



DEPARTMENT OF MENTAL HEALTH

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DMH Legislative Report for the Behavioral Health Commission – July 10, 2025

This report includes a status update on the 2025-26 State Budget Agreement, and the One Big Beautiful Bill Act (OBBBA). 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 2025-26 Budget Agreement

The Governor and the Legislature have reached an agreement on the state budget. The Budget's health-related provisions are in [Senate Bill \(SB\) 116](#) and [Assembly Bill \(AB\) 116](#), and provisions related to the California Environmental Quality Act (CEQA) are in [AB 130](#) and [SB 131](#). DMH has concerns regarding some aspects of the state budget deal that impact our department and the overall system of care. These concerns include:

- Medi-Cal for older adults: The State budget will reintroduce asset tests at the \$130,000 threshold. Right now, there is no asset test at all, but the Governor proposed to reintroduce the asset test and prevent anyone with more than \$2000 in assets from enrolling in Medi-Cal. The Governor and Legislature agreed to reintroduce asset tests at the previous threshold of \$130,000.
- Medi-Cal for undocumented residents: The State budget will implement new monthly premiums of \$30 for undocumented residents ages 19-59 starting on July 1, 2027. The Governor's May Revise included a \$100 premium and an earlier start date.
- Medi-Cal for undocumented residents: The State budget will implement an enrollment freeze for undocumented residents who are eligible for the State-only funded Medi-Cal program. This enrollment freeze will not allow new members to enroll in the program after January 1, 2026, but with two key provisions that the Legislature wanted – a 6-month grace period so that people who accidentally fall off the rolls can reapply and maintain their membership, and a provision that would prevent youth from aging out of the program when they turn 19 years old.
- Medi-Cal for undocumented residents: The Governor's proposal to eliminate Long-Term Care benefits for undocumented Medi-Cal members care was rejected.
- The budget also includes \$50M in one-time funding for county BH depts to fund implementation of Prop 36, but there are no details yet on how those dollars will be distributed. And the counties will have to collect a long list of data points in order to receive those funds.

DMH Analysis of 2025 – 2026 State Budget:

DMH estimates that the provisions of the State budget deal which impact eligibility for the State-only Medi-Cal program for undocumented residents will lead to over 100,000 County residents losing access to Medi-Cal. This will impact DMH and the larger public mental health safety net system in two main ways. Firstly, DMH and the public mental health safety net system will receive less revenue. However, because the county will still be responsible for providing mental health services to uninsured residents, the Department will still be required to maintain access to mental health services for the newly uninsured population. Secondly, DMH also expects that as residents lose access to Medi-Cal, an unknown number of these residents will also lose access to mild to moderate mental health services that they otherwise would have received through their managed care plan. This may lead to the exacerbation of underlying mental health conditions that may have otherwise been ameliorated and treated if the resident had not lost their health insurance. This also may eventually lead to an increase in demand for specialty mental health services.

H.R. 1/Senate Reconciliation Bill – One Big Beautiful Bill Act (OBBBA)

On July 1, 2025, the Senate passed H.R. 1 with amendments. Within a few days, the House passed the Senate’s version of the bill and on July 4th, President Trump signed the bill into law. At over 900 pages, the bill will enact hundreds of policy changes in a wide variety of areas. Key provisions of the bill that will impact the County’s mental health safety net system include:

- **New work requirements:**
Requires states to condition Medicaid eligibility for individuals ages 19-64 applying for coverage or enrolled through the ACA expansion group (or a waiver) on working or participating in qualifying activities for at least 80 hours per month. Effective Date: Not later than December 31, 2026, or earlier at state option. NOTE: DMH assumes that DMH’s current service population will be exempt from this new work/volunteer requirement.
- **More frequent eligibility redetermination:**
Requires states to conduct eligibility redeterminations at least every 6 months for Medicaid expansion adults. Effective Date: For renewals scheduled on or after December 31, 2026.
- **Delays implementation of new procedures that will streamline eligibility and enrollment:**
Delays implementation of the Eligibility and Enrollment Final Rule promulgated by the Centers for Medicare and Medicaid to no earlier than October 1, 2034. The final rule streamlines application and enrollment processes in Medicaid.

