

# LEGISLATIVE UPDATE



Week of June 10, 2024

## State Issues

### Budget Update

On Thursday (June 13) both houses of the Legislature passed AB 107, the Budget Act of 2024. Both houses also approved two budget trailer bills, (SB 154 and SB 167), which make changes to the education budget and tax policy. The Governor has to June 27 to sign the Budget Bill, just a few days before the July 1 start of the 2024-2025 state fiscal year.

The best summary of what is in the Budget Bill can be found here via the [Floor Summary Report](#). The actions on the health budget can be found on Pages 11-22 of this document. Here are just a few highlights:

**MCO Health Investments.** Rejects the May Revision proposal to permanently eliminate over \$2.4 billion in annual new health investments scheduled to take effect January 1, 2025. Instead, the new investments generally will be delayed one year until January 1, 2026, and there will be some modest Legislative adjustments to the new investments. Some added MCO rate enhancements will start in 2025 under the Legislature’s Budget Plan.

**MCO Allocations.** The Legislature proposal does not include a \$110 million directed payment from the MCO Tax to Children’s Hospitals that was proposed by the Governor.

**Public Health.** Rejects the May Revision’s proposed cuts to Public Health programs.

**Health Care Workforce.** Reduces budgeting health care training by \$729 million over five years, while retaining \$125 million to allow programs that are underway to continue without disruption, including the Song-Brown Primary Care Residency program, the Song-Brown Nursing program, the Health Professionals Career Opportunity Program, and the California Medicine Scholars Program.

**Restores Some Health Programs.** The budget bill retains funding for a whole host of health care programs, including Indian Health, Free Clinics, Acupuncture services, Abortion Provider Protections, and some Health enrollment navigators.

**Eliminates, Delays or Reduces Certain Health Programs.** The budget does not include funding for a variety of other health programs, including Children and Youth Behavioral Health Initiative, Behavioral Health Bridge Housing Program, and Equity and Practice Transformation payments.

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<p>Budget Update <i>(continued)</i></p>	<p><b>Budget Changes Expected.</b> While the Legislature is working hard to say that what was just passed in not a “place holder bill,” they do contend the negotiations with the Governor are ongoing. The Legislature had to act despite final agreements not being met due to the State Constitutional requirement that the Legislature pass a balanced budget bill document before June 15.</p> <p>The negotiations between the Governor and Legislative Leaders continue. The legislative budget bill, AB 107, is likely to be amended later via a “budget bill junior(s)” to reflect subsequent budget compromises between the Legislature and the Governor. In addition to the trailer bills voted on this week, other bills related to the budget will be introduced in the coming weeks related to the budget plan. Many draft trailer bills have been posted online at the <a href="#">Department of Finance</a>, but many more are expected.</p> <p><b>Health Care Minimum Wage Not Yet Settled.</b> Issues around the implementation of the Health Care Minimum Wage have arisen in the last few days. The Legislature has included SOME funding in the budget agreement to pay for the implementation of the new health care minimum wage for state facilities. However, they have only included \$100 million – about half of the \$200 million the State Department of Finance says is required to fund it for an entire budget year. This goes along with the new push from the Governor to postpone the implementation from July 1, 2024, to January 1, 2025. They have also chosen to bury this amount in the Medi-Cal budget, and not created a separate line item for it –making it more difficult for advocates to monitor.</p>
<p>Confirmation for New Chief Deputy Director at DHCS</p>	<p>This week, the Senate Rules Committee held a hearing regarding the appointment of Sarah Brooks to the role of Chief Deputy Director of Health Care Programs at the Department of Health Care Services. In this role, she will be responsible for leading the State’s work on Medi-Cal. In her testimony, she noted that she is a social worker by trade and training and that is the lens through which she communicates and evaluates every situation.</p> <p>This will be her second stint in the Department, as she held several positions there between 2012-2020, including Chief of the Managed Care Quality and Monitoring Division from 2014 to 2015 and Chief of the Program Monitoring and Medical Policy Branch from 2012 to 2014. She left state service in 2020 to become the Managing Director at Sellers Dorsey, a national health care consulting firm specializing in Medicaid and Medicare funding strategies. Previous to her work with the State, Brooks was Assistant Director at the Public Hospital Association and Director at the National Association of Social Workers.</p> <p>The Rules Committee unanimously approved her nomination, and it will now go to the Floor of the Senate for final confirmation.</p>

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