

California State Assembly



Assembly Budget Agenda

Assembly Budget Subcommittee No. 1 on Health

Assemblymember Dawn Addis, Chair

Tuesday, May 20, 2025

2:30 P.M. – State Capitol, Room 126

May Revision Hearing

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Items To Be Heard

4560 Behavioral Health Services Oversight and Accountability Commission

Issue 1: BHSOAC May Revision Proposals

The Behavioral Health Services Oversight and Accountability Commission, also known as the Commission for Behavioral Health and formerly known as the Mental Health Services Oversight and Accountability Commission, is the independent state body charged with promoting transformational change in California's behavioral health system. The Commission is tasked with research, data analysis, grantmaking, and technical assistance. In addition, the Commission is charged with advancing evidence-based and community-defined practices while advising the Governor and Legislature on emerging trends in California's behavioral health system.

The May Revision includes the following proposals related to the Commission:

- **Emergency, Psychiatric Assessment, Treatment, and Healing (EmPATH) Units Liquidation Deadline Extension:** Proposes provisional budget bill language extending the liquidation deadline of up to \$7,768,000 one-time from the Behavioral Health Services Fund from the Budget Act of 2021, through June 30, 2027. The liquidation deadline extension will support grants for EmPATH Units delivering psychiatric care to individuals with behavioral health conditions pursuant to Chapter 47, Statutes of 2022 (SB 184)
- **Early Psychosis Intervention (EPI) Plus Program Liquidation Deadline Extension:** Proposes provisional budget bill language to extend the liquidation deadline of up to \$430,000 one-time from the Behavioral Health Services Fund from the Budget Act of 2019, through June 30, 2026. According to the Administration, the liquidation deadline extension will support evidence-based early psychosis and mood disorder detection through the EPI Plus Program pursuant to Chapter 414, Statutes of 2017 (AB 1315).
- **Elimination of Mental Health Wellness Act Funding:** Decreases the Behavioral Health Services Fund by \$20 million in fiscal year 2025-26 and ongoing. Proposes conforming provisional budget bill language.

Panel

- Behavioral Health Services Oversight and Accountability Commission
- California Department of Finance
- Legislative Analyst's Office

4120 Emergency Medical Services Authority

Issue 2: EMSA May Revision Proposals

The Emergency Medical Services Authority provides statewide coordination for the planning, development, and implementation of local Emergency Management Services (EMS) systems. California has 34 local EMS systems that are providing emergency medical services for California's 58 counties. Broadly, EMSA has three core functions: (1) regulating local EMS systems; (2) setting standards for training, certification, licensing, and scope of practice for emergency medical services professionals; and (3) coordinating California's medical response to disasters.

The May Revision includes the following proposals related to EMSA:

- **California Poison Control System Funding Augmentation:** Allocates \$1,072,000 in 2025-26, \$1,359,000 in 2026-27 and \$1,663,000 in 2027-28 and ongoing from the General Fund to cover increased salaries and benefit expenses resulting from negotiated union bargaining agreements for the California Poison Control System (CPCS). Additionally grants reimbursement authority of \$1,626,000 in 2025-26, \$2,159,000 in 2026-27, and \$2,723,000 in 2027-28 and ongoing. CPCS is a statewide network of health care professionals that provide free, immediate, confidential expert information, and treatment advice/ referral regarding poison exposure.
- **Enterprise Services and Data Management (ESDM) Solution - Reappropriation:** Reappropriates \$3,562,000 in 2025-26 from the General Fund to support the implementation of a single Enterprise Services and Data Management (ESDM) solution that will meet technical needs of the planned new Electronic Physician Orders for Life Sustaining Treatment (ePOLST) system, Central Registry replacement system, and the California Emergency Medical Services Information System (CEMSIS) replacement system. These systems enable emergency care workers to have access to real-time electronic patient care data.
- **Technical Correction to Baseline Budget:** Appropriates \$5,516,000 ongoing from the General Fund to correct an error included in the 2024 Budget Act that inadvertently duplicated a reduction in ongoing resources that had previously been corrected through a prior budget process.

