# DEPARTMENT OF MENTAL HEALTH

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**DMH Legislative Report for the Behavioral Health Commission – June 12, 2025**

This report includes a status update on the Governor's May Revise budget proposal. It also includes an updated list of DMH's priority bills and bills of interest introduced for the 2025 -26 legislative session. The Department will continue identifying and analyzing legislation throughout the session and updates on our priority list of bills that may impact our operations and the public mental health safety net.

## Governor's May Revise Budget Highlights

The Governor released his May Revise budget proposal in mid-May. This budget proposal solves for a $12 billion deficit, which is driven by a weakened economic outlook resulting, primarily, from newly imposed federal tariffs, rising Medi-Cal costs, and significantly lower than projected State revenues. To address the $12 billion projected State budget deficit, the May Revision proposes a mix of spending reductions ($5 billion), revenue and borrowing strategies ($5.3 billion), and fund shifts ($1.7 billion) along with targeted use of reserves. Key cuts of interest to DMH include:

- Enrollment Freeze for Full-Scope Medi-Cal Expansion, Adults 19 and Older—A freeze on new enrollment to full-scope coverage for individuals, regardless of immigration status, aged 19 and over, effective no sooner than January 1, 2026. Estimated General Fund savings are $86.5 million in 2025-26, increasing to $3.3 billion by 2028-29.

- Medi-Cal Premiums, Adults 19 and Older—Implementation of $100 monthly premiums for individuals with certain statuses (including unsatisfactory immigration status), those who will eventually qualify for federal funds and individuals enrolled in the Medi-Cal full-scope expansion aged 19 and over, effective January 1, 2027. Estimated General Fund savings are $1.1 billion in 2026-27, increasing to $2.1 billion by 2028-29.

- Medi-Cal Asset Test Limits—Reinstatement of the Medi-Cal asset limit for seniors and disabled adults of $2,000 for an individual or $3,000 for a couple, effective no sooner than January 1, 2026. Estimated General Fund savings are $94 million in 2025-26, $540 million in 2026-27 and $791 million ongoing, inclusive of IHSS impacts.

All three of these proposals would effectively reduce enrollment in full-scope Medi-Cal for County residents. The first two proposals would limit enrollment for County residents who do not have satisfactory documentation status, while the third would limit enrollment for all County residents who fail to meet the proposed asset limits. Each of the three proposals will result in County residents losing Medi-Cal coverage and access to critical care. This is especially problematic for County residents who may not have satisfactory documentation status and are increasingly experiencing anxiety and distress regarding recent changes in Federal regulations and practices.

The loss of Medi-Cal coverage for these members will also result in lost state revenues to support the provision of mental health services to these members. Counties are still responsible for providing mental

health services to uninsured county residents; therefore, the loss of Medi-Cal revenues effectively shifts the cost of providing these services back to the counties. These costs will need to be supported with existing Behavioral Health Services Act revenues or other revenues. The extent of this cost is currently indeterminate as changes in policy at the state and federal levels may drive an overall reduction in undocumented individuals seeking mental health services while the lack of access to early intervention or community outpatient treatment may result in higher utilization of higher cost settings (inpatient or subacute beds). Furthermore, DMH does not collect data on the documentation status of its clients, so it is not able to estimate the exact number of current DMH clients who are at risk of losing Medi-Cal coverage due to the first two proposals.

DMH has great concerns about these three proposals that would effectively reduce Medi-Cal coverage and membership in LA County and has shared these concerns with the Board of Supervisors.

As of the writing of this report (June 9, 2025), the Legislature is expected to release a budget bill that will respond to the Governor's May Revise budget proposal. The bill needs to be in print by June 12th so that the Legislature can meet the requirement to submit a budget proposal to the Governor by June 15th. As of the writing of this report, details of the Legislature's budget proposal have not yet been made public.

**Priority Legislation**

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 331 Substance Abuse (Menjivar)**, as amended on May 23, 2025, would include in the definition of "gravely disabled" for purposes of the above provisions an individual who is unable to provide for their basic personal needs due to chronic alcoholism, as defined. The bill would further define a "mental health disorder" as a condition outlined in the current edition of the Diagnostic and Statistical Manual of Mental Disorders. The bill would also include the original petitioner, and in specified circumstances, the original petitioner if the respondent consents, in the specified entities that would receive notice of proceedings and service of documents and reports. The bill would also include the original petitioner in those required to work with county behavioral health agencies to enter into CARE agreements, among other things.

