

LEGISLATIVE UPDATE



Week of June 1, 2026

State Issues

Budget Update:
Assembly Plan and
New County
Indigent Care
Proposal

This week, the Assembly released its budget proposal as its contribution to the budget negotiations. This is a response to the Senate publishing its plan, which they released on May 28. The Assembly plan accepts some of Governor Newsom's May Revise proposals, rejects others, and proposes new programs. It also includes very little to no detail on any of their plans. The Assembly has not scheduled a hearing in Assembly Budget Subcommittees or the full Assembly Budget Committee.

There are a few major health care items of note.

The Assembly accepts the Governor's proposal on the new **Managed Care Organization (MCO)** tax proposal. If you recall, this proposal creates a new MCO proposal that levies more taxes on commercial coverage, which if approved, would bring in \$2.3 billion to the State and would be paid by increasing taxes on all commercial health care plans by \$8.85 per member per month. The Assembly plan does not adopt the Senate's alternative proposal, which is to tax large employers \$285 per employee who is enrolled in Medi-Cal.

Their Assembly plan also approves the transition of individuals with **unsatisfactory immigration status (UIS) to Fee-for-Service** but proposes to adopt a placeholder plan to carve out emergency benefits for UIS in fee-for-service, while retaining nonemergency benefits under managed care.

They adopt the Governor's cuts to **Enhanced Care Management** and approve \$50 **Monthly Premium** for Members with UIS Aged 19-59.

The Assembly provides \$250 million General Fund for 2026-27 to support the **public hospital system**.

The plan delays the implementation of the **asset test limit** until July 1, 2027, and rejects the proposal to eliminate the **acupuncture** Medi-Cal benefit, which are agreements with the Senate.

The Assembly is advancing a new proposal from the **Counties for funding for indigent care**. Specifically, they include \$250.4 million General Fund over two years to establish an emergency services-only county indigent care program. They are asking for funding to support counties in providing health care to those who lose coverage due to the implementation of the federal Medicaid Work requirements. The plan sponsors include the California State Association of Counties, California Association of Public Hospitals and Health Systems, County Health Executives Association of California, County Welfare Directors Association of California, the Service Employees International Union-California (SEIU California), California Black Health Network (CBHN), and the National Health Law Program (NHeLP).

(more)

<p>Budget Update <i>(continued)</i></p>	<p>They note that the federal changes put coverage at risk for more than one million Californians and will significantly increase the number of individuals who may turn to county indigent care programs which lack the resources to absorb this demand. Legally, counties are designated as providers of last resort under their indigent care obligations. The proponents of this proposal state that due to some actions by the State regarding realignment funding, counties do not have the financial capacity to respond to a large-scale shift of newly uninsured residents without additional support.</p> <p>This plan to provide emergency-only Medi-Cal is an attempt to provide funding to ensure access to critical, life-saving care and stabilization services and prevents individuals from becoming fully uninsured and immediately shifting into unprepared county indigent care systems. They also note that this plan will allow the state to more easily access allowed federal funding when individuals are admitted for in-patient emergency services, which provides an exemption from H.R. 1 work requirements.</p> <p>This is not a complete solution. It is a stop gap that provides the State with a two-year stabilization period to assess the real-world impacts of H.R. 1 and develop longer-term policy solutions. The County coalition believes this proposal would maintain a basic coverage floor while avoiding the costly and complex need to rebuild indigent care infrastructure.</p> <p>Next Steps. Negotiations on the budget are ongoing, but to date, there is no two-party agreement, much less a three-party agreement. There is some chatter that the budget process this year is much more dysfunctional than in years' past and it is possible the Legislature will pass a basic budget by their June 15 deadline, but the real work on the budget won't conclude until August. The Legislature has to have a budget bill in print by Friday, June 12th to have something to vote on by June 15.</p>
<p>White House Issues Executive Order on Childhood Vaccines</p>	<p>On May 29, the White House issued an Executive Order titled, "Realigning United States Core Childhood Vaccine Recommendations with Best Practices from Peer, Developer Countries." The EO directs the CDC and Advisory Committee on Immunization Practices (ACIP) to review the "Assessment of the U.S. Childhood and Adolescent Immunization Schedule Compared to Other Countries," a report developed under direction of a December 2025 Presidential Memoranda and released by the HHS earlier this year.</p> <p>The California Medical Association (CMA) has taken note and is concerned that this order could revise the nation's childhood vaccine schedule and would significantly reduce the number of vaccines routinely recommended for children. CMA warns the move lacks scientific support and could undermine public confidence in vaccines at a time when preventable diseases are resurging. They warn that this Executive Order is a "reckless intervention into established public health policy that could undermine confidence in vaccines and put children at risk."</p> <p>The order directs federal health agencies to reevaluate the nation's childhood vaccine schedule using a framework that places significant weight on vaccine policies in other developed countries, rather than the established scientific review process that has guided U.S. immunization recommendations for decades. Physician groups have criticized the Administration's approach, arguing that vaccine recommendations should be based on scientific evidence and disease risk, not whether other countries have adopted similar schedules.</p> <p>The HHS assessment endorsed by the executive order recommends routine vaccination against 11 diseases while shifting several currently recommended childhood vaccines to "high-risk" or "shared decision-making" categories. Vaccines affected</p> <p style="text-align: right;"><i>(more)</i></p>

EO on Childhood Vaccines <i>(continued)</i>	<p>could include those for hepatitis A, hepatitis B, rotavirus, influenza and certain forms of meningococcal disease. Public health experts have warned that weakening routine vaccine recommendations could contribute to declining vaccination rates and increase the risk of outbreaks of preventable diseases.</p> <p>California has already taken steps to preserve access to evidence-based immunizations if federal vaccine recommendations are weakened or eliminated. Last year, the Governor signed AB 144, a measure that helps ensure Californians continue to have access to life-saving vaccines according to evidence-based standards, regardless of changes to federal vaccine recommendations.</p>
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