Panel

- Emergency Medical Services Authority
- Department of Finance
- Legislative Analyst's Office

4265 California Department of Public Health

Issue 3: CDPH May Revision Proposals

The California Department of Public Health is the state department responsible for protecting the public health in California. Its core responsibilities include infectious disease control and prevention, food safety, environmental health, laboratory services, patient safety, emergency preparedness, chronic disease prevention and health promotion, family health, health equity and vital records and statistics.

CDPH activities and services include protecting people in California from the threat of preventable infectious diseases like Zika virus, HIV/AIDS, tuberculosis and viral hepatitis, and providing reliable and accurate public health laboratory services and information about health threats. Other core services include providing nutritional support to low-income women, infants and children, and screening newborns and pregnant women for genetic diseases. CDPH also works to ensure the safety of food and bottled water, helps reduce smoking and its impacts and works to prevent chronic diseases and conditions such as diabetes, cardiovascular disease, cancer, asthma and obesity.

The Department is also responsible for the regulatory oversight of licensed health care facilities, such as hospitals and skilled nursing facilities; as well as the regulatory oversight of certain health care professionals, such as nurse assistants, home health aides, and hemodialysis technicians.

The following chart describes the overall CDPH May Revision budget, compared to the 2024-25 enacted budget and the January 2025-26 Governor's budget.

Fund Source	2024-25 Enacted Budget	2025-26 Governor's Budget	2025-26 May Revision	% Change from 2025-26 Governor's Budget
General Fund	\$787,253	\$727,909	\$742,272	1.97%
Federal Funds	\$2,195,190	\$2,311,878	\$2,327,478	0.67%
Special Funds & Reimbursements	\$2,167,473	\$2,042,472	\$1,948,792	-4.59%
Total Funds	\$5,149,916	\$5,082,259	\$5,018,542	-1.25%

* Amounts do not include Special Fund loans made to the General Fund.

The May Revision includes the following proposals related to CDPH:

Programmatic Budget Reductions:

- Reversion of Unspent Public Health Funds Adjustments: Reverts \$31,008,000 back to the General Fund (\$19,928,000 in Local Assistance and \$11,080,000 in State Operations) for various unspent investments and proposes conforming provisional budget bill language. Impacted programs include:
 - Funding to support Phase II of the California Reducing Disparities Project. (\$15,800,000 reversion from an original \$58,100,000 appropriation)
 - Grant program for specified local health jurisdictions for sexually transmitted disease prevention and control activities. (\$1,000,000 reversion from an original \$1,000,000 appropriation)
 - Public Health Workforce Development and Engagement Program aimed at supporting worker upskilling to improve retention of the public health workforce and help incumbent workers develop their skills to meet future public health demands. (\$1,420,000 reversion from a \$3,200,000 original appropriation)
 - Public Health Pathways Training Corps aimed at providing fellowships for early-career public health professionals and internships for students from diverse backgrounds and disproportionately affected communities to conduct communicable disease prevention and control, community engagement, emergency response, and other public health activities at local health department host sites. (\$840,000 reversion from an original \$8,000,000 appropriation)
 - Program to increase the number of Public Health Microbiologist Trainees in California. (\$1,270,000 reversion from an original \$2,794,000 appropriation)
 - Support funding for the Lab Aspire Program, which trains and prepares qualified professionals to direct local California Public Health Laboratories. (\$1,700,000 reversion from an original \$5,356,000 appropriation)
 - Program to increase the number of fellows in the California Epidemiologic Investigation Service Training Program, which prepares epidemiologists for public health leadership positions throughout California. (\$1,700,000 reversion from an original \$3,200,000 appropriation)
 - Program to support administration of investments to end the epidemic of hepatitis C virus. (\$1,000,000 reversion from an original \$1,000,000 reversion)