  **DMH Analysis:** DMH has concerns with SB 331's current intent to broaden the definition of "mental health disorder" and believes that current processes are appropriate and sufficient to ensure that individuals with potential mental health disorders are evaluated for 5150's. If an individual is a danger to themselves or others, there are already processes in place for that individual to get access to the LPS systems.

  **DMH Position:** Expressed concerns. No position taken yet.
  **County Position:** No position taken yet.
  **CBHDA Position:** Oppose.

- **SB 483 Mental Health Diversion (Stern)**, Requires a defendant to agree that a recommended treatment plan will meet their specialized needs. Redefines pretrial diversion to require that the court is also satisfied that the recommended program is consistent with the underlying purpose of mental health diversion.

**DMH Analysis:** SB 483, introduced on February 19, 2025, originally included a requirement for the court to approve any recommended inpatient or outpatient mental health treatment programs. This could have delayed the processing and placement of individuals seeking treatment through diversion. The Department also opposed the earlier version of the bill because it would have allowed courts to bypass the clinical judgment of county behavioral health agencies and overrule the subject matter expertise of clinicians.

However, the current version of the bill, amended on May 23, 2025, has removed this provision. The Department has no concerns with the amended language (as of May 23, 2025), which requires the defendant to agree that the recommended treatment plan will address their specific needs as a condition of diversion.

**DMH Position:** No position taken yet.
**County Position:** No position taken yet.
**CBHDA Position:** No position taken yet.

- **SB 16 Homeless Housing, Assistance, and Prevention program: housing element: Integrated Plan for Behavioral Health Services and Outcomes( Blakespear),** as amended on April 24, 2025, would require the Department of Housing and Community Development to complete, or contract to complete, an assessment and financing plan to, in coordination with local jurisdictions, address unsheltered and chronic homelessness in the state over a 10-year period. The bill would require the department to report to the Legislature on the assessment and financing plan by December 31, 2027. The bill would require the assessment to include specified information, including, among others, the number of people experiencing unsheltered homelessness and the number of people expected to fall into unsheltered homelessness over the next 10 years based on recent data on rates of Californians becoming unsheltered. The bill would require the department or contractor to, in completing the assessment and financing plan, consult with specified individuals and entities, including, among others, individuals with lived experience of homelessness, representatives of cities and counties, and specified working groups.

  **DMH Analysis:** DMH is analyzing the extensive April 24, 2025, bill amendments. It is possible that DMH may change its analysis and recommendation to the Board upon further review of the new amendments.

  **DMH Position:** Expressed concerns (over March 25, 2025, version), re-analyzing the April 24, 2025, version.
  **County Position:** Oppose (based upon the March 25, 2025, version).
  **CBHDA Position:** Oppose (based upon the March 25, 2025, version).

- **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 Analysis:** DMH recommends supporting SB 823 if it is amended to restrict the eligibility expansion to clients with a diagnosis of bipolar I disorder *with* psychotic features. This would ensure that those who are most in need of support, including clients with anosognosia, receive access to the CARE Act process and services.

**DMH Position:** Support if amended.
**County Position:** Support if amended.
**CBHDA Position:** Support if amended.

**Current Status**: The bill was held in Senate Committee on Appropriations on May 23, 2025

- **SB 367 Mental Health (Allen),** as amended on May 1, 2025, makes multiple changes to the Laternman-Petris-Short Act (LPS) conservatorship process. Some of the changes that would be introduced by the bill include:
    - The bill would require an LPS assessment to consider reasonably available, relevant information as specified.
    - The bill would expand the list of individuals or entities that may recommend a conservatorship for a gravely disabled person without that person being an inpatient in a facility providing comprehensive evaluation or intensive treatment to include, among others, the county agency providing investigations for conservatorships of the person.
    - This bill would specify probate conservatorships with or without major neurocognitive disorder powers in the list of available alternatives that the officer providing conservatorship investigation is required to investigate. The bill would additionally require an officer providing conservatorship investigation to include a recommended individualized plan for treatment and care drawn from the documented list of less-restrictive alternatives in the written report described above if the officer recommends against an LPS conservatorship.
    - This bill would require an individualized treatment plan to specify goals for stabilization, the individual's evidenced-based treatment, and movement to a less-restrictive setting. The bill would require the treatment plan to be filed with the court, as specified, after it is developed. The bill would require the court to order the treating agency to remedy any perceived defects in a treatment plan if the plan does not meet the specified goals and criteria and would create procedures for remedying those defects and terminating the conservatorship. The bill would authorize the court, upon termination of the conservatorship, to refer the individual to assisted outpatient treatment or Community Assistance, Recovery, and Empowerment (CARE) Court, as specified. This bill would prohibit the court from terminating the conservatorship prior to the end of the conservator's one-year mark if the conservatee cannot be located at any point during that one-year period, except as specified.
    - This bill would authorize a court, at any point after entry of a CARE agreement or adoption of a CARE plan, to order the respondent to an evaluation under the LPS Act without a petition from the county if the court believes the respondent has become gravely disabled. The bill would establish the procedures required before a court could issue an order pursuant to these provisions.

