

LEGISLATIVE UPDATE



Week of June 9, 2025

State Issues

State Budget Update

This week, the Senate and Assembly released their agreed upon budget plan and put the finalized language into Budget bills – [AB 101](#) and [SB 101](#). The Legislative agreement accepts some of the cuts proposed by Governor Newsom in his May Revise Budget, modifies some proposals, defers some for later years, and rejects some of the cuts. Some of the highlights include:

- Retains elimination of Medi-Cal coverage for undocumented Californians but establishes a "no age-out" provision and allows for a 6-month re-enrollment grace period.
- Retains Medi-Cal premiums for undocumented beneficiaries but reduces it from \$100 to \$30.
- Approves the Governor's redirection of MCO tax funds.
- Rejects the Prop 56 Supplemental payments to Medi-Cal provider payments.
- Adjusts the Governor's drug aggregator proposal for undocumented residents, but no specifics are yet available.
- Eliminates Medi-Cal coverage for specialty drugs for weight loss (Glucagon-Like Peptide-1 agonists).
- Delays the Governor's redirection of Prop 56 funds for Medi-Cal physician payments until July 2027.
- Eliminates Medi-Cal pharmacy coverage of certain drug classes, including COVID-19 antigen tests, over-the-counter vitamins, and certain antihistamines including dry eye products.
- Delays cuts to health centers and Rural health clinics for undocumented patients, until July 2027.
- Amends the Asset Limit Test for Medi-Cal from \$2,000 in the Governor's proposal to \$130,000.
- Delays cuts to the Pace program for the elderly until July 2027.

You can access the full summary of Health Budget proposals here: <https://abgt.assembly.ca.gov/system/files/2025-06/subcommittee-report-of-the-2025-26-budget.pdf>.

On Wednesday, in hearings on the budget bills, the Department of Finance commented that the Legislature adopted many of the Governor's priorities but also noted that the deferrals and changes they made do not achieve the same level of savings the Governor wanted. Given the timing of when they came into print (2:37am Tuesday morning), the bills will be eligible for floor votes this morning (Friday).

While no amendments were made to the budget bill over the course of the week, that does not mean that changes cannot be made over the course of the summer. Any amendments would have delayed the bill, and the Legislature is committed to passing the bill before the June 15th deadline – and they would prefer it happen not on Father's Day. So, this bill will get its vote today (Friday), and it will pass.

(more)

State Budget Update	<p>We are hearing that even before the votes are cast, Legislative staff will have begun negotiations with the Governor's team. Rumors started circling yesterday that the Governor is floating the idea of vetoing the bill altogether and requiring the budget process to begin again. We've always known a special session to revise the budget will be necessary, with the understanding that some changes – potentially billions of dollars – may be cut from the funds the Federal government is willing to contribute to our health care safety net. But until yesterday's rumors of a veto started, we thought we'd be amending the current budget – not starting from scratch on a brand-new budget.</p> <p>We also know that most (if not all) budget trailer bills that are needed to implement the many policy proposals are still being negotiated amongst the budget parties and will be finalized and voted on later in the year — most likely the last night of session. There is much more to come on the State Budget.</p>
Senate Leadership Changes	<p>On Monday, the Senate unanimously voted to select Senator Monique Limon as the next Senate President Pro Tempore. She will assume those duties after the first of the year. Changes in Committee assignments will likely change at that point. Current Pro Tem Mike McGuire will continue in his leadership role throughout the rest of this legislative session. You can read more on Senator Limon, the first Latina to hold the leadership position, here and here.</p>

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