SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator John Laird, Chair
2025 - 2026 Regular

Bill No:	AB 173	**Hearing Date:**	August 31, 2026
Author:	Committee on Budget		
Version:	August 28, 2026 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Scott Ogus		

Subject: Health

Summary: This bill is an omnibus health trailer bill and contains changes to implement the 2026-27 budget.

Proposed Law: This bill makes technical and clarifying statutory revisions affecting health programs necessary to implement the 2026 Budget Act. Specifically, this bill:

Various Departments

1) Implements various oversight provisions and expands service delivery for the state's 988 Suicide and Crisis Lifeline, including the following:

    a. Eliminates the requirement for the Office of Emergency Services (CalOES) to appoint a 988 system director.
    b. Requires, no later than January 1, 2028, the development of an interoperable solution capable of facilitating real-time communication between 911 public safety answering points and 988 call centers.
    c. Eliminates responsibilities for the State 988 Technical Advisory Board to advise regarding standards and protocols for interoperability between 988 and 911.
    d. Requires the Emergency Medical Services Authority (EMSA) to, no later than January 1, 2028, develop and adopt voluntary statewide protocols governing the transfer of calls and communications between 911, 988, and mobile crisis team dispatch points.
    e. Requires the California Health and Human Services Agency (CalHHS) to, subject to an appropriation, maintain a 988 System Governance Board to provide cross-agency coordination and oversight related to implementation of the 988 system until January 1, 2030.
    f. Requires EMSA to establish statewide training and protocol standards for personnel involved in transfer of calls between 911 and 988, medical triage, and responses to warm handoffs.
    g. Authorizes EMSA to implement a quality monitoring program to oversee the effectiveness of transfer of calls between 911 and 988, medical triage, and responses to warm handoffs.
    h. Requires the Department of Health Care Services (DHCS) to administer the 988 State Suicide and Behavioral Health Crisis Services Fund (988 Fund), and develop and update a two-year funding estimate for 988 centers and state administrative costs to inform the Legislature's appropriation from the fund.

i. Requires CalOES, in consultation with CalHHS and DHCS, to determine the amount of the 988 surcharge no later than October 1 of each year.
j. Requires CalHHS, in consultation with the Department of Managed Health Care (DMHC), DHCS, the Department of Insurance (CDI), EMSA, and relevant stakeholders to develop recommendations for a system of funding outside the General Fund for the operation of mobile crisis teams.
k. Establishes a process to be approved by DHCS as a designated 988 center for participation in the National Suicide Prevention Lifeline network to respond to statewide or regional 988 calls and receive funding from the 988 Fund.
l. Requires CalHHS to determine if an adequate federal "Press 3" option specializing in LGBTQ+ suicide prevention is available in 988 and, if not, requires CalHHS to apply to the federal government to allow the state to implement a "Press 3" option within six months.
m. Within 12 months of federal approval for a state "Press 3" option, requires CalHHS to identify and contract with a qualified entity or entities to implement the "Press 3" option.
n. Requires the Department of Public Health (CDPH) to implement public awareness strategies and conduct statewide evaluation of communication strategies to assist in the implementation of 988.

2) Requires the California Department of Aging (CDA), subject to appropriation, to collaborate with the California Association for Adult Day Services, Community-Based Adult Services (CBAS) providers, and Medi-Cal managed care plans to understand CBAS center closures, and on or before March 1, 2029, provide an update to the relevant budget and policy committees in the Legislature on center closures.

3) Implements various authorities to facilitate the transfer of assets from the Palomar Health District to the UCSD Palomar Health Authority.

<u>California Health and Human Services Agency (CalHHS)</u>

4) Implements and clarifies various privacy requirements regarding the handling of personal information collected by the Center for Data Insights and Innovation within CalHHS.

<u>Department of Health Care Services (DHCS)</u>

5) Makes technical changes to ensure implementation of eligibility and other provisions related to House Resolution 1 are only applied to those populations required by federal law.

6) Requires, effective October 1, 2026, coverage of state-only outpatient dialysis services for individuals in restricted scope Medi-Cal.

7) Expands authority for DHCS to deny or suspend provider enrollment in the Medi-Cal program if the provider discloses an affiliation the department determines poses an undue risk of fraud, waste, or abuse.

8) Requires Medi-Cal providers to continuously maintain compliance with all federal, state, and local requirements and authorizes DHCS to request evidence and

conduct site verification activities and inspections for compliance with established place of business requirements.

9) Clarifies that legally protected health care activity cannot be the sole reason for a provider to be terminated from the Medi-Cal program.

10) Requires notification to the Joint Legislative Budget Committee at least 10 days prior to the initiation of a moratorium on provider enrollment in the Medi-Cal program, and every 180 days thereafter if the moratorium is still in effect.

11) Appropriates various federal grant funds from the Substance Abuse and Mental Health Services Administration (SAMHSA) including $1.2 million for state operations related to implementation of the State Opioid Response Grant, $105.6 million for local assistance related to implementation of the State Opioid Response Grant, and $6 million for local assistance related to expenditure of the Substance Abuse Prevention and Treatment Block Grant.

Department of Public Health (CDPH)

12) Exempts acute psychiatric hospitals from administrative penalties related to staffing levels if the fluctuation in staffing levels was unpredictable and uncontrollable, prompt efforts were made to maintain required staffing levels, and the hospital immediately used and exhausted its on-call list of nurses and the charge nurse.

13) Clarifies that resources from the AIDS Drug Assistance Program (ADAP) Rebate Fund may be used for Californians who are eligible for the Housing Opportunities for Persons with AIDS program based on income and HIV status, but are otherwise ineligible for the program.

Fiscal Effect: Appropriates various federal grant funds from the Substance Abuse and Mental Health Services Administration (SAMHSA) including $1.2 million for state operations related to implementation of the State Opioid Response Grant, $105.6 million for local assistance related to implementation of the State Opioid Response Grant, and $6 million for local assistance related to expenditure of the Substance Abuse Prevention and Treatment Block Grant.

Support: None on file.

Opposed: None on file.

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