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DPH-SAPC Legislative Report for the Behavioral Health Commission – May 1, 2025

This report includes updates on Federal budget, legislation, and a list of newly introduced bills for the 2025-26 State 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 substance use disorder system.

Federal

- **President's FY 2026 Discretionary Budget Request**

5/2/2025- Discretionary Budget Request

Would establish the Administration for a Healthy America (AHA) and would set an overall \$33 billion (-26.2%) reduction in HHS funding from prior year. At least \$500 million is allocated for the MAHA initiative, discretionary funding for the Secretary to address nutrition, physical activity, healthy lifestyles, "over-reliance on medication and treatments," "the effects of new technological habits," environmental impacts, and food and drug quality and safety across HHS.

The proposal eliminates \$1.065 billion from SAMHSA, including elimination of funding for the Mental Health Programs of Regional and National Significance, Substance Use Prevention Programs of Regional and National Significance, and the Substance Use Treatment Programs of Regional and National Significance. The proposal indicates that costs of services should be shifted to States, supported by mental health and SUD block grant funding. The Budget proposal maintains \$5.7 billion for the activities formerly part of SAMHSA. There is no specific mention of SUBG funding levels, which may indicate they are not proposing significant or any cuts.

Proposes an elimination of \$3.6 billion from the CDC, including proposals to consolidate funding for Infectious Disease and Opioids, Viral Hepatitis, Sexually Transmitted Infections, and Tuberculosis programs into one grant program funded at \$300 million.

The Budget also proposes to eliminate programs that have been determined to be related to Diversity, Equity, and Inclusion (DEI) or which have been deemed as unnecessary. Proposed eliminations include the National Center for Chronic Diseases Prevention and Health Promotion, National Center for Environmental Health, National Center for Injury Prevention and Control, and the Global Health Center. The proposal also shifts responsibilities and costs to States by eliminating the Public Health Preparedness and Response and the Preventive Health and Human Services Block Grant. The proposal eliminates \$674 million from CMS, which includes eliminations of funding for programs deemed related to DEI, health equity, and the Inflation Reduction Act. Additional information on Medicaid funding is not included in the proposal, although it asserts that there will be no impact on providing benefits to Medicare and Medicaid beneficiaries.

The proposal eliminates \$1.732 from the Health Resources and Services Administration (HRSA). The Budget proposal consolidates several programs formerly under HRSA, including activities under the Ryan White HIV/AIDS program related to education and training (-\$74 million), multiple Maternal and Child Health programs (-\$274 million), multiple Health Workforce Programs (-\$1 billion), and family planning programs (-\$286 million).

- **H.R. 1266 - Combatting Illicit Xylazine Act**

Referred to Energy and Commerce Committee and Judiciary Committee.

H.R. 1266 would add xylazine to the list of schedule III-controlled substances. The regulations for controlled substances would not apply to xylazine that is used for veterinary purposes.

- **H.R. 27 - HALT Fentanyl Act**

Referred to Judiciary Committee.

H.R. 27 would permanently place fentanyl-related substances as a class into schedule I of the Controlled Substances Act, establish a new alternative registration process for certain schedule I research, and make changes to registration requirements for conducting research with controlled substances.

- **H.R. 1968 - Full-Year Continuing Appropriations and Extensions Act, 2025**

03/15/2025- Became Public Law No: 119-4.

H.R.1968 provides continuing FY2025 appropriations to federal agencies for the remainder of FY2025. It is known as a continuing resolution (CR) and prevents a

government shutdown that would otherwise occur if the FY2025 appropriations bills have not been enacted when the existing CR expires on March 14, 2025. The CR funds most programs and activities at the FY2024 levels. It also includes several additional provisions that increase or decrease funding for various programs compared to FY2024 levels. In addition, the bill extends several expiring programs and authorities, including several public health, Medicare, and Medicaid authorities and programs; the Temporary Assistance for Needy Families (TANF) program; several immigration-related programs and authorities; the special assessment on nonindigent persons or entities convicted of certain offenses involving sexual abuse or human trafficking; the temporary scheduling order issued by the Drug Enforcement Administration to place fentanyl-related substances in Schedule I of the Controlled Substances Act; and the authorization for the U.S. Parole Commission.