- Program to support Hepatitis C Virus testing kits and related supplies as well as training. (\$328,000 reversion from an original \$1,000,000 appropriation)
- Program to support the Increased Capacity, Training, and Care for LGBTQ+ Foster Youth. (\$4,050,000 reversion from an original \$5,000,000 appropriation)
- Funding to support the establishment and facilitation of an interagency and intra-agency Hospice Fraud Task Force that includes representation from the California Health and Human Services Agency, the State Department of Public Health, the State Department of Health Care Services, the State Department of Social Services, and the Department of Justice. (\$1,000,000 reversion from an original \$1,000,000 appropriation)
- Implementation of the Extreme Heat Action Plan (\$900,000 reversion from an \$1,500,000 original appropriation)
- Government Efficiencies Reductions: Includes a decrease of \$55 million per Section 4.05 which authorizes the Department of Finance to reduce state operations expenditures up to 7.95 percent in fiscal year 2024-25 and ongoing.
- Vacancy Savings and Position Elimination Adjustment: Includes a decrease of 300 positions and \$29.6 million per Section 4.12 which authorizes Finance to adjust items of appropriation to achieve savings associated with vacant positions in 2024-25 and propose the elimination of vacant positions to achieve ongoing savings beginning in 2025-26.

Center for Preparedness and Response

- Emergency Preparedness and Response for Avian Flu and Marburg: Proposes a net increase of \$1.6 million General Fund to support efforts related to Avian Flu and Marburg. This includes a decrease of \$8.3 million current year unanticipated costs included in the 2025-26 Governor's Budget and an increase of \$9.9 million via Executive Order E 24/25 - 238 for Avian Flu Disaster Response.
- Executive Order E 24/25: CS 90.00 Funding for 2025 Southern California Fires: Proposes an increase of \$10.7 million General Fund to support efforts related to the 2025 Southern California Fires. This includes an increase of \$1.3 million via Executive Order E 24/25 – 179, \$8.6 million via Executive Order E 24/25 – 210, and \$725,000 via Executive Order E 24/25 – 228.

Center for Healthy Communities

- Proposition 99 Expenditure Adjustments: Adjusts several budget line items to reflect updated cigarette tax revenue estimates (from specified Cigarette and Tobacco Products Surtax Funds)
- Coroners: Duties (AB 1859): Provides \$288,000 and 1 position in 2025-26 and \$200,000 and 1 position ongoing from the General Fund to analyze and post xylazine overdose data gathered by coroners to the California Overdose Surveillance Dashboard as required by Chapter 684, Statutes of 2024 (AB 1859)
- Online Accreditation and Certification Application System (SB 1076): Eliminates \$4,989,000 from the Lead-Related Construction Fund to reflect withdrawal of resources proposed in the Governor's Budget. Provides \$2,196,000 one-time General Fund to support the development of an online accreditation and application system for firms and individuals who perform lead renovation, repair, and painting work as required by Chapter 507, Statutes of 2022 (SB 1076). Includes provisional language be added to extend encumbrance or expenditure authority through June 30, 2027, and authorize expenditure of up to \$1,760,000 upon approval by the California Department of Technology through the Project Approval Lifecycle.

Center for Infectious Diseases

- AIDS Drug Assistance Program Estimate: Decreases expenditure authority for the AIDS Drug Assistance Program by \$50,583,000 and ongoing to reflect decreased caseload projections.
- California Syndromic Surveillance Program Reappropriation: Reappropriates \$2.5 million from the Opioid Settlement Fund from the 2022 Budget Act and extends encumbrance or expenditure authority through June 30, 2028, to launch the California Syndromic Surveillance Program, respond to the state's overdose epidemic by tracking early symptoms data on opioid overdoses statewide, and enable general acute care hospitals with emergency departments to meet specified data reporting requirements. Includes conforming budget bill language.
- Data Collection: Sexual Orientation, Gender Identity, and Intersex Status (SB 957): Includes \$538,000 ongoing from the General Fund and 3 positions to support the collection of self-identified sexual orientation, gender identity, and sex characteristics and intersex demographic data and preparation of an annual report as required by Chapter 868, Statutes of 2024 (SB 957).

