
Fund Source	2025-26	2026-27*
0890 – Federal Trust Fund	\$1,100,000	\$1,782,000
Total Funding Request:	\$1,100,000	\$1,782,000
Total Requested Positions:	2.0	2.0

* Additional fiscal year resources requested – 2027-28: \$1,282,000; 2028-29: \$3,482,000; 2029-30 and ongoing: \$2,282,000.

According to DHCS, California was one of 15 states selected by the federal Centers for Medicare and Medicaid Services to implement a ten-year Medicaid and Children’s Health Insurance Program delivery and payment model designed to improve maternal health outcomes, reduce costs, and address serious gaps in health care. These resources would be used to implement the model in five Central Valley counties including Fresno, Kern, Kings, Madera, and Tulare.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Behavioral Health Transformation – Behavioral Health Services Act Continued Implementation. DHCS requests 104 positions and expenditure authority of \$131 million (\$52 million federal funds and \$79 million Behavioral Health Services Fund) in 2025-26, \$80.1 million (\$26.1 million federal funds and \$54 million Behavioral Health Services Fund) in 2026-27, and \$18.1 million (\$9.1 million federal funds and \$9 million Behavioral Health Services Fund) annually thereafter. If approved, these positions and resources would support efforts to modernize the Mental Health Services Act and improve statewide accountability and access to behavioral health services, pursuant to the Behavioral Health Services Act, SB 326 (Eggman), Chapter 790, Statutes of 2024, and Proposition 1, approved by voters in March 2024.

Multi-Year Funding Request Summary – Behavioral Health Transformation		
Fund Source	2025-26	2026-27*
0890 – Federal Trust Fund	\$52,045,000	\$26,109,000
3085 – Behavioral Health Services Fund	\$79,000,000	\$54,000,000
Total Funding Request:	\$131,045,000	\$80,109,000
Total Requested Positions:	104.0	104.0

* Additional fiscal year resources requested – 2027-28 and ongoing: \$18,109,000.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Long-Term Care Staffing and Payment Transparency Final Rule. DHCS requests eight positions and expenditure authority of \$2.6 million (\$1.4 million federal funds and \$1.2 million Long-Term Care Quality Assurance Fund) in 2025-26. If approved, these positions and resources would support implementation of new federal rules and program support workload related to new federal final rules.

Multi-Year Funding Request Summary – LTC Staffing and Payment Transparency Final Rule		
Fund Source	2025-26	2026-27*
0890 – Federal Trust Fund	\$1,369,000	\$-
3213 – Long-Term Care Quality Assurance Fund	\$1,247,000	\$-
Total Funding Request:	\$2,616,000	\$-
Total Requested Positions:	8.0	8.0

* Positions ongoing after 2026-27.

According to DHCS, the federal Centers for Medicare and Medicaid Services (CMS) have implemented two new federal rules driving new workload in the Medi-Cal program. The Minimum Staffing Standards for Long-Term Care Facilities establishes federal minimum hours per resident staffing requirements for long-term care facilities, establishes a hardship exemption process, and increases facility staffing assessment requirements. The Medicaid Institutional Payment Transparency Reporting rule requires state Medicaid agencies to calculate, report, and publish the percentage of Medicaid payments for services in skilled nursing facilities and intermediate care facilities for individuals with intellectual disabilities that

are spent on compensation for direct care workers and support staff in both the fee-for-service and managed care delivery systems.

As of the publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested DHCS to respond to the following:

1. Please provide a brief overview of these budget change proposals and associated trailer bill language.

Issue 4: General Fund Solutions – May Revision

General Fund Solutions – May Revision. DHCS proposes the following General Fund solutions at the May Revision, along with implementing trailer bill language:

Medi-Cal Coverage for Undocumented Californians – Freeze Enrollment. DHCS proposes to freeze enrollment in full-scope Medi-Cal coverage for undocumented Californians age 19 and over, beginning January 1, 2026. DHCS estimates General Fund savings for this proposal of \$86.5 million in 2025-26, increasing to \$3.3 billion by 2028-29. These savings are achieved primarily from expected reductions in enrollment in Medi-Cal coverage for undocumented Californians over time.

Medi-Cal Coverage for Undocumented Californians – Premiums. DHCS proposes to impose a \$100 monthly premium for undocumented Californians age 19 and older enrolled in full-scope Medi-Cal coverage, effective January 1, 2027. DHCS estimates no General Fund savings for this proposal in 2025-26, with \$1.1 billion of General Fund savings beginning in 2026-27, increasing to \$2.1 billion by 2028-29. These savings are achieved primarily from expected reductions in enrollment in Medi-Cal coverage for undocumented Californians who cannot afford the \$100 monthly premium.