State

- **AB 1037 The Substance Use Disorder (SUD) Care Modernization Act (Elhawary)**

AB 1037 seeks to change outdated requirements and policies within existing statutes to align with current evidence-based practices and increase access to SUD treatment.

DPH Analysis: The SUD Care Modernization Act would help address historical stigmas, outdated policies, and significant statutory barriers to more successfully engage and treat people with SUDs and ultimately save lives. This bill aligns statutes with the overarching policies of California around SUD treatment, recently enacted laws, and best practices throughout an individual's recovery journey and no matter their readiness for change. Whether someone is ready for complete abstinence from substances or not, they should benefit from SUD treatment. California statutes can facilitate greater and more streamlined approaches to accessing care with the SUD Care Modernization Act.

DPH Position: Support

County Position: Support (LA County Sponsored)

CBHDA Position: Support

- **AB 8 Cannabis: cannabinoids: industrial hemp (Aguiar-Curry)** AB 8 makes several new prohibitions regarding industrial hemp, cannabis, and cannabis products that would be effective January 1, 2028, including changes in definitions, use of the cannabis excise tax, and new regulations and inspections, among other provisions.

DPH Analysis: This bill would expand regulations on cannabis products derived from industrial hemp (other than CBD), ensuring that these products are sold within regulated supply chains and make businesses subject to inspection and penalties. This would increase the safety and oversight of cannabis products sold, creating safer environments for the sale of cannabis products by limiting accessibility. This bill would also remove the requirement for the cannabis excise tax to increase beyond 15%,

impacting youth SUD prevention efforts for programs that rely on that tax revenue for funding.

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: No position taken yet.

- **AB 255 The Supportive-Recovery Residence Program (Haney)**- AB 255 would allow state departments or agencies to fund supportive-recovery residences (SRRs) that have been certified by a National Alliance for Recovery Residences (NARR) affiliated organization, comply with Housing First components as determined by DHCS, and meet other specifications. Amendments in print on April 21 clarify that the provisions prohibiting eviction based on relapse specifically prohibit “automatic” eviction of a person on the basis of relapse, would require at least 75% of program funds awarded to each jurisdiction is used for housing or housing-based services using a harm reduction model, specify that at least one harm-reduction housing placement option must be offered and the individual or family must be able to choose a supportive recovery residence or harm-reduction placement, and further specifies that the harm-reduction housing placement option and the supportive recovery residence do not have to be available for move-in at the same time.

DPH Analysis: While DPH-SAPC does not currently offer permanent supportive housing (PSH), this legislation could provide funding streams that expand its Supportive Recovery-Oriented Residences program for much needed recovery-oriented permanent housing. This bill would also permit counties to require their own quality and performance standards when contracting for recovery residence services, in addition to NARR standards and Housing First principles.

Amendments in print on April 21 provide additional clarity for providers and improve the administrative operability of the bill. AB 255 previously specified that the number of units of supportive recovery residences may not exceed 25% of the total inventory of permanent supportive housing within a county. The amendments flip the ratio to indicate that 75% should be under a harm-reduction approach, and changes the unit of measurement for the percentages to refer to the percentage of total program funds awarded to each jurisdiction. Basing the percentages on program funds awarded, rather than by unit inventory, will make the bill more straightforward in implementation. Amendments regarding choice of placement options mirror language in AB 2479 (Haney, 2024) and AB 2893 (Ward, 2024).

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: No position taken yet.

- **AB 302 Confidentiality of Medical Information Act (Bauer-Kahan)**- AB 302 amends the Confidentiality of Medical Information Act by requiring healthcare providers to disclose medical information strictly when mandated by California law. It limits circumstances where disclosure can occur under out-of-state judicial orders or warrants. The bill further eliminates previously allowed disclosures based on patient authorization, creating stricter conditions for sharing medical information and increasing penalties for violations.

DPH Analysis: By removing existing authorizations to disclose medical information pursuant to express authorization by a patient, enrollee, or subscriber, it would remove the right for patients to direct their health information to a third party of their choosing. Yet, this contradicts the Health Insurance Portability and Accountability Act (HIPAA) which provides a patient with more control over their own health information than state law does. This provision of the bill may also create unintended consequences of delayed care within the SUD system due to limitations in accessing necessary health records.

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: No position taken yet.