- Maintenance and Operations Support for the California Vaccine Management System: Provides \$31,451,000 one-time from the General Fund to support the maintenance and operations of multiple information technology systems that support statewide vaccine distribution, appointment scheduling, vaccine clinic management, and vaccination records management and sharing.
- Overdose Prevention and Harm Reduction Initiative: Provides \$4,196,000 from the Opioid Settlement Fund for support of the Overdose Prevention and Harm Reduction Initiative.
- Elimination of Public Health Workforce Development and Engagement Program: Decreases General Fund investment by \$3.2 million to reflect elimination of resources for public health workforce upskilling. Includes conforming budget bill language.

Cener for Family Health

- Women, Infants and Children May Revision Estimate: Decreases federal funding by \$20.2 million ongoing and decreases the WIC Manufacturer Rebate Fund by \$176,000 ongoing to reflect updated expenditure estimates that are primarily driven by a decrease in projected food inflation and decreased caseload projections.
- Genetic Disease Screening Program May Revision Estimate: Decreases the Genetic Disease Testing Fund by \$735,000 ongoing to reflect updated expenditure estimates that are primarily driven by a projected decrease in program participation rate.

Center for Health Statistics and Informatics

- Anti-Fraud Death Data Files (SB 1511): Allocates \$492,000 in fiscal year 2025-26 and 2026-27 from the Health Statistics Special Fund to meet the requirements of Chapter 492, Statutes of 2024 (SB 1511), which increases the number of entities eligible to receive death data indices and files for the purposes of preventing fraud.
- Vital Records Staffing Resources: Includes \$2,408,000 annually in 2025-26, 2026-27, and 2027-28, and \$1,740,000 annually in 2028-29 and ongoing from the Health Statistics Special Fund to reduce response times for requests for vital records copies and amendments, including during emergencies such as wildfires when records requests increase.

Center for Environmental Health

- Industrial Hemp Compliance Enforcement: Includes \$758,000 one-time from the General Fund to support compliance enforcement of industrial hemp manufacturing and sales as required by Chapter 576, Statutes of 2021 (AB 45).
- Maintain Food Safety and Epidemiology Contract Services: Enacts a net-zero shift of resources of \$45,000 in the Food Safety Fund to maintain existing contract services with the University of California, Davis to support the California Epidemiologic Investigation Service Fellowship Program, reflecting a transition from local assistance to state operations.
- Prop 56 State Tobacco Law Enforcement Account: Reflects a decrease of \$393,000 in State Law Enforcement Account as a result of updated Proposition 56 revenue projections. This funding supports the enforcement of state and local laws related to the illegal sales of tobacco to minors.

Center for Health Care Quality

- Patient Safety and Antidiscrimination (AB 3161): Provides \$1,112,000 one-time from the Public Health Licensing and Certification Program Fund to support implementation of Chapter 757, Statutes of 2024 (AB 3161), which requires health care facilities to update their reporting system for patient safety events to evaluate the impact of discrimination, and requires facilities to submit their patient safety plans beginning January 1, 2026, and biannually thereafter. Includes provisional budget bill language authorizing funds upon approval of a Project Delegation Request or the Project Approval Lifecycle by the Department of Technology.
- Center for Health Care Quality Acute Psychiatric Hospitals Support: Allocates \$1,029,000 in 2025-26 from the Licensing and Certification Program Fund and 5 positions to support investigations of complaints against Acute Psychiatric Hospitals.
- Generative Artificial Intelligence: Provides \$8 million one-time from the Internal Departmental Quality Improvement Account to support development of a generative artificial intelligence Minimum Viable Product to improve the efficiency and accuracy of data collection, data analysis and report development for annual health facilities inspections. Includes provisional budget bill language authorizing expenditure of funds upon approval of a Minimum Viable Product by the Department of Technology and the Department of Finance.

- Center for Health Care Quality Operations Support: Adds \$1,499,000 from the Public Health Licensing and Certification Program Fund and 8 positions ongoing for the Center for Health Care Quality to update their health privacy violations investigative database and increase operational capacity.

