(**Without Reference to File**)

CONCURRENCE IN SENATE AMENDMENTS
AB 164 (Committee on Budget)
As Amended June 26, 2026
Majority vote. Budget Bill Appropriations Take Effect Immediately

SUMMARY

This budget trailer bill implements health-related provisions for the Budget Act of 2026.

Senate Amendments
This budget trailer bill implements health-related provisions for the Budget Act of 2026.

Specifically, this bill:

1) Implements federal H.R. 1 (Public Law 119-21) Medicaid requirements, including requiring Medi-Cal expansion adults to undergo eligibility redeterminations every six months instead of annually, demonstrate community engagement through at least 80 hours of monthly work, community service, or enrollment in an educational program, as specified.

2) Makes various state-level changes related to H.R. 1 implementation, including applying work and community engagement requirements to individuals without satisfactory immigration status and requiring counties to accept specified signature methods for renewal forms.

3) Requires Department of Health Care Services (DHCS) to conduct outreach regarding H.R. 1 changes, establish a data dashboard, and coordinate beneficiary outreach and education across public social services programs to minimize barriers to administrative disenrollments.

4) Specifies that individuals without satisfactory immigration status who are eligible for Medi-Cal are eligible for services only through the fee-for-service delivery system, beginning January 1, 2027.

5) Requires the Governor's 2027-28 May Revision to include monthly Medi-Cal premium levels for individuals without satisfactory immigration status, set at no less than $30 and no more than $50 per beneficiary.

6) Delays the elimination of full-scope dental benefits for individuals without satisfactory immigration status aged 19 or older from July 1, 2026, to July 1, 2027.

7) Delays the elimination of the Prospective Payment System for federally qualified health centers and rural health clinics serving individuals without satisfactory immigration status to July 1, 2027.

8) Extends the California Advancing and Innovating Medi-Cal (CalAIM) initiative to December 31, 2031.

9) Prohibits the granting of provisional or preferred provisional enrollment status in Medi-Cal to an applicant or provider as a result of DHCS's failure to act within specified timeframes, beginning July 1, 2026, and ending June 30, 2027.

10) Lowers the Medi-Cal resource asset limit test from $130,000 for an individual and $195,000 for a couple to $21,000 and $31,000, respectively, beginning July 1, 2027.

11) Deposits remaining medical loss ratio remittance amounts into the General Fund instead of the Medi-Cal Loan Repayment Program Special Fund.

12) Removes the 2026-27 and 2027-28 fiscal years from the legislative statement of intent to not appropriate cost-of-doing-business adjustments for county Medi-Cal eligibility administration, enabling DHCS to impose financial penalties when counties fail to meet specified performance standards.

13) Requires a general acute care hospital seeking to provide skilled nursing services in a distinct part to submit an application and supporting documentation to the California Department of Public Health.

14) Expands the standby perinatal services pilot project to include, if qualified, a nonprofit hospital in Lake County among the first three hospitals selected, and makes various changes to staff and procedural criteria for hospital participation.

15) Establishes a temporary moratorium on licensure of new home health agencies (HHAs), limits changes of ownership for existing HHAs, and revises HHA licensure and disclosure requirements.

16) Recasts detoxification as withdrawal management to align with the American Society of Addiction Medicine (ASAM) Criteria, 4th Edition, and requires licenses that provide detoxification-only services to expire on July 1, 2027.

17) Establishes the Hospital Fair Pricing Penalties Fund and requires administrative penalties collected from hospitals for fair pricing violations to be deposited into the fund for use by the Department of Health Care Access and Information, upon appropriation, to carry out fair pricing enforcement.

18) Delays the deadline for specified community clinics, intermittent clinics, and rural health clinics to comply with the California Health and Human Services Data Exchange Framework from July 1, 2026, to July 1, 2027.

19) Renames the California Reproductive Health Equity Program within the Department of Health Care Access and Information to the California Reproductive and TGI Health Equity Program, expands the program's purposes to ensure affordability and access to both reproductive health services and gender-affirming care, and makes conforming changes.

20) Requires health care service plan contracts and health insurance policies to cover certain treatments for menopausal symptoms, as medically necessary, and requires medical necessity determinations and utilization review criteria for menopause-related treatments to be based on current generally accepted standards of menopause care.

21) Requires coverage of certain menopausal symptom treatments under the Medi-Cal program, subject to medical necessity and federal financial participation, and requires the Department of Health Care Services to establish and maintain a reimbursement policy for menopause care services.

22) Requires the Health Care Affordability Reserve Fund to be used, upon appropriation, to cover the cost of abortion services for which federal funding is prohibited for individuals enrolled in a qualified health plan through Covered California in the individual market.

23) Requires counties, beginning with the 2029-30 fiscal year, to calculate the maximum funding level of their prudent reserve every three years and include a plan for spending funds that exceed that level in their integrated plan.

24) Requires DHCS, beginning July 1, 2028, to establish a methodology for determining annual minimum expenditure levels for Behavioral Health Services Fund distributions to counties, set at the average annual distributed amount from the preceding three years, and requires counties to spend at or above that level beginning in 2029-30, with limited authority to draw from the prudent reserve when distributions fall short or local behavioral health needs change.

25) Authorizes DHCS to impose corrective action plans, monetary sanctions, or payment withholds on counties that fail to meet minimum expenditure requirements, with sanctions deposited into the Behavioral Health Services Act Accountability Fund.

26) Renames the Department of State Hospitals (DSH) independent evaluation panel as the independent placement panel, modifies the designation process for case reviews and placement recommendations, and extends these provisions indefinitely.

27) Allows funding from the AIDS Drug Assistance Program (ADAP) Rebate Fund to cover costs related to state and local public health department disease intervention and investigation activities for specified communicable diseases, housing support, and other programs or initiatives relating to HIV treatment or overdose prevention and harm reduction, to the extent funds are available.

28) Authorizes the California Department of Public Health to spend up to $134,840,000 in fiscal year 2026-27, $134,490,000 in fiscal year 2027-28, $126,590,000 in fiscal year 2028-29, and $130,090,000 in fiscal year 2029-30, from the fund to implement specified programs.

29) Authorizes the California Department of Public Health to spend up to $50,000,000 from the ADAP Rebate Fund to support state or local agencies, or community-based organizations providing federally funded HIV prevention and surveillance services and programs for which federal funding has been delayed, reduced, canceled, or eliminated as a result of federal policy actions.

30) Makes various technical and conforming statutory changes.

COMMENTS

This budget trailer bill implements health-related provisions for the Budget Act of 2026.

According to the Author

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

This bill, subject to receipt of any necessary federal approvals, would extend the California Advancing and Innovating Medi-Cal (CalAIM) initiative to December 31, 2031, thereby making an appropriation.

By adding to the purposes of the ADAP Rebate Fund described above, the bill would make an appropriation.

The bill would also authorize the department to use the money in the Abortion Access Fund to provide grant funding to safety net providers for abortion services through the program and would expand the purposes of the California Reproductive Health Equity Fund to include grant funding for gender-affirming care services, thus making an appropriation.

VOTES:

ASSEMBLY FLOOR: 53-17-10
YES: Addis, Aguiar-Curry, Arambula, Ávila Farías, Bains, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Jackson, Kalra, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas
NO: Alanis, Castillo, Chen, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa
ABS, ABST OR NV: Ahrens, Alvarez, Bauer-Kahan, Calderon, Essayli, Hoover, Irwin, Krell, Papan, Wallis

UPDATED

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CONSULTANT: Patrick Le / BUDGET / (916) 319-2099 FN: 0003244