Medi-Cal Coverage for Undocumented Californians – Clinic Access. DHCS proposes to eliminate per visit payments to federally qualified health centers and rural health clinics for services provided to undocumented Californians. These services would instead be reimbursed at the applicable fee-for-service payment rate. DHCS estimates General Fund savings for this proposal of \$452.5 million in 2025-26 and \$1.1 billion annually thereafter.

Medi-Cal Coverage for Undocumented Californians – Benefit Reductions. DHCS proposes to eliminate the following benefits for undocumented Californians enrolled in full-scope Medi-Cal coverage: long term care, dental services, and in-home supportive services (IHSS). Long-term care coverage would be eliminated for all undocumented Californians, beginning January 1, 2026. Dental services coverage would be eliminated for undocumented Californians age 19 and older, beginning July 1, 2026. IHSS coverage would be eliminated for undocumented Californians age 19 and older. DHCS estimates the following General Fund savings for each of these benefit reductions:

- Long-Term Care Benefit Reduction – \$333 million in 2025-26 and \$800 million annually thereafter
 - Dental Benefits Reduction – No savings in 2025-26, \$308 million in 2026-27, and \$336 million annually thereafter.
 - In-Home Supportive Services Benefit Reduction* – \$158.8 million annually, beginning in 2025-26
- * General Fund savings reflected in the Department of Social Services budget

Medi-Cal Coverage for Undocumented Californians – Pharmacy Rebates. DHCS proposes to implement a rebate aggregator to secure state rebates for prescription drugs provided to undocumented Californians in Medi-Cal. DHCS estimates General Fund savings for this proposal of \$300 million in 2025-26, and \$362 million annually thereafter. In addition, DHCS proposes to increase the minimum rebate for HIV/AIDS and cancer drugs. DHCS estimates General Fund savings for this proposal of \$75 million in 2025-26 and \$150 million annually thereafter.

Managed Care Organization (MCO) Tax General Fund Offset. DHCS estimates additional General Fund savings of \$1.1 billion in 2024-25, and decreased General Fund savings of \$200 million in 2025-26 and \$400 million in 2026-27 from the managed care organization tax approved by the Legislature and approved by voters in November 2024 as Proposition 35. DHCS estimates that \$804 million in 2024-25, \$2.8 billion in 2025-26, and \$2.4 billion in 2026-27 will be available for provider rate increases for primary care, specialty care, ground emergency medical transportation, and hospital outpatient procedures.

Medi-Cal Eligibility for Seniors and Persons with Disabilities - Restoration of the Asset Limit. DHCS proposes to restore the asset limit of \$2,000 for an individual, and \$3,000 for a couple for seniors and persons with disabilities to qualify for Medi-Cal. The Legislature increased the asset limit to \$130,000 in January 2022, and eliminated the limit entirely in January 2024. DHCS estimates General Fund savings for this proposal of \$94 million in 2025-26, \$540 million in 2026-27, and \$791 million annually thereafter. These savings are achieved by significantly reducing Medi-Cal coverage for seniors and persons with disabilities.

Medi-Cal Rx – Glucagon-Like Peptide-1 (GLP-1) Agonist Drugs for Weight Loss. DHCS proposes to eliminate Medi-Cal coverage for Glucagon-Like Peptide-1 (GLP-1) agonist drugs, such as Ozempic or Wegovy, for weight loss, beginning January 1, 2026. GLP-1 agonist drugs would continue to be covered for diabetes and obesity. DHCS estimates General Fund savings for this proposal of \$85 million in 2025-26 and increasing to \$680 million annually by 2028-29.

Medi-Cal Rx – Pharmacy Utilization Management. DHCS proposes to implement utilization management restrictions on certain drugs, including step therapy and prior authorization. DHCS estimates General Fund savings for this proposal of \$200 million in 2025-26 and \$400 million annually thereafter.

Proposition 56 Tobacco Tax – Eliminate Supplemental Provider Payments. DHCS proposes to eliminate supplemental Medi-Cal provider payments for dental services, family planning services, and women's health services supported by Proposition 56 tobacco tax revenue. DHCS estimates General Fund savings for this proposal of \$504 million in 2025-26 and \$550 million annually thereafter. These savings are achieved by utilizing Proposition 56 tobacco tax revenue to support the non-federal share of expenditures in the Medi-Cal program, rather than supplemental provider payments.