Office of Health Equity

- Gender Health Equity Section Savings: Reflects estimated savings of \$15.5 million in General Fund. This includes a decrease of \$1.5 million in State Operations and \$14 million in Local Assistance that supports gender health equity programs within Office of Health Equity, Gender Health Equity Section.
- Transgender Wellness and Equity Reappropriation: Reappropriates \$7,213,000 from the Transgender, Gender Nonconforming, and Intersex (TGI) Wellness and Equity Fund from the 2022 Budget Act and extends encumbrance or expenditure authority through June 30, 2028 to support existing gender health equity programs, grant agreements, and contracts related to trans-inclusive health care for individuals who identify as transgender, gender nonconforming, or intersex. Includes budget bill language authorizing exemption from Public Contract Code.

Center for Laboratory Sciences

- Sustaining Wastewater Surveillance for Infectious Diseases: Provides \$3,249,000 one-time from the General Fund to support a statewide wastewater surveillance program of routine wastewater testing for detection of infectious diseases.

Office of Policy and Planning

- Behavioral Health Services Act Planning Resources: Allocates \$7,355,000 one-time from the Behavioral Health Services Fund to support planning and implementation of the Behavioral Health Services Act.

Other May Revision Proposals:

- Mental Health and Impacts of Social Media Adjustment (AB 1282): Enacts a net-zero shift of resources in the Behavioral Health Services Fund to move proposed funds from local assistance to state operations.

- Public Contract Code Exemption for Emergencies and Threats: Includes budget bill language exempting the Department of Public Health from Public Contract Code requirements for department operations supporting preparedness and response during emergencies or imminent threats with potential for significant public health impacts.
- Adjustment to Reflect Available Resources in the Breast Cancer Research Account, Breast Cancer Fund: Decreases the Breast Cancer Fund by \$10,000 ongoing to reflect updated cigarette tax revenue estimates.

Panel

- California Department of Public Health
- Department of Finance
- Legislative Analyst's Office

4400 Department of State Hospitals

Issue 4: DSH May Revision Proposals

The Department of State Hospitals (DSH) manages California's inpatient forensic mental health hospital system. Most patients admitted to DSH are court-mandated for treatment, with over 90 percent classified as forensic commitments. These individuals have been accused or convicted of crimes related to their mental illness and are referred to DSH through the criminal court system.

In addition to forensic commitments, DSH also treats individuals designated by a judge or jury as Sexually Violent Predators. These patients have completed prison sentences for crimes specified under the Sexually Violent Predator Act and are committed to DSH for continued treatment until a judge determines they no longer pose a threat to the community. The remaining DSH population includes civil commitments – individuals deemed by a court to be a danger to themselves or others, commonly known as Lanterman-Petris-Short (LPS) commitments.

DSH operates five state hospitals located in Atascadero, Coalinga, Metropolitan-Los Angeles, Napa, and Patton. Its administrative offices are based in Sacramento. Beyond its state hospital services, DSH also oversees programs in jail-based competency treatment (JBCT), community-based restoration (CBR), community inpatient facilities, pre-trial felony mental health diversion, and the Conditional Release Program (CONREP).

The May Revision proposes a budget of \$3.2 billion for DSH, a decrease of \$191.5 million from the January 2025-26 Governor's Budget. This includes a reduction of 233.91 positions in budget year.

TOTAL STATE HOSPITALS COMPARISON
2025-26 Governor's Budget v. 2025-26 May Revision
(Dollars in Thousands)

FUNDING SOURCE	2025-26 Governor's Budget	2025-26 May Revision	Difference	% Change
State Operations	\$3,358,009	\$3,110,500	(\$247,509)	-7%
Capital Outlay	\$2,844	\$58,817	\$55,973	1,968%
TOTALS	\$3,360,853	\$3,169,317	(\$191,536)	-6%

*Total includes non-budget act items (Medicare, Lottery, Re-Appropriations)

The May Revision includes the following proposals for DSH:

General Fund Solutions

- Various Operational Efficiencies: Decreases General Fund investment by \$4,767,000 in 2025-26, \$5,899,000 in 2026-27, and \$2,321,000 in 2027-28 and ongoing to reflect savings associated with various operational efficiencies. This includes cancelling contracts, reducing cell phones, transitioning to soft-phones, increasing State Compensation Insurance Funds delegated authority to settle workers' compensation claims, and reducing anti-ligature risk funding.
- Prior Authorization Software: Decreases General Fund investment by \$250,000 in 2025-26, \$500,000 in 2026-27, and \$1 million in 2027-28 and ongoing to reflect savings associated with implementation of prior authorization software for certain specialty care services to confirm medical necessity of referrals of patients to specialty medical providers/specialists.
- Rightsize Isolation Unit Staffing: Decreases General Fund investment by \$22,100,000 and 124.1 positions ongoing to align isolation staffing resources with current utilization trends.
- Decrease Court Reporting Requirements for Not Guilty by Reason of Insanity Patients: Decreases General Fund investment by \$1.5 million ongoing and 3.1 positions conforming statutory changes are adopted to align court reporting requirements among long-term commitment patients.
- Rightsize Incompetent to Stand Trial Program: Decreases General Fund investment by \$4,513,000 in 2024-25, \$161,192,000 in 2025-26, \$238,839,000 in 2026-27, and \$157,262,000 in 2027-28 and ongoing. Adds provisional budget bill language to revert \$4,605,000 from the General Fund from the 2023 Budget Act, and \$4,513,000 from the General Fund from the 2024 Budget Act.
- Rightsize Community-Based Restoration and Felony Diversion Program Resources: Decreases General Fund investment by \$12,306,000 ongoing to align program resources with current utilization trends.
- Eliminate Incompetent to Stand Trial Infrastructure Grant Program: Reverts \$232.5 million from the General Fund from the 2022 Budget Act.

- Alienist Training: Reverts \$4.6 million in unused funding originally appropriated in FY 2023-24 and \$4.5 million in FY 2024-25 for the Judicial Council to develop training for court-appointed evaluators. This funding had encumbrance availability until FY 2025-26.

May Revision Proposals

- Electronic Health Records Continuum Project Phase 1 Implementation: Reappropriates \$7,461,000 from the General Fund from the 2024 Budget Act to support costs associated with planning and implementation of the Electronic Health Records project. Includes provisional budget bill language to allow for increases in expenditure authority associated with an updated project schedule and negotiated vendor costs.
- Educational Institution Partnership Contracts: Includes provisional budget bill language to allow the Department of State Hospitals to enter into agreements with educational institutions and hospitals to provide clinical training and education.
- County Bed Reimbursement Authority: Appropriates \$13,402,000 in 2025-26, and \$21,023,000 in 2026-27 and ongoing from the General Fund for an updated contract with the California Mental Health Services Authority for the treatment of Lanterman Petris Short patients.
- DSH-Metropolitan Increased Secure Bed Capacity: Decreases General Fund investment by \$5,880,000 in 2024-25 to reflect savings related to unrealized staffing costs from a three-month delay in the construction of the Skilled Nursing Facility building at DSH-Metropolitan.
- Patient Driven Operating Expenses and Equipment: Decreases General Fund investment by \$1,481,000 in 2024-25 and increases investment by \$290,000 in 2025-26 and ongoing to account for a projected increase in utilities, pharmaceuticals, foodstuffs, and outside hospitalization costs related to updated patient census data.
- DSH-Coalinga Telepsychology Pilot: Provides \$474,000 in fiscal year 2025-26, and \$342,000 in 2026-27 and 2027-28 from the General Fund to support a 3-year telepsychology pilot at DSH-Coalinga.
- CONREP Non-Sexually Violent Predator Program: Decreases General Fund investment by \$3,335,000 in 2024-25 to reflect savings related to a reduced patient census and program closures.

- Incompetent to Stand Trial Program Savings: Decreases General Fund investment by \$10,866,000 in 2024-25, \$37,816,000 in 2025-26, \$39,029,000 in 2026-27, and \$50,968,000 in 2027-28 and ongoing to reflect savings associated with changes to the Early Access and Stabilization Services program and the Jail Based Competency Treatment program. The savings are due to discontinued program expansions, delayed new program activations, and canceled new program activations

Capital Outlay Proposals

- Coalinga: Hydronic Loop Replacement: Appropriates \$34,354,000 one-time General Fund for the construction phase of the Coalinga hydroponic loop replacement and includes provisional budget bill language to revert \$26,176,000 General Fund of existing authority, resulting in a net increase of \$8,178,000. Due to project location, challenges working within a secured facility, and complex soil conditions, bids came in higher than expected, and the additional funding is necessary to award the construction contract
- Patton: Fire Alarm System Upgrade: Includes budget bill language to reappropriate \$21,619,000 General Fund for the construction phase of the Patton fire alarm system upgrade. Due to the complex nature of the project, initial phasing requirements, and updates to the California Building Standards Code, the project experienced significant delays during the design phase. The COVID-19 pandemic further exacerbated these delays.

