



Highlights of the 2025-26 Enacted California State Budget

For further details, please refer to [SB 101 Budget Act of 2025](#) | [AB 102 "Budget Bill Jr."](#) | [AB 118 Human Services Trailer Bill](#)

** Indicates a CCLTSS advocacy priority.*

Program / Service	What the enacted budget does	Impact Summary
Medi-Cal Eligibility & Coverage	<ul style="list-style-type: none"> • Asset test permanently reinstated at higher levels. Restores the 2024 repeal, setting resource limits at \$130k (single) / \$195k (couple), beginning 1-1-26. * • Implements prior authorization for hospice services in Medi-Cal no sooner than 7-1-26, pending federal approval. 	<p>Rolls back the full elimination of the Asset Test, implemented 1-1-24, but mitigates loss of coverage for older adults and people with disabilities with modest savings; avoids harsh \$2,000 limit per individual and \$3,000 limit per couple proposed in the May Revise. Adopts the May Revise proposal to require prior authorization for hospice services, potentially delaying or complicating access to end-of-life care for beneficiaries, particularly those with urgent or rapidly progressing conditions.</p>
Medi-Cal for Undocumented Individuals	<ul style="list-style-type: none"> • Undocumented adult coverage freeze. Beginning 1-1-26, new enrollment into Medi-Cal is paused for adults ages 19 and older with undocumented immigration status. Individuals who lose coverage for procedural reasons are provided a 90-day grace 	<p>Softens May Revise cuts by reducing premiums, delaying provider rate reductions, and implementing a re-enrollment window for undocumented</p>

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	<p>period to re-enroll. Individuals already enrolled in the program cannot “age-out”. This freeze does not apply to other unsatisfactory immigration statuses beyond undocumented immigrants. *</p> <ul style="list-style-type: none"> • Rejects the proposal to eliminate long-term care benefits for Medi-Cal enrollees with unsatisfactory immigration status. * • Eliminates dental coverage for undocumented adults and other individuals with unsatisfactory immigration status. Beginning 7-1-26, dental services are no longer covered under Medi-Cal for individuals without satisfactory immigration status. Delays rate cuts to other providers serving undocumented adults to 7-1-27. * • Imposes a \$30/month premium. Beginning 7-1-27, undocumented immigrants and other Medi-Cal enrollees with unsatisfactory immigration status ages 19–59 are subject to a \$30 monthly premium. * 	<p>adults; still results in loss of full dental coverage, new \$30/month premium, and access barriers that may increase reliance on emergency care.</p>
<p>Medi-Cal Provider Payments</p>	<ul style="list-style-type: none"> • Continues Prop 56 supplemental payments to Medi-Cal providers, including dental, primary care, and women’s health, (\$957.1M appropriated); eliminates supplemental payments for dental providers starting 7-1-26. • Implements the MCO Tax and Proposition 35 expenditure plan, with \$804M in 2024-25, \$2.8B in 2025-26, and \$2.4B in 2026-27 to support administration and related costs; includes \$1.6B across 2025-26 and 2026-27 specifically to raise Medi-Cal base rates for primary care, specialty care, emergency medical transport, and outpatient procedures. • Stops the utilization of Prospective Payment System (PPS) to pay for certain services provided to people without satisfactory immigration status, if those services are fully funded with state dollars. This change will take effect no sooner than 7-1-26. PPS is a payment method commonly used for Federally Qualified Health 	<p>Preserves Prop 56 funding levels proposed for reduction in the May Revise, ensuring continued Medi-Cal provider participation for older adults, people with disabilities, and caregivers. Delays – but does not reverse – the elimination of dental supplemental payments. All other Prop 56 payments remain intact. Adopts the MCO Tax and Proposition 35 expenditure plan as proposed in the May Revise, supporting rate increases and broader Medi-Cal investments. Delays implementation of the proposed cap on PACE rates,</p>

