



## **May 2025 Legislative Advocate Report**

*By Jennifer Baker, CalRTA Legislative Advocate*

### **Medi-Cal Costs Increasing**

The Legislative Analyst's Office (LAO) has reviewed the 2025–26 May Revision of [California's Medi-Cal](#) budget, highlighting significant cost increases and recommending legislative oversight.

Key budget pressures include: Medi-Cal expenditures projected to exceed initial estimates by over \$7 billion in 2025–26 without proposed budget solutions; Expanded eligibility for undocumented individuals has led to higher enrollment and per-enrollee costs than anticipated; Increased use of high-cost specialty drugs, including treatments for diabetes and obesity, has contributed to escalating pharmacy expenses, and; Elimination of asset limits has resulted in a surge of senior enrollees, further straining the budget.

Proposed Budget Solutions include: Halting new enrollment for undocumented adults starting next year; Existing undocumented adult enrollees would be required to pay \$100 monthly premiums; To address immediate funding gaps, the state plans to borrow \$3.44 billion to cover higher-than-expected Medi-Cal costs.

LAO Recommendations include: Urging the Legislature to scrutinize the administration's cost estimates and assumptions, particularly concerning enrollment and per-enrollee costs; Recommending that lawmakers assess the long-term sustainability of recent policy changes, such as expanded eligibility and reduced cost-sharing, in light of budget constraints, and; Improve transparency in Medi-Cal spending, especially in pharmacy costs, is recommended to facilitate informed decision-making.

### **Governor Releases the May Revision**

Governor Gavin Newsom issued the May Revision to his proposed fiscal year (FY) 2025-26 State Budget. Budgets are built on assumptions about the future and the latest information about revenues. The volatile economic climate resulting from evolving federal policies, delayed tax collections for residents of Los Angeles County, and potential reductions in federal programs combine to produce a high level of uncertainty.

The January Budget proposal contained \$322.3 billion of state spending, including \$228.9 billion from the General Fund for FY 2025-26, and estimated a small surplus. The May Revision proposes \$321.9 billion of state spending, including \$226.4 billion from the General Fund. The Governor estimates a \$16 billion deficit over the next two years, including \$12 billion in fiscal year 2025-26. The Governor's May Revision highlights the economic stability of California but notes federal policies, including elevated tariffs and immigration restrictions, have led to a "growth recession" in the U.S.

The May Revision includes a total of \$137.8 billion for TK–12, including \$80.5 billion from the General Fund and \$57.3 billion from other sources. Per Pupil Funding - Total per pupil funding in the May

Revision is \$25,176 per child, and Proposition 98 funding per pupil totals \$18,671. It adjusts Proposition 98 funding levels for TK–14 schools based on revised General Fund revenue estimates. The Proposition 98 Guarantee is now projected at \$98.5 billion for 2023–24, \$118.9 billion for 2024–25, and \$114.6 billion for 2025–26—\$2.9 billion higher than the 2024 Budget Act but \$4.6 billion lower than the Governor’s January Budget.

The May Revision further allocates \$545.3 million for instructional materials, educator support, and evidence-based literacy programs. This includes early screening for reading difficulties and the expansion of the Literacy Coaches program, which will now also support math coaches.

## **LAO Reviews May Revision**

The Legislative Analyst’s Office (LAO) released its analysis of the [Governor’s May Revision for the 2025–26 K–14 education budget](#) on May 20, 2025. The report outlines significant adjustments to the Proposition 98 guarantee and associated funding strategies for schools and community colleges.

Key highlights include a Proposition 98 guarantee adjustment, including an overall reduction by \$4.6 billion across the 2023–24 to 2025–26 budget period; A decrease of \$3.9 billion in the General Fund portion, primarily due to lower revenue estimates for 2025–26; A reduction of \$753 million in local property tax contributions; Lower TK attendance estimates have reduced the guarantee by \$411 million over 2024–25 and 2025–26; An upward adjustment of \$172 million to the General Fund portion to offset property tax reductions resulting from the January 2025 fires in Los Angeles.

Spending adjustments and deferrals include a plan to defer over \$1.8 billion for schools and \$532 million for community colleges from June 2026 to July 2026; The elimination of \$1.5 billion in reserve deposits, reducing the reserve balance to zero; The withdrawal or reduction of several proposals totaling \$394 million, including the Collaborative Enterprise Resource Planning Project and the Common Cloud Data Platform; The reduction of the delayed settle-up payment from nearly \$1.6 billion to \$1.3 billion, freeing up \$250 million for programs in 2024–25; A reduction of the statutory COLA by \$149 million.