Proposition 56 Tobacco Tax – Suspend Loan Repayment Program. DHCS proposes to suspend the final cohort of the physician and dentist loan repayment program supported by Proposition 56 tobacco and e-cigarette tax revenue. DHCS estimates General Fund savings for this proposal of \$26 million in 2025-26. These savings are achieved by redirecting funding to support the non-federal share of expenditures in the Medi-Cal program, rather than the loan repayment program.

Medical Providers Interim Payment Fund Loan. In March 2025, the Administration notified the Joint Legislative Budget Committee that it would make use of its statutory General Fund loan authority to make a mid-year loan to support the Medi-Cal program of \$3.4 billion to address unexpected costs. DHCS proposes to utilize \$2.1 billion of the loan in 2024-25 and \$1.3 billion in 2025-26, and to begin repayment of the loan in 2027-28.

Medi-Cal Managed Care Plans – Increase Medical-Loss Ratio. DHCS proposes to increase the medical-loss ratio on Medi-Cal managed care plans, beginning January 1, 2026. DHCS estimates General Fund savings for this proposal of \$200 million annually, beginning in 2028-29.

Skilled Nursing Facilities – Elimination of Quality Incentives. DHCS proposes to eliminate the Skilled Nursing Facility Workforce and Quality Incentive Program, as well as the requirement to maintain a backup power system pursuant to the requirements of AB 2511 (Irwin), Chapter 788, Statutes of 2022. DHCS estimates General Fund savings from these proposals of \$168.2 million in 2025-26 and \$140 million annually thereafter.

Elimination of Acupuncture Benefit in Medi-Cal. DHCS proposes to eliminate acupuncture as a benefit in the Medi-Cal program. DHCS estimates General Fund savings from this proposal of \$5.4 million in 2025-26 and \$13.1 million annually thereafter.

Program for All-Inclusive Care for the Elderly (PACE) Organization Payments. DHCS proposes to limit payments to programs for all-inclusive care for the elderly (PACE) to the midpoint of actuarial ranges, except for newly enrolled providers receiving enhanced rates for two years. DHCS estimates General Fund savings for this proposal of \$13 million in 2025-26 and \$30 million annually thereafter.

Hospice Services – Utilization Management Efficiencies. DHCS proposes to implement prior authorization requirements for hospice services. DHCS estimates General Fund savings for this proposal of \$25 million in 2025-26 and \$50 million annually thereafter.

Behavioral Health Services Fund – General Fund Offsets. DHCS proposes to offset General Fund expenditures for the Behavioral Health Bridge Housing Program and Behavioral Health Transformation County Funding with Behavioral Health Services Fund. DHCS estimates General Fund savings for this proposal of \$40 million in 2024-25 and \$100 million in 2025-26.

Health Care Service Plan Fines and Penalties Fund Transfer. DHCS requests expenditure authority from the Health Care Service Plan Fines and Penalties Fund of \$24.9 million in 2025-26 and \$3.5 million in 2026-27 to support the non-federal share of expenditures in the Medi-Cal program. These resources would offset General Fund resources that currently support those expenditures.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested DHCS to respond to the following:

1. Please provide a brief overview of each of these proposed General Fund solutions.

Issue 5: Technical Adjustments and Trailer Bill Language – May Revision

Technical Adjustments – May Revision. DHCS requests the following technical adjustments at the May Revision:

Adjust State Operations for the Breast Cancer Fund. DHCS requests a reduction in expenditure authority from the Breast Cancer Fund of \$1.7 million annually to reflect updated revenue projections in the fund.

Behavioral Health Federal Funds Adjustment. DHCS requests federal fund expenditure authority changes to reflect receipt of federal funding for community mental health and substance use disorder treatment and prevention services, including the following:

- Item 4260-001-0890 – Increase expenditure authority by \$13 million in 2025-26.
- Item 4260-115-0890 – Increase expenditure authority by \$54.1 million in 2025-26.
- Item 4260-116-0890 – Increase expenditure authority by \$5.8 million in 2025-26.

Behavioral Health Services Schoolsite Fee Schedule Administration Fund. DHCS requests expenditure authority from the Behavioral Health Schoolsite Fee Schedule Administration Fund of \$69.3 million in 2025-26, reflected in the Medi-Cal Estimate, to support costs related to launching statewide infrastructure for provider management and to manage billing and claiming services for behavioral health services provided to students on school campus under the Children and Youth Behavioral Health Initiative.