Panel

- Department of State Hospitals
- Department of Finance
- Legislative Analyst's Office

4140 Department of Health Care Access and Information

Issue 5: HCAI May Revision Proposals

The Department of Health Care Access and Information is tasked with expanding access to quality, affordable health care for Californians with a focus on facilities, data, and workforce.

The May Revision includes the following proposals related to HCAI:

- Pharmacy Benefit Manager Licensure and Data Requirements: Allocates \$6,209,000 one-time in 2025-26 from the Pharmacy Benefit Managers Fund and 6 positions to implement proposed statutory changes to Pharmacy Benefit Manager licensure and data reporting requirements. Includes provisional language authorizing expenditure of funds upon the approval of the post-implementation evaluation report by the Department of Technology.
- Health Care Payments Data Program Funding Adjustment: Reduces General Fund investment by \$3,000,000 in 2025-26, and makes various other special fund reductions to support the operations of the Health Care Payments Database in 2025-26. Includes provisional language to authorize a one-time revenue transfer from the Managed Care Administrative Fines and Penalties Fund to the Health Care Payments Data Fund in 2025-26.
- Withdraw Resources for Relocation Rent Adjustment: Withdraws the Governor's Budget proposal for resources to move to the May Lee State Office complex.
- Long-Term Care Staffing and Transparency Data Reporting: Provides \$597,000 one-time from the California Health Data and Planning Fund and 3 positions to implement new healthcare data reporting requirements related to the federal Centers for Medicare and Medicaid Services Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting Final Rule.
- Behavioral Health Services Act Workforce Initiative: Makes significant fiscal adjustments and staffing investments to align Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) resources proposed in the Governor's Budget
- CalRx Reduction: Decreases CalRx Initiative funding by \$45 million in 2025-26 to adjust needed resources.

- Technical Adjustment to Chaptered Legislation: Makes various special fund adjustments from the Hospital Building Fund, ranging between \$89,000 and \$470,000, to align expenditure authority with estimated costs of implementing chaptered legislation, AB 869 (Wood, 2024), SB 1382 (Glazer, 2024), and SB 1447 (Durazo, 2024).

Panel

- Department of Health Care Access and Information
- Department of Finance
- Legislative Analyst's Office

4150 Department of Managed Health Care

Issue 6: DMHC May Revision Proposals

The Department of Managed Health care is tasked with consumer protection of health care rights and safeguarding the stability of the health care delivery system.

The May Revision includes the following proposals related to DMHC:

- Pharmacy Benefit Manager Licensure and Data Reporting Requirements: Provides \$2,279,000 and 6 position in 2025-26 and statutory changes be added to implement the Pharmacy Benefit Manager licensure and data reporting requirements.
- Web Accessible Service Portal Replacement Adjustment: Decreases Managed Care Fund investment by \$274,000 in fiscal year 2025-26 and \$136,000 in 2026-27 to reduce project resources proposed in the Governor's Budget due to the project authority being delegated back to the department.
- Behavioral Health Transformation: Provides \$194,000 and 1 position in 2025-26, and \$188,000 and 1 position in 2026-27 through 2029-30 to investigate county complaints about managed care health plans' compliance with Chapter 790, Statutes of 2023 (SB 326) and Proposition 1.
- Health Care Service Plans Discipline: Civil Penalties (SB 858): Appropriates \$2,778,000 from the Managed Care Fund from the 2024 Budget Act to align with information technology implementation due to delays in receiving final approval in the project approval lifecycle process.

Panel

- Department of Managed Health Care
- Department of Finance
- Legislative Analyst's Office

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 1 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Patrick Le.