



BEHAVIORAL HEALTH COMMISSION

Budget & Legislative Update

June 12th, 2025

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Federal Budget Updates



Item	HR 1 One Big Beautiful Bill Act
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Status	5/22/2025 - House of Representatives votes to pass HR 1. Currently in Senate pending further action.
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Analysis	<p>Would reduce Medicaid funding by \$624 billion over 10 years due to several targeted changes to the program:</p> <ul style="list-style-type: none">• States would be required to impose copays of not more than \$35 per service for adults included in the Medicaid expansion with incomes over 100% the federal poverty limit;<ul style="list-style-type: none">• Currently, individuals with substance use disorder (SUD) are exempted from this requirement.• New State Directed Payments (SDPs) in non-Medicaid expansion states would be capped at 110% of the Medicare rate.<ul style="list-style-type: none">• SDPs in expansion states would be capped at 100% of the Medicare rate.• Would result in 10% reduction of Federal Medical Assistance Percentage (FMAP) for Medicaid expansion states that provide healthcare to undocumented individuals under Medicaid.
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(cont.)

Item	HR 1 One Big Beautiful Bill Act (cont.)
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Analysis (cont.)	
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	Would reduce Medicaid funding by \$624 billion over 10 years due to several targeted changes to the program (cont.):
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| | <ul style="list-style-type: none">• Would establish work requirements for able-bodied adults with dependents of at least 80 hours per month;<ul style="list-style-type: none">• Individuals with SUD currently have exemption from this requirement as well.• Eligibility determinations for expansion populations adults (Post ACA) would increase from every 12 months to every 6 months.• Retroactive Medicaid coverage would decrease from 90 days to 30 days. |
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Item President's FY 2026 HHS Discretionary Budget Request

Status 5/30/2025 - HHS Discretionary Budget Request

- Analysis
- The proposal combines multiple agencies into a new unified entity called the Administration for a Healthy America (AHA), including:
 - Health Resources and Services Administration (HRSA),
 - Substance Abuse and Mental Health Services Administration (SAMHSA),
 - Office of the Assistant Secretary for Health (OASH),
 - National Institute for Environmental Health Sciences (NIEHS), and
 - Programs from the Centers for Disease Control and Prevention (CDC)
 - Would result in an overall \$33 billion (-26.2%) reduction in HHS funding from prior year.

(cont.)

Item President's FY 2026 HHS Discretionary Budget Request (cont.)

Status 5/30/2025 - HHS Discretionary Budget Request

Analysis
(cont.)

- Would consolidate the three largest mental health and substance abuse programs into one Behavioral Health Innovation Block Grant with a \$4.126 billion allocation:
 - Community Mental Health Services Block Grant,
 - Substance Use Prevention, Treatment and Recovery Support Services Block Grant (SUPT/SUBG), and
 - State Opioid Response
- This is a national reduction of approximately \$467 million collectively from FFY 2025.



State Legislative Report Highlights



Bill	AB 1037 (Elhawary) The Substance Use Disorder (SUD) Care Modernization Act
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Summary	The SUD Care Modernization Act would address historical stigmas, outdated policies, and significant statutory barriers to align with evidence-based best practices, enable more successful engagement and treatment of people with SUDs, and ultimately save lives.
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Status	AB 1037 has passed off the Assembly Floor (final vote: 55 AYES / 19 NOES / 5 NVR). (Updated as of 6/9/2025)
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Position	DPH Position: Support County Position: Support (LA County Sponsored) CBHDA Position: Support
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Bill **AB 309 (Zbur) Hypodermic Needles and Syringes**

Summary	Would extend existing laws that authorize syringe services programs (SSPs). AB 309 would eliminate the current January 1, 2026 repeal date of this authorization and the need for future reauthorization.
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Status	AB 309 passed out of the Assembly on 5/15 (final vote: 54 AYES / 15 NOES / 10 NVR) and has been double-referred to the Senate Committees on Health and Business and Professions. (Updated as of 6/9/2025)
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Position	DPH Position: Support County Position: Support CBHDA Position: No position taken yet.
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Bill **AB 255 (Haney) The Supportive-Recovery Residence Program**

Summary	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.
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Status	AB 255 has passed off the Assembly Floor on 6/3 (final vote: 79 AYES / 0 NOES / 0 NVR) and is now with the Senate, pending referral. (Updated as of 6/9/2025)
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Position	DPH Position: Watch County Position: No position taken yet. CBHDA Position: Support
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