Eliminate Mental Health Block Grant Reappropriation Item. DHCS requests to eliminate a reappropriation item proposed in the January budget related to the federal mental health block grant because it was already included in early action budget bills adopted by the Legislature earlier this year.

Trailer Bill Language on Streamlining Legislative Reporting Requirements – May Revision. DHCS proposes trailer bill language related to streamlining legislative reporting requirements. The previous Administration, under Governor Jerry Brown, had a similar proposal to eliminate obsolete reports and other documents produced for the Legislature and the public. At that time, the Legislature indicated that any effort to eliminate legislative reporting would a collaborative discussion with budget staff, policy committee staff, and stakeholders.

As of the publication of this agenda, the subcommittee has not received this trailer bill language proposal from the Department of Finance.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested DHCS to respond to the following:

1. Please provide a brief overview of the proposed technical adjustments at the May Revision.
2. Please provide a brief overview of the proposed trailer bill language regarding legislative reporting requirements.

5180 DEPARTMENT OF SOCIAL SERVICES**Issue 1: In-Home Supportive Services May Revision Overview**

Summary of Expenditures at May Revision. The May Revision includes \$28.3 billion (\$10.3 billion General Fund) for the In-Home Supportive Services (IHSS) program in 2025-26, a decrease of \$205.1 million (\$251.6 million General Fund), as compared to Governor’s budget. The May Revision estimates IHSS caseload to be 734,917 individuals in 2024-25 and 793,316 individuals in 2025-26 (a 7.8 percent increase). The May Revision budget solutions under IHSS are outlined below.

May Revision Includes Roughly \$1 Billion in Reductions to IHSS. The May Revision proposes approximately \$1 billion in reductions to the IHSS program:

- **Eliminates IHSS for Undocumented Adults.** Eliminates the IHSS benefit for undocumented adults age 19 and over, effective July 1, 2025. According to the Administration, this generates General Fund savings of \$158.8 million in 2025-26, \$172.1 million 2026-27, \$185.8 million in 2027-28, and \$200.5 million in 2028-29.

This proposal is part of a larger reduction in Medi-Cal to freeze enrollment in Medi-Cal for all undocumented adults aged 19 and over and eliminate several benefits for this population, including long-term care. The IHSS benefit elimination is not a freeze, as current recipients would be removed from the program.

This proposal to eliminate the IHSS benefit is estimated to impact approximately 5,400 adults in 2025-26 who would otherwise receive IHSS. The LAO notes that a majority of the IHSS caseload for this population is within the 50 and over age group.

- **Caps provider work hours at 50 per week.** Caps IHSS provider overtime and travel hours at 10 hours per week (meaning providers can work no more than 50 total hours per week, of which 10 would be overtime/travel). According to the Administration, this generates savings of \$707.5 million General Fund in 2025-26, \$766.8 million General Fund in 2026-27, and \$893.4 million General Fund in 2028-29 and ongoing.

According to the LAO, IHSS work hours are capped, with some exceptions, at 70.75 hours per week (for providers with one recipient) and 66 hours per week (for providers with multiple recipients.) The Administration has stated that the intent of this reduction is to not make any reductions to a recipient’s authorized hours, and the budget assumes that authorized hours will continue to be paid at their historical utilization rate (approximately 90 percent). According to the LAO, this means that “under the administration’s assumptions, recipients should continue to receive the same number of service hours overall but fewer of those hours will be worked as overtime.”

Under this proposal, IHSS recipients who are authorized for more than 50 hours of services per week and only have one provider (for example, a family member) would need to find a different provider to cover their remaining authorized hours in the week. If they cannot find a new provider, they may go without care (or turn to more costly care alternatives, including supported living

services from their regional center for any person with intellectual or developmental disabilities, as the LAO has noted).

According to CDSS, about 31 percent of IHSS providers currently work over 50 hours. These providers work an average of 55 hours per week. Approximately 70 percent of IHSS recipients have a family member as their IHSS provider.

The Administration has stated that \$19 million of the total \$707.5 million General Fund savings associated with provider travel time was added to this solution in error. It is unclear whether this proposal intends to limit travel time.