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	<p>Centers (FQHCs) and Rural Health Clinics (RHCs), where providers receive a set amount per visit, regardless of the actual cost of care.</p> <ul style="list-style-type: none"> • Delays May Revise proposed cap on PACE rates at the midpoint of the actuarial sound range until 1-1-27. * 	<p>providing additional time before changes take effect.</p>
Medi-Cal: Skilled Nursing Facilities (SNF)	<ul style="list-style-type: none"> • Eliminates the Workforce and Quality Incentive Program (WQIP) for Skilled Nursing Facilities effective 1-1-26. • Implements the Workforce Standards Program (WSP) and Accountability Sanctions Program (ASP) for SNFs – two new mandatory financing programs created under AB 186 to enforce staffing and quality standards – with \$2.9M in 2025–26, \$2.8M ongoing, and 14 positions funded through the LTC-QAF and federal funds. • Suspends the requirement for SNFs to maintain a backup power system for no fewer than 96 hours. 	<p>Eliminates the optional quality incentive bonuses (WQIP) but maintains mandatory standards and penalties (WSP and ASP) to preserve a basic floor of accountability and care quality, reflecting a pivot from rewarding excellence to enforcing adequacy in SNFs. Ends enforcement of 96-hour backup power rules, easing compliance costs but postponing emergency readiness.</p>
Medi-Cal Pharmacy & Drug Benefits	<ul style="list-style-type: none"> • Terminates coverage of GLP-1 medications for weight loss but maintains coverage for diabetes treatment. Beneficiaries may still access GLP-1s for weight loss on a case-by-case basis, but only with prior authorization and supporting documentation justifying medical necessity. • 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. • Implements pre-authorization policies to obtain drugs removed from the DHCS' contracted drug list. Includes trailer bill language regarding noticing requirements. 	<p>Adopts May Revise proposals to restrict access to GLP-1 medications for weight loss, end Medi-Cal pharmacy coverage for select drug classes, and implement pre-authorization requirements for non-contracted drugs. These changes may reduce state costs but could limit timely access to medications, shift costs to beneficiaries, and create barriers for those seeking weight management or over-the-counter treatments.</p>
Behavioral and Cognitive Health	<ul style="list-style-type: none"> • Removes the training and biannual reporting requirement in the Dementia Care Aware initiative. The Dementia Care Aware 	<p>Advances California's behavioral health transformation by modernizing the</p>

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	<p>website will be transferred to DHCS. The core cognitive health assessment benefit will continue, but without requirements for formal training and mandatory public reporting.</p> <ul style="list-style-type: none"> • Offsets General Fund costs for the Behavioral Health Bridge Housing program using \$85M from the Behavioral Health Services Fund. • Supports continued implementation of the Behavioral Health Services Act through the Behavioral Health Transformation initiative, redirecting \$20M from the Opioid Settlements Fund. • Modernizes the Mental Health Services Act and improves accountability and access to behavioral health services through the Behavioral Health Transformation initiative, with \$54M from the Behavioral Health Services Fund, \$20M from the Opioid Settlements Fund, and \$52M in federal funds in 2025-26. 	<p>Mental Health Services Act and supporting implementation of the Behavioral Health Services Act, with a combined \$146M from state and federal sources. Maintains the Dementia Care Aware cognitive health assessment benefit while removing formal training and public reporting requirements – reducing administrative burden but potentially impacting care consistency. Offsets GF spending on Behavioral Health Bridge Housing by redirecting Behavioral Health Services Fund resources.</p>
<p>In-Home Supportive Services</p>	<ul style="list-style-type: none"> • Rejects proposed 50 hour per week cap on IHSS overtime and travel, preserving current thresholds and ensuring continuity of care. * • Maintains IHSS for Undocumented Adults enrolled in Medi-Cal. * • Modifies the May Revision Proposal to require the asset test limit in alignment with updated thresholds in Medi-Cal. • Establishes a cost-sharing structure for penalties tied to late IHSS reassessments under CFCO: the state and counties split costs 50/50 in 2025–26, with counties assuming 100% of costs for lost federal funds beginning in FY 2026–27. 	<p>Preserves flexibility and continuity of care for consumers with complex care needs and aligns eligibility with Medi-Cal provisions. Implements a phased shift of financial responsibility to counties for IHSS compliance penalties, protecting federal funds while avoiding immediate cost burdens.</p>
<p>California Department of Aging</p>	<ul style="list-style-type: none"> • Funds the Long-Term Care Ombudsman Program at \$4.1M over 3 years (\$12.3M total) from the State Health Facilities Citations Penalty Account Reserves. * • Approves the May Revision proposal regarding the Multipurpose Senior Services Program. Allows the Department of Finance to 	<p>Approves multi-year funding to strengthen independent advocacy and ensure older adults in long-term care facilities have access to ombudsman services and complaint resolution</p>