- **AB 309 Hypodermic needles and syringes (Zbur)** - AB 309 aims to indefinitely extend the current law that allows individuals 18 years and older to obtain hypodermic needles and syringes from licensed pharmacists or physicians without a prescription. The bill seeks to eliminate the January 1, 2026 repeal date of existing regulations.

DPH Analysis: Making permanent sterile syringe access at pharmacies and authorization for individuals to possess syringes for personal use will sustain the efficacy of harm reduction programs operating in LA County. It will promote greater access to sterile syringes among people who use injectable drugs in LA County, prevent the spread of HIV and viral hepatitis, preserve opportunities for health engagement in pharmacies, and promote proper disposal of used syringes.

DPH Position: Support

County Position: Support

CBHDA Position: No position taken yet.

- **AB 396 Needle and syringe exchange services (Tangipa)**- AB 396 mandates that entities providing needle and syringe exchange services ensure proper disposal and tracking of each syringe dispensed, including unique serial numbers. Entities must report this data quarterly, and penalties for inaccurate reporting include fines and operation suspensions. Additionally, the bill establishes a Needle and Syringe Disposal Fund, highlighting accountability in addressing public health concerns related to needle disposal and potential health risks from improper handling.

DPH Analysis: The proposed penalties for abandoned or improperly discarded syringes is overly punitive to Syringe Services Programs (SSPs) and would create barriers for individuals with SUD to access their services. Not only do SSPs provide clean needles and syringes, which reduces the spread of bloodborne diseases like HIV and Hepatitis, they also provide opportunities for engagement with individuals about SUD treatment and distribute opioid overdose reversal medications. Should SSPs be burdened with high penalty fees or suspended from operation, communities would be negatively impacted. Furthermore, the disposal of medical waste, including sharps waste, is already regulated under the Medical Waste Management Act, additional oversight over SSPs is redundant and unnecessary.

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: No position taken yet.

- **AB 339 Local public employee organizations: notice requirements (Ortega)** - AB 339 modifies current laws under the Meyers-Milias-Brown Act, establishing that public agencies must provide a minimum of 120 days' written notice to recognized employee organizations before issuing requests for proposals or renewing contracts relevant to their classifications. In emergency situations, agencies must provide as much advance notice as practicable. If the organization demands to meet and confer, public agencies are required to engage in good faith discussions within 30 days. No state reimbursement for mandated costs is provided, but agencies may seek other reimbursement methods.

DPH Analysis: Considering all SUD services provided under SAPC are contracted, it would create an impractical workflow for SAPC to follow. This bill would prevent the County from remaining flexible in regard to short-term funding opportunities, prevent swift responses to emergency situations or priority issues identified in communities, and jeopardize County relationships with funders due to delays in spend down and slow progress on deliverables. Ultimately, this bill would present a significant burden that could delay or reduce access to critical services.

DPH Position: Oppose

County Position: Oppose

CBHDA Position: No position taken yet.

- **AB 416 Involuntary commitment (Krell)**- AB 416 amends the Lanterman-Petris-Short (LPS) Act to permit emergency physicians to detain individuals for evaluation and treatment if they pose a danger to themselves or others due to mental health disorders or is gravely disabled as a result of a mental health disorder, a severe substance use disorder, or both. The bill also provides criminal and civil liability exemptions for emergency physicians who carry out these detentions, equating their authority with that of peace officers and mobile crisis team members.

DPH Analysis: The current LPS language includes peace officers, professional persons in charge of a facility designated by the county for evaluation and treatment, members of the attending staff of a facility designated by the county for evaluation and treatment, designated members of a mobile crisis team, or professional person designated by the county. This provision of the bill is redundant since ED physicians can already be designated by counties for LPS authority. It would provide a blanket permission for all ED physicians, which considering the time and staffing constraints typical in an ED, as well as the variation in training/readiness to evaluate for LSP by ED physicians, could be inappropriate.

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: Oppose

- **AB 423 Alcohol and drug recovery or treatment facilities: discharge and continuing care planning (Davies)**- AB 423 would require a business-operated recovery residence to register its location with the department. The bill would establish a definition for a business-operated recovery residence as a recovery residence in which a business, in exchange for compensation, provides more than one service beyond those of a typical tenancy arrangement to more than one occupant. This would include drug testing, supervision, scheduling, rule setting, rule enforcement, room assignment, entertainment, gym memberships, transportation, laundry, or meal preparation and coordination.