- **Reinstates Medi-Cal Asset Limit for Older and Disabled Adults, affecting IHSS Access.** The May Revision proposes to reinstate the Medi-Cal asset limit of \$2,000 for individuals and \$3,000 for couples in order to be eligible for Medi-Cal. This means some older and disabled adults would no longer be eligible for Medi-Cal, and consequentially, lose their IHSS benefit. The Administration estimates savings of \$25.5 million General Fund in 2025-26 and ongoing.
- **Terminates IHSS Automatically for Recipients who are terminated from Medi-Cal.** The May Revision proposes to conform the IHSS Residual program with the timing of Medi-Cal coverage. This results in savings of \$110.6 million General Fund in 2026-27, \$119.4 million General Fund in 2027-28, and \$128.9 million General Fund in 2028-29.

The IHSS Residual program captures IHSS recipients who lose Medi-Cal (for example, because they did not complete their annual Medi-Cal redetermination), and allows them to continue receiving IHSS despite the disruption in Medi-Cal enrollment. Costs for the IHSS Residual program are not eligible for Federal Financial Participation (FFP), meaning the state pays all costs for the IHSS Residual program caseload. The IHSS Residual program caseload also includes recipients who are not eligible for FFP, including undocumented individuals. This proposal would make it so all IHSS recipients who become ineligible for Medi-Cal are automatically terminated from the IHSS program.

- **Assesses Community First Choice Option (CFCO) Late Penalties on Counties.** The May Revision passes IHSS Community First Choice Option reassessment late penalties to counties. This results in General Fund savings of \$81 million General Fund in 2025-26, \$87.4 million in 2026-27, \$94.4 million in 2027-28, and \$101.8 million in 2028-29.

According to the LAO, “IHSS cases eligible for the CFCO program receive a base Federal Medical Assistance Percentage (FMAP) of 50 percent, plus an additional enhanced FMAP of 6 percent (for a total FMAP of 56 percent)... When CFCO recipients are not reassessed on time, those IHSS cases are no longer eligible to receive the additional 6 percent FMAP. The cost of this lost 6 percent FMAP (also referred to as a 6 percent late penalty) has been covered with state General Fund since 2017. Under this proposal, the cost of this 6 percent penalty will no longer be paid for with General Fund and instead, it is our understanding that the penalty will be charged to each county proportionally to how many CFCO cases they have in non-compliance.”

- **Unspecified Cost Savings Proposal.** The May Revision includes a solution under Department of Health Care Services (DHCS) and the Department of Social Services (CDSS) for “various operational improvements.” The savings associated with this solution are \$75 million General Fund in 2025-26 and 2026-27, growing to over \$1 billion in 2027-28 and 2028-29. The Administration has indicated that this solution involves the IHSS program, but has not provided any details.

Governor’s May Revision – IHSS Trailer Bill. The May Revision includes the following trailer bills for IHSS, both of which relate to proposed General Fund solutions:

- **IHSS for full-scope Medi-Cal Expansion Adults 19 and Over.** At the time of this writing, this trailer bill was not available.
- **IHSS Provider Overtime and Travel Hours.** At the time of this writing, this trailer bill was not available.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of the May Revision solutions proposed for the IHSS program. How does the Administration expect these proposals will impact individuals who currently receive and provide care through the IHSS program?
2. On the elimination of the IHSS benefit for the undocumented expansion population: how would this elimination be implemented? What types of care options would undocumented Californians be able to access, given the elimination of IHSS and long-term care under Medi-Cal?
3. On the cap of provider hours: please describe the portion of the IHSS caseload that would be affected by the cap on provider overtime. What is the distribution of current annual overtime hours? How many new providers would be needed to ensure recipients continue to receive services? Does this proposal intend to keep in place any existing exemptions to the weekly hours cap in place under current law?
4. On the reinstatement of the Medi-Cal asset limit: how many individuals are expected to lose IHSS coverage as a result of the Medi-Cal asset limit being reinstated? How would this proposal be implemented?
5. On the IHSS Residual program: does this proposal fully eliminate the IHSS residual program? What is the average number of monthly Residual participants that are estimated to move out of the Residual program as a result of this policy, and what are their average hours per case? How many people does the administration believe will remain in the IHSS-Residual program? What are the circumstances that would qualify someone for the Residual program going forward?

6. On the CFCO late penalties: How much state General Fund has supported payment of this penalty since 2017? Have counties been provided adequate administrative resources to perform the timely reassessment of CFCO cases? How could these penalties be avoided altogether?
7. What is the Administration's unspecified solution to achieve various operational improvements in IHSS, generating \$75 million in General Fund savings in 2025-26 (and growing to over \$1 billion in 2027-28)?