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	<p>decrease funding if the CMS Medicaid and Children’s Health Insurance Program Managed Care Access, Finance, and Quality Final Rule is rescinded or repealed.</p> <ul style="list-style-type: none"> • Approves the January Budget Change Proposal regarding the Health Insurance and Advocacy Program (HICAP), approving funding of \$2.3M from the HICAP Fund in 2025-26 and 2026-27 to provide additional support of the HICAP program at the state and local levels. • Approves the January Budget Change Proposal regarding the Multipurpose Senior Services Program (MSSP) for a care management and billing software system for MSSP that will unify all providers and CDA on one platform. 	<p>mechanisms, though at a reduced level from the \$15.9M originally requested. Supports aging services by advancing a unified system for MSSP, strengthening HICAP operations, and allowing funding adjustments if federal rules impacting MSSP are rescinded.</p>
<p>Developmental Services</p>	<ul style="list-style-type: none"> • Rejects elimination of the Regional Centers Direct Service Professional (DSP) Workforce Training and Development.* • Ties provider eligibility for quality incentive payments to compliance with EVV, financial audits, and HCBS rules. Includes trailer bill language and results in a \$221.7M ongoing General Fund reduction starting in 2026–27. • Ends Service Provider Rate Reform Hold Harmless Provision 2-8-26 as opposed to 6-30-26. Approves a reduction of \$75M GF in 2025-26, and a decrease to reimbursements by \$37.9M one-time. • Adopts new guardrails in the Self-Determination Program. Approves a reduction of \$22.5m GF in 2025-26, and \$45.5M GF ongoing. • Eliminates dedicated resources for refreshing regional center implicit bias training. Approves a reduction of \$5.6M GF in 2025-26, with reimbursements to decrease by \$1.4M and ongoing.* • Eliminates Health and Safety Wavier Assistance. Approves a reduction of \$3M GF in 2025-26, with reimbursements to decrease by \$1.4M and ongoing for resources related to providing 	<p>Enacted budget adopts most May Revision proposals impacting the developmental services system, resulting in reduced funding for provider supports and program flexibilities. These changes may limit resources available to consumers and place added administrative and financial pressures on service providers. However, the preservation of Direct Service Professional (DSP) training helps protect efforts to strengthen and retain the frontline workforce.</p>

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	consumers and families assistance in applying for health and safety waivers.	
Homelessness Prevention	<ul style="list-style-type: none"> • Maintains funding for Home Safe. Approves \$83.8M GF on a one-time basis. Funding can be committed or spent at any time through 6-30-27. * • Maintains funding for the Housing & Disability Advocacy Program (HDAP). Approves \$44.6M GF (above the \$25M base amount already included in the Governor’s Budget) on a one-time basis. Funding can be committed or spent at any time through 6-30-27. * • Approves trailer bill language to extend the waiver of any county match requirement for the Home Safe, Bringing Families Home, and Housing and Disability Advocacy Program funds. 	Restores funding excluded from the May Revise, preserving critical housing stability and homelessness prevention services for older adults and people with disabilities. Ensures continuity of support for highly vulnerable populations at risk of institutionalization or prolonged homelessness.
Affordable Housing Development	<ul style="list-style-type: none"> • Maintains funding for the Low-Income Housing Tax Credit (LIHTC) by authorizing \$500M in 2025-26 to support affordable housing production. • Maintains funding for the Multi-Family Housing Program (MHP) by appropriating \$120M available through 6-30-30. MHP provides low-interest loans to build or preserve affordable rental housing for low-income families, seniors, and people with special needs. 	Restores and expands key affordable housing investments excluded from the May Revise. Legislative action preserves momentum on low-income housing production by authorizing \$500 million for LIHTC and sustaining support for MHP, helping stabilize the development pipeline and address the state’s affordable housing shortfall.
Food & Nutrition	<ul style="list-style-type: none"> • Maintains support for CalFood. Approves \$52M GF in 2025-26 one a time-time basis, bringing the total GF for CalFood in 2025-26 to \$60M. * • Approves funding for the California Fruit and Vegetable Pilot Program. Appropriates \$36M GF in 2025-26 on a one-time basis to increase access to healthy foods. 	Restores funding for food access programs eliminated in the May Revise, protecting low-income Californians from food insecurity and preserving access to fresh, culturally appropriate nutrition. Removal of the CFAP trigger ensures uninterrupted progress toward

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	<ul style="list-style-type: none"><li data-bbox="541 228 1346 337">• Removes trigger from the California Food Assistance Program (CFAP) Expansion. Implementation of the CFAP Expansion is underway and is scheduled to take effect on 10-1-27.	food equity for undocumented older adults.