



DEPARTMENT OF MENTAL HEALTH

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LISA H. WONG, Psy.D.
Director

Curley L. Bonds, M.D.
Chief Medical Officer

Rimmi Hundal, M.A.
Chief Deputy Director

DMH Legislative Report for the Behavioral Health Commission – February 6, 2026

This report includes an update on the Governor’s January budget proposal and recent announcements on changes to the Medi-Cal Mobile Crisis Program benefit. It also provides status updates on the list of DMH’s priority bills and bills of interest for the 2026 legislative session. The last day for the legislature to introduce bills for this legislative cycle is February 20, 2026. The Department will continue to monitor our priority bills and newly introduced bills.

Governor’s January Budget Proposal

The Governor released his January Budget proposal for 2026-2027 on January 9, 2026. The proposed budget can be characterized as a “status quo” budget, as the Governor is proposing few major changes from the enacted 2025-2026 budget. In the mental health realm, the highlights are that the Governor is not proposing to backfill or somehow supplant the expected loss of Medi-Cal coverage due to the implementation of House Resolution 1. Nor does the Governor propose to rescind the cuts to State-only full-scope Medi-Cal for residents with unsatisfactory immigration status that were included in the 2025-2026 enacted State budget.

The Governor’s January budget also assumes a relatively small budget deficit of \$2.9B that the 2026-2027 budget will need to address. This is much smaller than the \$17B deficit that the non-partisan Legislative Analyst’s Office (LAO) predicted for the 2026-2027 state budget just two months before the Governor released his budget proposal. The main difference between the two budget deficit estimates is that the LAO is assuming that there will be a slight downturn in the stock market in the near future that could reduce state income tax revenues. The Governor’s budget does not assume such a downturn in state income tax revenue.

The one new element of the Governor’s January budget proposal in the mental health space is described below.

Medi-Cal Mobile Crisis Program benefit

The Governor is proposing to change the Medi-Cal Mobile Crisis Services benefit from a state-mandated benefit to an optional benefit. This would allow every county to choose whether or not it wants to continue offering the benefit to its residents. The financial effect of changing the benefit from a state-mandated to county optional benefit is to shift the cost of the non-Federal share of the program from the State (and the State General Fund) to counties.

The Department’s preliminary analysis of this budget proposal shows that if this proposal is adopted, then the County would assume new costs of approximately \$8.5M annually, assuming that the current level of Medi-Cal mobile crisis services holds steady. If the non-federal share of cost were to shift from the State to the county (as proposed in the Governor’s January budget proposal) and the level of service were to increase, then the County’s cost to opt in and maintain this Medi-Cal benefit would increase above \$8.5M annually.

Priority Legislation

The analysis and status updates offered below should be considered preliminary and may be subject to change as bills go through committee and potential amendments in the 2026 legislative session.

- **SB 16 Ending Street Homelessness (Blakespear)** as amended on June 23, 2025, would require applicants for Round 7 of the Homelessness Housing, Assistance, and Prevention Program (HHAP) to identify goals to reach functional zero for homelessness and city and county applicants to submit an MOU describing their roles and responsibilities as it relates to homelessness. In addition, new amendments would allow HHAP applicants to draw down additional dollars from BH Housing Funds, No Place Like Home, BHBH, and HomeKey+.

DMH Analysis: SB 16, March 23, 2025, amended version, would have required counties to pay for at least 50% of the expected operating costs for city homeless shelters in order to qualify for Homeless, Housing, Assistance, and Prevention (HHAP) funding. The County of Los Angeles took an oppose position on the previous version (March 25, 2025, amended version). However, SB 16 was significantly amended on June 23, 2025, and became a two-year bill. DMH does not have concerns on the current version of SB 16, however, it is possible the bill will be amended again in 2026.

DMH Position: Expressed concerns (over March 25, 2025, version), no concerns on the June 23, 2025, version.

County Position: Watch (based upon the June 23, 2025, version).

CBHDA Position: Oppose (based upon the June 23, 2025, version).

Current Status: Awaiting to be referred to committee.

- **SB 903 Mental Health Professionals: AI Intelligence (Padilla)**, introduced on January 21, 2026, prohibits a licensed professional from engaging in the use of artificial intelligence to assist in providing supplementary support in therapy or psychotherapy where the client's therapeutic session is recorded or transcribed unless the patient or their authorized representative is informed that artificial intelligence will be used and provides consent.

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

DMH Position: No position taken yet.

County Position: No position taken yet.

CBHDA Position: Support.

Current Status: Awaiting to be referred to committee.

- **AB 96 Mental Health Services: Peer Support Specialist Certification (Jackson)**, gutted and amended on January 5, 2026, removes the requirement of possessing a high school diploma or equivalent degree from the requirements necessary for an applicant to receive peer support specialist certification.

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

DMH Position: No position taken yet.

County Position: No position taken yet.
CBHDA Position: Sponsor.

Current Status: The bill passed out of Assembly and ordered to the Senate.

- **AB 1540 988 Suicide & Crisis Lifeline: LGBTQ+ Youth (Gonzalez)**, introduced on January 5, 2026, ensures that technology enabling transfers between 988 centers and a subnetwork of LGBTQ+ specialized youth suicide prevention service providers is available statewide. Callers may dial 988 and press “3” to be automatically routed to an LGBTQ+ suicide prevention specialist.

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

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

Current Status: Awaiting to be referred to committee.

- **AB 1660 Public Guardians and Public Administrators (Schiavo)**, introduced on January 29, 2026, allows court to impose fines of no less than \$1,000 per violation of a financial institution, government or private agency, retirement fund administrator, insurance company, licensed securities dealer, or other person who fail to comply with lawful requests for information and property.

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

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

Current Status: Awaiting to be referred to committee.

Legislation of Interest

- **AB 277 Behavioral Health Centers, Facilities, and Programs: Background Checks (Alanis)**, gut and amended on January 5, 2026, requires a person who provides behavioral health treatment for a behavioral health center, facility, or program to undergo a background check.

DMH Analysis: The Department already requires background checks at mental health facilities and does not have concerns with the current bill version.

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

- **[SB 479 Homeless Adults and Family Multidisciplinary Personnel Teams \(Arreguin\)](#)**, gut and amended on January 5, 2026, authorizes a city that is designated as a local health jurisdiction to similarly establish a homeless adult and family multidisciplinary personnel team.

DMH Analysis: The bill focuses on cities designated as local health jurisdictions (LHJs). These cities include Berkeley, Vernon, Pasadena and Long Beach. DMH already collaborates with local multidisciplinary teams and does not have concerns with the current bill version.

DMH Position: No position taken yet.

County Position: No position taken yet.

CBHDA Position: No position taken yet.