NOT FOR PRESENTATION**Issue 1: Proposals for Investment**

Proposals for Investment. The subcommittee has received the following proposals for investment:

- **California Alzheimer’s Disease Centers Annual Budget Augmentation.** The Alzheimer’s Association requests annual General Fund expenditure authority of \$5 million. If approved, these resources would support operations of the California Alzheimer’s Disease Centers. According to the advocates, this budget request is designed to ease the need for CADCs to search for supplemental funding to continue operating. One of the centers - Rancho Los Amigos – is considering ceasing operations at the end of this fiscal year due to narrowing options for supplemental funding and the high expense of operating a medical center. There are additional closures expected in the near future. These closures would displace patients, families and caregivers, increasing the time and distance associated with appointments. Further, if these centers close, we will lose the institutional knowledge that has built a body of research on Alzheimer’s disease as California’s diverse population is aging in a critical mass. CADCs operate with a multidisciplinary clinical team which may include neurologists, psychiatrists, physician assistants, psychologists, nurse specialists, neuropsychologists and social workers. These staffing levels cannot be supported on the current annual allocation of \$250,000 per site. The operational cost of running a center can vary due to circumstances but generally costs \$500,000 or more per year. These figures were developed through conversations with the department and the directors of CADCs.

This augmentation would more closely reflect the actual operating cost of a center. This will reduce the number of dramatic changes to staffing levels, which are currently based on the availability of supplemental funding.

- **Accountable Communities for Health.** The California Accountable Communities for Health Initiative (CACHI) requests General Fund expenditure authority of \$17.5 million, available over three years, to sustain and expand Accountable Communities for Health. According to the advocates, this budget request addresses longstanding health inequities and poor community health outcomes that have been exacerbated by historical disinvestment and fragmented service systems. These challenges include the lack of coordinated infrastructure to locally implement major state initiatives (such as CalAIM and ACEs Aware) effectively, and insufficient mechanisms to integrate health, behavioral health, education, and social services at the community level. In short, there is a need for sustainable, cross-sector partnerships that can rapidly respond to crises, reduce disparities, and drive long-term improvements in community health and equity.

This request asks for a one-time allocation of \$17.5 million over three years to:

- Sustain the current network of 36 Accountable Communities for Health (ACHs) and expand to across California.
- Strengthen local infrastructure by supporting cross-sector collaboration among public health, healthcare, behavioral health, education, social services, and community-based organizations.

- Enhance the delivery of state initiatives by acting as a local integrator for programs such as CalAIM, ACEs Aware, and other related priorities.
- Provide the necessary time and resources for ACHs to develop sustainable funding mechanisms beyond state support.
- **Transgender, Gender Expansive, Intersex, and 2 Spirit Wellness and Equity Fund.** The TransLatin@ Coalition requests General Fund expenditure authority of \$7.5 million in 2025-26 and \$7.5 million in 2026-27. If approved, these resources would continue to support and expand the scope of the TGI Wellness and Equity Fund, originally approved in the 2022 Budget Act. According to the advocates, to date, in California, there are 150,100, or 0.04 percent of California's population who are TGI-identifying. Within the TGI community, there are disproportionately high levels of hate crimes, suicide, housing, and mental health. In 2014, the proportion of suicide attempts among trans men were 46 percent and trans women were 42 percent.

Among transgender individuals, 28.2 percent and 31.2 percent reported hazardous drinking and problematic drug use, respectively; 44.4 percent reported recent suicidal ideation, 6.9 percent reported a recent suicide attempt, and 21.4 percent reported recent non-suicidal self-injury. In their lifetime, 81.3 percent of transgender respondents had suicidal ideation, 42 percent had attempted suicide, and 56 percent reported non-suicidal self-injury. Most had utilized formal mental health care and 25.5 percent had sought informal mental health support.

According to the national Center for Transgender Equality, 1 in 3 transgender people has experienced homelessness in their lives. In California, fifty percent (1,252) of all transgender people experiencing homelessness were found in California.

The TGI Wellness and Equity Fund received a one-time appropriation of \$13 million in the 2022-2023 State Budget, rolled over from the previous fiscal year. This funding has been crucial in supporting the expansion of health services for TGI individuals, yet the ongoing needs of our community continue to grow. As a result, this additional request is necessary to ensure that essential services can continue and expand to meet the unique challenges faced by TGI Californians.