The LAO suggests that while the Governor’s adjustments address the immediate budget shortfall, the Legislature may consider alternative solutions, such as modifying the mix of program reductions and exploring different revenue options.

## **CalRTA-Supported Bills**

Both the Senate and Assembly Appropriation Committees held their Suspense File hearings on May 23<sup>rd</sup>, which included the review of 1,098 of bills. Bills that were not released from this infamous hearing are now two-year bills. While some bills did come out of this hearing in their current form, a number of them have been amended. Those changes will be updated in the bill descriptions as the amendments are made public. The following bills are supported by CalRTA:

### **Retirement**

**AB 65 (Aguiar-Curry):** School and community college employees: paid disability and parental leave - Would increase paid leave for school employees due to pregnancy, miscarriage, childbirth, termination of pregnancy, or the recovery of these conditions. It would also prohibit a leave of absence for these

conditions from being deducted from other leaves of absence available to her. This measure is on the Assembly Floor.

**AB 871 (Stefani):** Elder Financial Abuse Training – Requires financial institutions to provide annual training on financial elder abuse that includes making reports to both local Adult Protective Services or law enforcement and the FBI’s Internet Crime Complaint Center and the Federal Trade Commission. This bill would also expand the reports to federal authorities to improve the coordination of resources, aid local law enforcement in their investigation, and improve the chance of recovering stolen funds. The measure has been referred to the Assembly Banking and Finance Committee and the Assembly Judiciary Committee and is a two-year bill.

### **Health Care/Healthy Aging**

**AB 83 (Pacheco):** Elder abuse prevention plan - Provides financial institutions with more tools in addressing the elder financial abuse crisis when financial abuse is suspected. The bill authorizes financial institutions to delay, refuse, or prevent transactions if the institution has evidence of or has observed actual or attempted financial abuse of an eligible adult. The bill also permits financial institutions to notify an associated third party when they suspect financial abuse of an eligible adult. The measure has been referred to the Assembly Banking and Finance Committee and is a two-year bill.

**AB 251 (Kalra):** Elders and dependent adults: abuse of neglect - Would allow access to justice for elderly and dependent adults physically abused and neglected in nursing homes and would discourage facilities from intentionally destroying or concealing legal evidence concerning a civil case under the Elder Abuse & Dependent Adult Civil Protection Act by giving a judge discretion to apply the preponderance of the evidence standard as the burden of proof if the court finds intentional destruction of evidence by a defendant skilled nursing facility or residential care facility for the elderly. The measure has been referred to the Senate Judiciary Committee and the Senate Appropriations Committee.

**AB 280 (Aguilar-Curry):** Health care coverage: provider directories - Requires an insurance plan to annually verify and eliminate incorrect listings from its directories of providers. These requirements would need to be 60 percent accurate by July 1, 2026, and 95 percent accurate by July 1, 2029, or face administrative penalties. The bill would additionally require a health plan to provide coverage for all health care services for someone who reasonably relied on inaccurate, incomplete, or misleading information included in a health plan’s provider directory, or to reimburse for out-of-network costs. The measure is on the Assembly Floor.

**AB 432 (Bauer-Kahan):** Menopause - Would ensure equitable menopause and perimenopause coverage and requires menopause education for care providers. AB 432 codifies treatment options and coverage for perimenopause and menopause. This bill also creates a requirement that doctors whose patient population is more than 25% women, participate in continuing medical education regarding menopause. AB 432 builds upon previous legislation and requires the Medical Board of California to include a course on menopausal health in determining its continuing education requirements. The measure is on the Assembly Floor.

**AB 489 (Bonta):** Deceptive Terms or Letters: Artificial Intelligence - Prohibits artificial intelligence (AI) systems or similar technologies from misrepresenting “themselves” as licensed health professionals. This bill will provide state health profession boards the clear authority to enforce title protections when AI systems or similar technologies, such as internet-based chatbots, misrepresent “themselves” as health professionals. The measure is on the Assembly Floor.

**AB 510 (Addis):** Health Coverage: Appeals and Grievances - Requires appeals or grievances regarding health care plan decisions to be reviewed by a licensed physician within two business days if the patient faces an imminent health threat, or in a timely fashion otherwise. The measure was held in the Assembly Appropriations Committee Suspense File.

**AB 512 (Harabedian):** Health Care Coverage: Prior Authorization - Reduces the time for authorization requests to no more than 48 hours for regular requests or 24 hours for urgent requests. The measure is on the Assembly Floor.

**AB 539 (Schiavo):** Health Care Coverage: Prior Authorizations – Reduces health care administrative costs and speeds up patient care by extending the duration of an approved prior authorization by a health plan to one year, which will remove unnecessary bureaucratic delays and reduce the burden on physicians and patients, especially those with chronic illnesses. The measure has been referred to Senate Health Committee.

