



October 2025 Legislative Advocate Report

By Jennifer Baker, CalRTA Legislative Advocate

LAO Releases Overview of 2025-26 Budget

The Legislative Analyst's Office recently released an [overview of the 2025-26 budget](#), including its impact on TK-14 education. It notes the 2025-26 budget for TK–14 education provides \$2.2 billion to fund a 2.3 percent cost-of-living adjustment for schools and community colleges, while additionally including an ongoing \$607 million increase for the Expanded Learning Opportunities Program, which supports before- and after-school and summer activities, and raises the share of districts qualifying for the program's higher funding rate.

Community colleges receive \$140 million to support 2.35 percent enrollment growth across 2024-25 and 2025-26. The budget allocates \$1.7 billion in one-time discretionary grants for schools through the Student Support and Professional Development Block Grant, which can be used for local priorities such as teacher training, recruitment, and career pathways, distributed at about \$312 per student. Community colleges receive \$60 million for a Student Support Block Grant to fund services like counseling, job placement, and financial aid, with allocations based on student need and a minimum grant of \$150,000 per college. Additional smaller grants support learning recovery, school meals, career technical education, and student services. To manage cash flow, the state will defer \$2.3 billion in payments to 2026-27, including \$1.9 billion for schools and \$408 million for community colleges, shifting some June 2026 payments to July 2026 to stay within Proposition 98 funding limits.

In health care, the budget includes a major increase in General Fund support for health programs, particularly Medi-Cal, while cutting or restructuring other health and public health programs. General Fund spending on health increases by \$6.7 billion (16 percent), primarily as Medi-Cal's costs are growing rapidly. Outside of Medi-Cal, spending generally declines, with reductions offsetting some of the increases.

Within Medi-Cal, the plan includes an array of "budget solutions" to contain costs. Many target services and eligibility for adults with unsatisfactory immigration status. The budget also borrows \$4.4 billion via a Medi-Cal loan and delays repayment into the future, and begins implementation of Proposition 35's rules governing the managed care organization tax, using those revenues to fund provider rate increases and workforce investments. The plan reduces coverage of certain prescription drugs (notably GLP-1s for obesity) and limits over-the-counter benefit coverage, while expanding utilization management and rebate strategies. Other savings measures include reinstating asset tests for seniors and the disabled, eliminating supplemental dental payments and directed payments in long-term care, requiring prior authorization for hospice, and pursuing operational efficiencies at the Department of Health Care Services.

LAO Issues Medi-Cal Report

The Legislative Analyst's Office recently released a report, ["Considering Medi-Cal in the Midst of a Changing Fiscal and Policy Landscape"](#), which notes that Medi-Cal, California's Medicaid program, now

serves about one-third of the state's residents, approximately 15 million people, with a budget of nearly \$197 billion. Funded jointly by the federal government, the state's General Fund, and provider taxes, Medi-Cal has expanded significantly over the past decade but now faces major fiscal and policy challenges. Slower revenue growth, budget deficits, and federal changes under H.R. 1 are expected to reduce funding, tighten eligibility rules, and increase administrative costs.

The LAO warns that these changes could result in billions of dollars in lost federal support and potentially disenroll more than one million Californians. The report identifies three key questions for lawmakers: how to implement the federal changes, how to adjust eligibility, benefits, and financing to maintain stability, and how to respond if more residents become uninsured. Options include revisiting eligibility rules, modifying benefit levels, adjusting provider payment rates, or restructuring financing tools such as the health-plan tax. However, each carries trade-offs for access and equity. The LAO concludes that California will likely need to make difficult choices to balance fiscal sustainability with health coverage goals, urging early legislative oversight to mitigate the potential impact on vulnerable populations.

Governor Signs Hundreds of Bills

With the October 13th deadline for the Governor to take action on bills, the final tally on bills signed into law was 794 out of 917 that were on his desk. Governor Newsom vetoed 123 bills, primarily due to fiscal concerns as they were not already included in the budget. Bills that were signed by the Governor will go into effect on January 1, 2026.

CalRTA-Supported Bills

Health Care/Healthy Aging

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. If a court finds that a defendant skilled nursing facility, adult community care facility, or residential care facility for the elderly, intentionally destroyed evidence, this bill gives judges the discretion to apply the preponderance of the evidence standard as the burden of proof. This provision would discourage facilities from destroying or concealing legal evidence in civil cases brought under the Elder Abuse and Dependent Adult Civil Protection Act. The measure is now chaptered.

