

LEGISLATIVE UPDATE



Week of May 5, 2025

State Issues	
California's Fiscal Picture	<p>Next week, Governor Newsom will release the May Revise to his January Budget proposal. In most years, this is after April tax revenues have been calculated, and the Legislature has a good sense of how much money they have to spend.</p> <p>But this year, this is not the case. While we will have some estimates, we won't have the full picture for two main reasons. First, the state income tax deadline was pushed back to October for those in Los Angeles, due to the fires. Second, because of the inordinate amount our state budget relies on federal Medi-Cal payments and the threat to those payments is real, we won't have a good estimate of our federal funding for Medi-Cal until action is taken in Congress. Both of these actions have a big impact on our state's revenue and are murky at best.</p> <p>However, there has been some good news released this week. Per Jason Sisney, the Assembly Speaker's long time budget advisor, April income tax revenues exceeded projections by more than 2%, or nearly half a billion dollars. But not all of the news was good. These income tax gains were offset by sales taxes running more than \$300 million below projections. In addition, he notes that the "first few billion" of added General Fund tax revenues in 2024-25 may be required to go to schools to pay down Proposition 98 "maintenance factor" due to last year's action to suspend schools' minimum funding guarantee.</p> <p>Finally, Sisney notes that "Due to the new federal administration's various economic decisions, recession risk now is elevated. Weaker tax revenue growth in 2025-26 appears quite possible, if not likely. Coupled with cost increases being reported by state departments, this probably will increase projected state deficits significantly beginning in 2025-26."</p> <p>What's Next: The Governor's May Revise Budget is set to be released next Wednesday, May 14. Given the fiscal picture, we will need to be prepared for proposed state budget cuts, funding delays, borrowing, and other budget-balancing measures in the upcoming budget negotiations. Budget Committee Hearings will begin shortly thereafter, with budget negotiations beginning immediately. The Legislature has until June 15 to pass a balanced budget.</p>
Health Plan Coverage	<p>This Week, California applied for approval from the Federal Government an application to update the state's "benchmark plan," which is the minimum level of services every health plan sold in California must have.</p> <p>The new proposed plan would require every plan to cover In vitro fertilization (IVF), hearing aids for both adults and children and certain durable medical equipment, like wheelchairs.</p>

(more)

<p>Health Plan Coverage (continued)</p>	<p>Senator Carline Menjivar, Chair of the Senate Health Committee and member of the Assembly Budget Subcommittee on Health, has been a champion for both pediatric hearing aids and IVF coverage. She stated, “The new proposed benchmark plan means children who are hard of hearing or deaf will have coverage for the hearing aids that make a significant difference in their development and well-being. Folks who are currently cut off from family-building because of financial barriers will be able to make this important reproductive decision for themselves. And those whose mobility relies on access to durable medical equipment will have increased coverage for their means of independence.”</p> <p>It should be noted that premiums (what consumers/patients/small employers pay) may increase as a result of these new health plan coverage mandates. Individuals who are eligible for premium subsidies may be shielded from premium increases, but those not eligible for subsidies, will feel the full impact of any premium increase.</p> <p>What’s Next: Following federal approval, plans sold beginning in 2027 will need to include these new services.</p>
---	--

For more information, please contact Lori Dangberg at 1215 K Street, Suite 2040 ■ Sacramento, CA 95814
916.591.3991 or e-mail: ldangberg@thealliance.net