**AB 577 (Wilson):** Health Care Coverage: Anti-steering – If a doctor determines it is in the patient’s best interest, would prohibit pharmacy benefit managers, health plans, and insurers from enacting policies that effectively prevent physicians from acquiring and administering or dispensing drugs in their offices to patients. Also, the bill prevents pharmacy benefit managers, health plans, and insurers from discriminating against physicians for dispensing or administering prescription drug treatments in their offices to their patients. The measure is a two-year bill.

**AB 1032 (Harabedian):** Coverage for behavioral health visits - Requires health care service plans and insurers, on or after January 1, 2026, to reimburse an eligible enrollee for up to 12 annual visits per year with a licensed behavioral health provider if the enrollee is in a county where a local or state emergency has been declared due to wildfires. The bill also specifies that an enrollee is entitled to these benefits until one year from the date the local or state emergency is lifted, whichever is later. AB 1032 contains an urgency clause that takes effect immediately. The measure is on the Assembly Floor.

**AB 1069 (Bains):** Older adults: emergency shelters - Requires that the Aging and Disability Resource Connection has access to an emergency shelter for evacuation purposes for older adults as well as those with disabilities to utilize during an emergency. The measure is on the Assembly Floor.

**AB 1460 (Rogers):** Prescription drug pricing – Helps community health centers and other safety net providers address health equity and access to care issues in California by protecting their ability to utilize contract pharmacies to dispense 340B medications to their patients in underserved communities. This bill ensures that California safety-net providers can use contract pharmacies to serve their patients by prohibiting pharmaceutical manufacturers from placing contract pharmacy restrictions on health care providers that utilize the federal 340B discount drug program to serve low-income communities. The measure has been referred to Senate Rules Committee.

**AB 1476 (Wallis):** Meal program: Senior citizens – Requires that meals provided by the Department of Aging be made available as to-go options, ensuring easy accessibility. The measure is on the Assembly Floor.

**SB 306 (Becker):** Health Care Coverage: Prior Authorizations – Would eliminate prior authorization for medical services that health plans approve more than 90 percent of the time and would remove unnecessary delays for patients. The measure is on the Senate Floor.

**SB 351 (Cabaldon):** Health Facilities - Would prohibit a private equity group or hedge fund that owns a physician or dental practice from interfering with the professional judgment of physicians or dentists in making health care decisions or patient care. The measure is on the Senate Floor.

**SB 433 (Wahab):** Retirement care facilities for the elderly: assisted living waiver rental rate protection - Prohibits residential care facilities for the elderly from charging a resident who receives Medi-Cal reimbursed services through the assisted living waiver or nursing facility transition or diversion to assisted living facilities through community supports covered by their Medi-Cal managed care plan, a higher rate than what is charged to a resident who is a recipient of the State Supplementary Program for the Aged, Blind, and Disabled. The measure is on the Senate Floor.

**SB 434 (Wahab):** Residential care facilities for the elderly: housing protections - Extends the length of notice a licensee is required to provide a resident to 30, 60, or 90 days, depending on the length of the resident's residency. The bill would additionally require the facility to include in a notice of eviction documentation of the licensee's reasonable efforts to create a safe discharge plan and would require the plan to include a list of the resident's post-eviction needs, goals, and preferences, and a list of discharge locations that meet specified criteria, such as being financially practicable for the resident. The measure was held in the Senate Appropriations Committee Suspense File.

**SB 435 (Wahab):** Residential care facilities for the elderly: emergency backup power source - Requires a residential care facility for the elderly to have an alternative source of power, as defined, to protect residents' health and safety for no fewer than 72 hours during any type of power outage. The bill would impose specific compliance requirements based on whether the facility uses a generator as its alternative source of power, or batteries or a combination of batteries in tandem with a renewable electrical generation facility. The bill would require a facility to comply with these requirements and include information regarding the alternative source of power within the emergency and disaster plan beginning January 1, 2027. The measure is on the Senate Floor.

## **Legislative Calendar**

June 2-6 – Floor session only.

June 6 – Last day for each house to pass bills introduced in that house.

June 9 – Committee meetings may resume.

June 15 – Budget bill must be passed by midnight.

July 18 – Last day for policy committees to hear bills. Summer Recess begins.

August 18 – Legislature reconvenes from Summer Recess.

August 29 – Last day for fiscal committees to hear bills.

September 2-12 – Floor session only.

September 5 – Last day to amend a bill on the Floor.

September 12 – Last day for each house to pass bills. Interim Recess begins.