



DEPARTMENT OF MENTAL HEALTH

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DMH Legislative Report for the Behavioral Health Commission – March 13, 2025

This report includes an update on Federal budgetary issues and a list of newly introduced bills for the 2025-26 legislative session. The Department will continue identifying and analyzing legislation throughout the session to develop our priority list of bills that may impact our operations and the public mental health safety net.

Federal Budget

At the time of this report's drafting (March 10, 2025), the Federal government is operating with funding allocated from a continuing budget resolution that is scheduled to expire on Friday, March 14, 2025. Congressional Republicans are considering introducing a continuing resolution that would extend funding for the Federal Government through September of 2025. However, it is unclear whether there is sufficient support for the resolution to pass. The Department's largest source of federal funding, the Federal share of Medi-Cal funding, is not expected to be immediately impacted if the Federal government shuts down because the Federal Centers for Medicare and Medicaid Services has full funding through the end of December 2025. A short-term federal shutdown is not expected to impact DMH's Medicaid revenues.

However, Congressional Republicans are also drafting a new Federal budget document that may result in significant cuts to Medicaid. Congressional Republicans are planning to utilize the budget reconciliation process to pass a Federal budget without Democratic support. Congressional Republicans have asked the House committee which oversees Medicaid and Medicare funding to make recommendations to find \$880 Billion in Federal savings (over 10 years) from the programs and services which the committee oversees. There is wide consensus among Federal budget experts that there is no way for the committee to achieve that target level of Federal savings without making significant cuts to either Medicaid and/or Medicare. The Department receives over \$1.2B in Federal Medicaid revenue annually to provide and/or fund Medicaid services to County residents. At this point it is not yet clear what the Committee may recommend to achieve its savings target, and it is also not yet clear whether or not the Republicans' attempt to pass a budget through the reconciliation process will be successful. However, it is possible that a significant cut to overall Federal Medicaid spending may impact the Department and the Department's ability to serve County residents. The Department will continue to monitor these conversations regarding the Federal budget and will share updates with the Commission on a regular basis.

Newly Introduced Legislation

It is important to note that many of the legislative proposals listed below have been recently introduced and lack detailed language. Therefore, the analysis offered below should be considered preliminary, and may be subject to change as more details regarding the legislation is provided by the authors.

- **SB 823 Mental Health: the CARE Act (Stern)**, would include bipolar I disorder in the criteria for a person to receive services under the CARE Act. By increasing the duties on the county behavioral health agencies, this bill would impose a state-mandated local program.

DMH's Initial Analysis: Expanding CARE Court eligibility to include clients with bipolar I disorder may benefit some residents who may be referred to CARE Court in the future under the expanded definition. However, the Department is still analyzing this bill to determine its impact.

DMH Position: No position taken yet.

County Position: No position taken yet.

CBHDA Position: No position taken yet.

- **AB 543 Medi-Cal: Street Medicine**, sets forth provisions regarding street medicine, as defined, under the Medi-Cal program for persons experiencing homelessness. States the intent of the Legislature that the street medicine-related provisions coexist with, and not duplicate, other Medi-Cal provisions, including, but not limited to, those regarding community health worker services, enhanced care management, and community supports. This bill would offer presumptive eligibility to Medi-Cal for specific clients of street medicine teams.

DMH Initial Analysis: The Department is analyzing this bill to determine its impact to clients in interim housing.

DMH Position: No position taken yet.

County Position: No position taken yet.

CBHDA Position: No position taken yet.

- **AB 4 Covered California Expansion (Arambula)**, requires the Health Benefit Exchange, no sooner than January 1, 2027, and upon appropriation by the Legislature for this purpose, to administer a program to allow persons otherwise not able to obtain coverage by reason of immigration status to enroll in health insurance coverage in a manner as substantially similar to other Californians as feasible, consistent with federal guidance and given existing federal law and rules.

DMH's Initial Analysis: This bill may allow some LA County residents to maintain access to affordable health insurance, including access to mental health benefits, regardless of their immigration status. While it is unclear whether or not there would be a direct impact to DMH or the Department's operations, this bill may assist in the continued access to mental health services for County residents.

DMH Position: Watching. No position taken yet.

County Position: Watch

CBHDA Position: No position taken yet.

- **AB 37 Workforce Development: Mental Health Service Providers (Elhawary)**, states the intent of the Legislature to enact legislation relating to expanding the workforce of those who provide mental health services to homeless persons or homeless people.

DMH's Initial Analysis: The Department has been supportive of legislative proposals in the past that were designed to expand the behavioral health workforce in the State. AB 37 still has placeholder language, so DMH will be watching this bill closely to see how it develops.

DMH Position: Watching. No position taken yet.

County Position: No position taken yet.

CBHDA Position: No position taken yet.

- **AB 255 The Supportive-Recovery Residence Program (Haney)**, authorizes state programs to fund supportive-recovery residences that emphasize abstinence under these provisions as long as the state program meets specified criteria, including that the applicant for funding provides certification from the county in which the project is located indicating that the project would not result in supportive-recovery residence units exceeding a specified percentage of the total inventory of permanent supportive housing within the county.

DMH Analysis: The Department is analyzing this bill to determine how it impacts Permanent Supportive Housing.

DMH Position: Watching. No position taken yet.

County Position: No position taken yet.

CBHDA Position: No position taken yet.

- **AB 339 Local public employee organizations: notice requirements (Ortega)**, requires the governing body of a public agency, and boards and commissions designated by law or by the governing body of a public agency, to give the recognized employee organization no less than 120 days' written notice before issuing a request for proposals, request for quotes, or renewing or extending an existing contract to perform services that are within the scope of work of the job classifications represented by the recognized employee organization.

DMH Analysis: The Department is in the process of analyzing this bill to determine the impact on DMH contracts.

DMH Position: Watching. No position taken yet.

County Position: Watch

CBHDA Position: No position taken yet.

- **SB 27 Community Assistance, Recovery, and Empowerment (CARE) (Umberg)**, relates to the Community Assistance, Recovery, and Empowerment (CARE) Court Program. Allows the court to conduct the initial appearance on the petition at the same time as the prima facie determination if specified requirements are met.

DMH's Initial Analysis: The Department is in the process of analyzing this bill and understanding its likely impact to the County's CARE program.

DMH Position: Watching. No position taken yet.

County Position: Watch

CBHDA Position: No position taken yet.