DMH Analysis of the OBBBA:

DMH's primary concern with the OBBBA is that the proposed changes to Medicaid could lead to a significant loss of Medi-Cal eligibility and coverage for residents of the County. The new work requirements may lead to a loss of coverage and a reduction in access to mental health care for individuals suffering from mild to moderate mental health issues. Furthermore, it is possible that many Medi-Cal members in the County, including DMH clients, may inadvertently lose their Medi-Cal coverage due to a lapse in the redetermination process. DMH believes that limited access to care for these individuals may worsen their conditions, potentially leading to the development of severe mental illnesses for some County residents. This situation could result in an increase in mental health challenges within the community and place an even greater burden on DMH’s already strained system to provide adequate care for these individuals.

In addition, there are several other provisions of the bill which are not listed above which will reduce the overall amount of Federal funding that the State will receive to help fund the Medi-Cal program. Although DMH does not expect to be directly impacted by the overall loss of Federal funding, less Federal funding for California overall will limit the State's ability to continue supporting State-funded behavioral health initiatives, such as the capital projects that the State has funded in recent years.

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 27 Community Assistance, Recovery, and Empowerment (CARE) (Umberg), as amended on June 17, 2025, would allow the court to conduct the initial appearance on the petition at the same time as the prima facie determination if specified requirements are met. The bill, in the first hearing to determine competence to stand trial, would authorize the court to consider the petitioner's eligibility for both diversion and the CARE program. The bill would authorize the county behavioral health agency and jail medical providers to share confidential medical records and other relevant information with the court for the purpose of determining the likelihood of eligibility for behavioral health services and programs. The bill would authorize the court to call additional progress hearings after 60 days. The bill would also include persons suffering from mood disorders with psychotic features, except for psychosis related to current intoxication, in the disorder class. The bill would additionally authorize a court to refer an individual from felony proceedings, as specified, to the CARE Act program. The bill would authorize a CARE Act court to consider a referral as a petition for participation in the CARE program if certain requirements are met. The bill would make additional technical and conforming changes. Existing law defines "licensed medical professional" for purposes of the CARE Court program. This bill would include nurse practitioners and physician assistants in that definition.

DMH's Analysis:

Expands CARE Court eligibility to include clients with mood disorders with psychotic features:

The expansion of the eligibility criteria would rapidly significantly increase the population eligible for CARE Court. However, DMH's clinical experts do not believe that individuals experiencing mood disorders with psychotic features should be brought into the CARE Court program. Unlike the current CARE Court client population, clients who experience mood disorders with psychotic features are less likely to benefit from CARE Court. This is because clients who experience mood disorders with psychotic features can be successfully treated through existing programs, and CARE Court would not be the least restrictive treatment option for this population.

SB 27's expansion of the CARE Court population will also require the County to allocate additional staff to meet the increased workload related to the CARE Court process. However, given the intense behavioral health workforce shortages across the state, this will force county behavioral health departments to shift staff away from other programs and activities in order to implement what would be a state-mandated program expansion of questionable value.

Expands health professionals in the CARE Courtroom:

SB 27 expands the definition of licensed medical professionals that can be involved in the CARE Court process and deliberations to include nurse practitioners and physician’s assistants. However, the bill does not require either of these provider types to specialize in a behavioral health field.

DMH’s Position: Expressed concerns

County Position: Pending, previously was Support (prior to the June 17th amendments)

CBHDA Position: Oppose

Current Status: Set for hearing in Assembly Committee on Health on July 8th, 2025.

- **[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.

Current Status: Hearing in Assembly Health Committee, set for July 8th, was canceled at the request of the Author.

- **[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.

Current Status: Hearing in Assembly Public Safety Committee, set for July 1st, was canceled at the request of the Author.

- **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 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 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 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 amended on June 23, 2025, authorizes a Medi-Cal managed care plan to elect to offer Medi-Cal services through a street medicine provider. Authorizes a managed care plan to establish reasonable requirements governing participation in the plan network, if protocols and requirements are consistent with the goal of authorizing services to Medi-Cal beneficiaries who are experiencing homelessness.

Requires a managed care plan to have appropriate mechanisms, procedures or protocols to ensure timely communication for care coordination.

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 June 26, 2025, authorizes State programs to fund supportive-recovery residences. Requires, if a tenant is no longer interested in living in a supportive-recovery residence with an abstinence focus, is at risk of eviction, or is discharged from the recovery program, the tenant to reside in the recovery residence until the operator secures the tenant a new permanent housing placement option operated with harm-reduction principles that is also permanent housing. Establishes the Supportive-Recovery Residence Program Fund.

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 \(Ortega\)](#)**, as amended on June 16, 2025, 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 60 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 18, 2025, in Senate Committee with author's amendments.

- **[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: Scheduled to be heard in Senate Judiciary on July 15, 2025.

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 money 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 for 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.