AB 432 (Bauer-Kahan): Menopause - Would ensure equitable menopause and perimenopause coverage and require 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 vetoed by the Governor with the following message: "Last year, I vetoed a substantially similar bill, stating that it would limit the ability of health plans to engage in practices that have been shown to ensure appropriate care while limiting unnecessary costs. That is still the case with this bill – despite my call for a more tailored solution. This bill's expansive coverage mandate, in conjunction with a prohibition on utilization management (UM), is too far-reaching. Health plans use UM to ensure enrollees receive the right care at the right time, which is especially important when there are new and emerging treatments.

I strongly support the author's goal of ensuring quality care and access to evaluation and treatment of perimenopause and menopause symptoms. However, these factors, along with a lack of clarity in AB 432 regarding undefined terms, still raise significant cost and implementation concerns. The Legislature has twice now sent me a bill that does not strike the important, and achievable, balance between expanding access to this essential treatment and the affordability of care. This is especially important as consumers are facing double-digit rate increases in their health care premiums across the nation.

As such, I am directing the California Health and Human Services Agency to identify additional policy changes or investments to address perimenopause and menopause evaluation and treatments for consideration as part of the next year's budget process."

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 with 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 now chaptered.

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 vetoed by the Governor with the following message: "I strongly support the goal of improving the prior authorization (PA) process. Accordingly, I recently signed SB 306 (Becker), which seeks to ensure that enrollees receive timely responses to requests for care by taking a holistic approach to improve the PA process. Under this new law, health plans and health insurers are required to submit data to the California Department of Managed Care and the California Department of Insurance, respectively, regarding the types of health care services subject to PA requirements. The departments must analyze the data and then issue a list of services that should not be subject to a PA requirement by 2027.

I am concerned that this bill's significantly shortened deadlines may inadvertently increase the number of denials and force health care plans to make critical decisions with incomplete or inaccurate information. I believe SB 306 is a more balanced approach to improve the PA system as a whole, alleviate burdens for providers, and improve patient outcomes in the long term."

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 visits with a behavioral health provider if the enrollee is in a county where a local or state emergency has been declared due to wildfires. AB 1032 contains an urgency clause that takes effect immediately. The measure is vetoed by the Governor with the following message: "While I share the authors' concerns regarding the increased need for behavioral health services following a wildfire disaster, all enrollees in commercial plans already maintain coverage for behavioral health visits, regardless of whether they live in a county where a local or state emergency is declared. Additionally, this bill creates a broad exception to utilization review practices, including out-of-network limits, which are standard managed care protocols that ensure appropriate care while limiting unnecessary costs. At a time when consumers are facing double-digit rate increases in their health care premiums across the nation, passing additional policies that would lead to further premium increases would be irresponsible."

AB 1069 (Bains): Older adults: emergency shelters - Requires that the Aging and Disability Resource Connection (ADRC) programs have 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 now chaptered.

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 now chaptered.

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 now chaptered.

Legislative Calendar

November 4 – Special Election.

January 1 – Statutes take effect.

January 5 – Legislature resumes session.

January 10 – Governor releases January budget proposal.

January 31 – Last day for each house to pass two-year bills introduced in that house.

February 20 – Last day for bills to be introduced.

March 26 – Legislative Spring Recess.

April 6 – Legislature reconvenes from Spring Recess.

April 24 – Last day for policy committees to hear bills that are fiscal.

May 1 – Last day for policy committees to hear non-fiscal bills.

May 8 – Last day for policy committees to meet prior to June 1.

May 15 – Last day for fiscal committees to hear bills introduced in their house. Last day for fiscal committees to meet prior to June 1.

May 25-29 – Floor session only.

May 29 – Last day for each house to pass bills introduced in that house.

June 1 – Committee hearings may resume.

June 15 – Budget bill must be passed by midnight.

June 25 – Last day for a legislative measure to qualify for the November election.

July 2 – Last day for policy committees to meet. Legislative Summer Recess begins.

August 3 – Legislature reconvenes from Summer Recess.

August 14 – Last day for fiscal committees to meet.

August 17-31 – Floor Session only.

August 31 – Last day for each house to pass bills. Final recess begins upon adjournment.

September 31 – Last day for Governor to sign or veto bills.