**DMH Initial Analysis:** Delayed due to the extensive amendments that were recently accepted by the author. Analysis is pending.

**DMH Position:** No position taken yet.
**County Position:** No position taken yet.
**CBHDA Position:** Oppose (position announced prior to May 1st amendments).

**Current Status**: The bill was held in Senate Committee on Appropriations on May 23, 2025

- **AB 543 Medi-Cal: Street Medicine (Gonzalez)**, as revised on April 23, 2025, sets forth provisions regarding street medicine under the Medi-Cal program for persons experiencing homelessness. Authorizes a Medi-Cal managed care plan to elect to offer Medi-Cal covered services through a street medicine provider. Provides that a managed care plan that elects to do so would be required to allow a Medi-Cal beneficiary who is experiencing homelessness to receive those services directly from a street medicine provider, regardless of the beneficiary's network assignment.

  **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:** Support.

- **AB 255 The Supportive-Recovery Residence Program (Haney)**, as amended on April 21, 2025, would authorize state programs to fund supportive-recovery residences, as defined, that emphasize abstinence, as long as at least 75% of program funds awarded to each jurisdiction is used for housing or housing-based services using a harm-reduction model. This bill would specify requirements for applicants seeking funds under these programs and would require the state to perform periodic monitoring of select supportive-recovery residence programs to ensure that the supportive-recovery residences meet certain requirements, including that core outcomes of the supportive-recovery housing emphasize long-term housing stability and minimize returns to homelessness. The bill would also prohibit automatic eviction on the basis of relapse, as specified. The bill would require, if a tenant is no longer interested in living in a supportive-recovery residence or is at risk of eviction, that the supportive-recovery residence provide assistance in accessing housing operated with harm-reduction principles that is also permanent housing.

  This bill would require the department to adopt the most recent standards approved by the National Alliance for Recovery Residences, the Substance Abuse and Mental Health Services Administration, or other equivalent standards as the minimum standard for supportive-recovery residences that receive public funds under these provisions. The bill would require the department to establish a separate process for determining if the supportive-recovery residence complies with the core components of Housing First. The bill would authorize the department to charge a fee for certification of a supportive-recovery residence in an amount not to exceed the reasonable cost of administering the program, not to exceed $1,000, and would establish the Supportive-Recovery Residence Program Fund for collection of the fee, to be available upon appropriation by the Legislature.

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

  **DMH Position:** Watch.
  **County Position:** Watch.
  **CBHDA Position:** No position taken yet.

  **Current Status:** June 2, 2025**,** Passed Assembly. To Senate.

- **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:** DMH agrees with the concerns in the County's analysis and its opposition position of AB 339. The full analysis can be found here.

  **DMH Position:** Oppose.
  **County Position:** Oppose.
  **CBHDA Position:** No position taken yet.

  **Current Status:** June 2, 2025**,** Passed Assembly. To Senate.

- **AB 348 Full service partnerships (Krell)**, as amended on April 24, 2025, would establish criteria for an individual with a serious mental illness to be presumptively eligible for a full-service partnership, including, among other things, the person is transitioning to the community after 6 months or more in the state prison or county jail. The bill would specify that a county is not required to enroll an individual who meets that presumptive eligibility criteria if doing so would conflict with contractual Medi-Cal obligations or court orders, or exceed full-service partnership capacity or funding, as specified. The bill would make enrollment of a presumptively eligible individual contingent upon the individual meeting specified criteria and receiving a recommendation for enrollment by a licensed behavioral health clinician, as specified. The bill would prohibit deeming an individual with a serious mental illness ineligible for enrollment in a full-service partnership solely because their primary diagnosis is a substance use disorder.

