

SENATE THIRD READING

SB 173 (Committee on Budget and Fiscal Review)

As Amended August 28, 2026

Majority vote. Budget Bill Appropriation Takes Effect Immediately

SUMMARY

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

Major Provisions

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

Specifically, this bill:

- 1) Implements various provider oversight mechanisms in the Medi-Cal program, including providing the Department of Health Care Services (DHCS) the ability to (1) deny an application for enrollment or to terminate the enrollment of a provider under specific circumstances, (2) enforce a temporary suspension when a provider is under investigation by any local, state, or federal program, (3) enforce a temporary suspension and deactivation effective on the date the department sends the notification, as specified, and (4) enable the department to implement a 180-day moratorium, with potential extensions, on the enrollment of providers, for certain clinics, health facilities, and licensed or certified persons to safeguard public funds or to maintain the fiscal integrity of the program.
- 2) Requires DHCS and the California Department of Aging to collaborate with certain entities to understand Community-Based Adult Services center closures, and an update to the Legislature and the Legislative Analyst's Office on those closures on or before March 1, 2029.
- 3) Provides, effective October 1, 2026, maintenance dialysis services that are medically necessary for the treatment of chronic dialysis and end-stage renal disease for certain individuals under restricted-scope Medi-Cal.
- 4) Extends the existing nurse-to-patient staffing ratio penalty exemption for general acute care hospitals that are provided under specified circumstances, to acute psychiatric hospitals.
- 5) Clarifies that all personal information obtained or maintained by the Center for Data Insights and Innovation under the California Health and Human Services Agency is confidential and generally exempt from the disclosure requirements of the California Public Records Act.
- 6) Authorizes Palomar Health District to transfer its assets to the Palomar UC San Diego Health Authority if certain conditions are satisfied.
- 7) Implements various changes to the Miles Hall Lifeline and Suicide Prevention Act, requiring various state departments, including DHCS, the Emergency Medical Services Authority, the Office of Emergency Services, and the California Department of Public Health to (1) oversee 988 center and designated 988 center operations, (2) establish a process for entities to apply for approval as a designated 988 center, (3) establish statewide training and protocol standards for specified personnel, (4) develop and adopt voluntary statewide protocols governing the transfer of calls and communications between 911, 988, and mobile crisis teams; (5) procure

and implement an interoperable solution, as specified and defined (6) develop and update a 2-year statewide funding estimate for 988 centers as specified, (7) annually determine whether an adequate specialized LGBTQ+ suicide prevention hotline is activated by the federal government under 988, authorize the request the federal resources to allow the state to implement the press 3 function, and identify and contract with a qualified entity or entities that specialize in LGBTQ+ suicide prevention services, and (8) implement public awareness strategies to assist in the implementation of the 988 Suicide & Crisis Lifeline in the state.

- 8) Implements various technical and conforming changes, including changes related to the implementation of the 2025 federal reconciliation law House Resolution 1, and to the AIDS Drug Assistance Program.

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 appropriates \$105,611,000, \$5,975,000, and \$1,229,000 from the Federal Trust Fund to the State Department of Health Care Services, to be made available for encumbrance or expenditure through June 30, 2027, to expend State Opioid Response Grant funds and Substance Abuse Prevention and Treatment Block Grant funds, as specified

VOTES

SENATE FLOOR: 28-10-2

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Umberg, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ABS, ABST OR NV: Reyes, Stern

UPDATED

VERSION: August 28, 2026

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FN: 0004460