DPH Analysis: This bill was amended significantly on April 2. The previous version of the bill would have directed DHCS to adopt regulations specifying requirements for discharge and continuing care planning for Alcohol and Other Drug licensees (residential SUD facilities). AB 423 is now focused on recovery residences.

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: Watch

- **SB 35 Alcohol and drug programs (Umberg)**- SB 35 would establish a timeline for the Department of Health Care Services DHCS to initiate an investigation within 10 days of receiving an allegation and complete the investigation within 60 days of the initiation of the investigation for adult alcohol and drug (AOD) recovery or treatment facilities that are alleged to be operating without a current valid license.

DPH Analysis: The provision of adding additional site visits is problematic as it will come in conflict with the Fair Employment and Housing Act (FEHA) (Article 2 Housing Discrimination commencing with GOV § 12955) and stigmatizes recovery residences as a type of housing. There have not been substantial findings of AOD licensees risking their licenses over lower level of care environments. The state is currently struggling with a

shortage of providers for SUD treatment, and this additional oversight may deter instead of growing the number of providers. This type of oversight extrapolated from a violation by a separate entity does not exist for healthcare facilities or housing.

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: No position taken yet.

- **SB 38 Second Chance Program (Umberg)**- SB 38 modifies the Second Chance Program by allowing proposals offering mental health or behavioral health services, including drug court programs. This change aims to support better treatment options for people with mental health and substance use issues within the criminal justice system. Amendments taken April 9 remove a provision that would have prohibited a grant program from specifying percentage allocations for awards.

DPH Analysis: As currently written, the bill is formatted as a grant and is therefore permissive with limited impacts to County SUD treatment and prevention operations or the provider network. The changes to current law would direct the Board of State and Community Corrections, which administers the grant, to prioritize proposals that utilize a drug court or collaborative court model.

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: Watch

- **SB 329 Alcohol and drug recovery or treatment facilities: investigations (Blakespear)**- SB 329 mandates that DHCS assign and complete investigations into complaints regarding alcohol and drug recovery or treatment facilities within specified time frames. Complaints will be assigned to an analyst within 10 days, and investigations must be completed within 60 days.

DPH Analysis: Complaints are often sent to DHCS before DHCS forwards complaints to DPH-SAPC. This bill would give DHCS greater responsibility in responding to complaints. At this stage, it is unclear whether DHCS has the capacity to handle these investigations fully or if the intention is to delegate work to counties.

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: Watch

- **SB 378 Online marketplaces: illicit cannabis: reporting and liability (Wiener)**- SB 378 would require online cannabis marketplaces to specify in their terms of service whether they allow Californians to view advertisements, the business information of unlicensed sellers of cannabis/cannabis products, and whether the marketplace verifies the licenses of sellers. If they do not verify licenses, a warning graphic must be shown to consumers.

Additionally, online cannabis marketplaces must provide a reporting mechanism for unlicensed advertisements, ensuring that reports receive confirmation and updates. The bill would impose civil penalties for violations and allows for civil enforcement actions by specified parties. SB 378 would also establish an analogous mechanism for online hemp marketplaces regarding intoxicating hemp products.

DPH Analysis: Illicit cannabis businesses have continued to operate in California in spite of legalization, sidestepping safety standards and regulations and putting consumers at risk. Illicit hemp businesses have also continued to operate in violation of California regulations. The federal 2018 Farm Bill (Agriculture Improvement Act of 2018) reclassified hemp products as agricultural products, creating a loophole nationally that has led to the proliferation of hemp products augmented (often with synthetic cannabinoids) to be intoxicating, but without being subject to the age restrictions, health and safety, and advertising regulations that California places on legal cannabis products. California has had emergency regulations in place since September 2024 requiring hemp products to have no detectable THC per serving, thereby banning intoxicating hemp products. This emergency regulation was readopted on March 24, 2025 and remains in effect through September 23, 2025. Enforcement has remained a challenge, and the growth of online marketplaces along with the national intoxicating hemp loophole has further compounded these enforcement challenges. Additional data and regulation would assist in enforcement and consumer protection.

DPH Position: Watch

County Position: No position taken yet.

CBHDA Position: No position taken yet.