  **DMH Initial Analysis:** The Department is in the process of analyzing the impacts of this bill FSP programs. DMH notes that this bill attempts to put programmatic requirements into state code via legislation. Currently FSP programmatic guidelines are controlled by state regulation, which is much easier to modify than state code.

  **DMH Position:** Opposed
  **County Position:** Opposed
  **CBHDA Position:** Oppose unless amended.

  **Current Status:** May 12, 2025, Passed Assembly**.** May 21, 2025, to Senate Committee on Health.

- **AB 416 Involuntary commitment (Krell)**, authorizes a person to be taken into custody, pursuant to provisions of the Lanterman-Petris-Short Act, by an emergency physician. Exempts an emergency physician who is responsible for the detainment of a person under those provisions from criminal and civil liability.

  **DMH Analysis:** The Department is in the process of analyzing the impacts of this bill.

  **DMH Position:** No position taken yet.
  **County Position:** No position taken yet.

**CBHDA Position:** Oppose.

**Current Status:** May 15, 2025, Passed Assembly. May 28, 2025, To Senate committees on Health, Judiciary and Appropriations.

- **SB 27 Community Assistance, Recovery, and Empowerment (CARE) (Umberg)**, relates to the 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:** In LA County the CARE Court preliminary hearings and prima facie determinations are typically held concurrently. Therefore, DMH has no concerns with the provisions in SB 27.

  **DMH Position:** Support.
  **County Position:** Support.
  **CBHDA Position:** Watch.

  **Current Status:** May 27, 2025, Passed Senate. May 5, to Assembly Committee on Judiciary.

**Legislation of Interest**

- **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:** Watch.
  **County Position:** Watch.
  **CBHDA Position:** No position taken yet.

- **AB 37 Workforce Development: Mental Health Service Providers (Elhawary)**, would require the California Workforce Development Board to study how to expand the workforce of mental health service providers who provide services to homeless persons.

  **DMH's Initial Analysis:** The Department has been supportive of similar legislative proposals in the past that were designed to expand the behavioral health workforce in the State. This bill is likely to be amended in the near future, since it lacks details in its current draft.

  **DMH Position:** Watching. No position taken yet.
  **County Position:** No position taken yet.
  **CBHDA Position:** No position taken yet.

- **AB 1012 Medi-Cal Immigration Status (Essayli)**, creates the Serving Our Seniors Fund would make an individual who does not have satisfactory immigrant status ineligible for Medi-Cal benefits and would transfer funds previously appropriated for the provision of Medi-Cal benefits to those individuals to that fund. Appropriates the moneys in that fund to the State Department of Health Care Services to restore and maintain payments for Medicare Part B premiums for eligible individuals.

  **DMH Initial Analysis:** The Department is in the process of analyzing the impacts of this bill on access to care to County residents.

  **DMH Position:** Concerns. No position taken yet.
  **County Position:** No position taken yet.

- **AB 1032 Coverage for behavioral health visits (Harabedian)**, would generally require an individual or group health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2026, to reimburse an eligible enrollee or insured for up to 12 visits per year with a licensed behavioral health provider if the enrollee or insured is in a county where a local or state emergency has been declared due to wildfires. Under the bill, an enrollee or insured would be entitled to those benefits until one year from the date the local or state emergency is lifted, whichever is later. Because a willful violation of these provisions by a health care service plan would be a crime, the bill would impose a state-mandated local program.

  **DMH Analysis:** DMH believes that this bill applies to non-specialty (LA Care, Health Net, etc.) and commercial managed care plans under the Dept of Managed Health Care and does not apply to the specialty MH and SUD plans (SAPC and DMH) under the Dept of Health Care Services. So, this bill will not impact DMH's Specialty Mental Health Plan and therefore will not impact our directly operated or contracted services. The bill requires that these managed care plans cover up to 12 visits per year with a licensed behavioral health provider, which would be beneficial for those residents whose managed care plans do not currently offer up to 12 visits per year.

  The Department agrees with the authors' statement about the increased need for behavioral health services due to the recent fires. DMH has also been seeing a rise in behavioral health needs since the fires, and we have also heard of similar increased needs in other jurisdictions that have experienced similar natural disasters and wildfires.

  DMH agrees with the basic argument for the need to ensure access to behavioral health services for our residents, regardless of their insurance coverage and provider. This bill would not directly impact DMH or our services, DMH has no concerns with the bill and believes it would be beneficial for county residents overall.

  **DMH Position:** No position taken yet.
  **County Position:** No position taken yet.
  **CBHDA Position:** No position taken yet.