

# LEGISLATIVE UPDATE



Week of May 4, 2026

State Issues	
State Budget Update	<p>Next week, Governor Newsom and the Department of Finance will release the May Revision for the 2026-27 State budget. The State is seeing much stronger revenues than projected in January. California income tax collections in April totaled \$30.5 billion, which was \$3.3 billion (12.1%) more than projected in the Administration’s forecast. For the 2025-26 fiscal year to date, through April 30, California income taxes are \$10.9 billion (7.3%) above the Administration’s January forecast. Given the recent strength of the stock market, it is plausible to expect that 2025-26 state General Fund revenues will end up \$10 billion to \$15 billion above the January forecast. With this in mind, the State may be seeing a \$3-\$5 billion shortfall for the year, instead of the \$18-\$20 billion that has been the cause of concern. The date of release is not yet announced, but the Governor must provide his May Revision of the January budget proposal on or before Thursday, May 14.</p>
Senate Budget Hearing	<p>This week, the Senate held a hearing on some early budget action focusing on disadvantaged hospitals. <a href="#">AB 108</a> was heard and voted on Tuesday before the full Senate Budget Committee, where tensions were notably high.</p> <p>The bill provides \$25 million in the Current Year Budget to support hospitals on the brink of closure. While using the structure of HCAI’s Distressed Hospital Loan Program, these are not loans and are meant to be grants to 2-3 hospitals to keep their doors open until July 1. The hospitals must meet several criteria to qualify: a hospital must have no more than 10 days cash on hand; have demonstrated efforts to exhaust other financial options; 50% of the hospitals’ patient population is government funded (Medi-Cal/Medicare) or uninsured; must be for nonprofit or public hospitals; and any other criteria determined by HCAI and the Department of Finance. The funds must be encumbered by June 30, 2026.</p> <p>The hearing on this bill was highly contentious. Legislators expressed significant frustration that the Administration was not prepared to provide additional information or respond more fully to their questions: Which hospitals qualify? Would \$25 million actually sustain these hospitals until July 1? Why wasn’t there a broader discussion on distressed hospitals, including the ones presumably in their districts? What if their hospital had 12 days cash on hand, and was therefore ineligible for this funding, and didn’t make it to July?</p> <p>It was clear legislators were reluctant to support this bill if their struggling hospitals would not qualify. Senator Laird stated that they cannot disclose which hospitals are eligible because there would be a public panic, as well as problems with creditors for these hospitals. The frustrations on the lack of information from the Administration got so intense that it was suggested that the Senate may have to start putting people under oath when they testify.</p> <p>The bill moved and passed both the Senate and Assembly Floors on Thursday, and the Governor signed the measure Thursday evening.</p>

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<p>Governor’s Race: Single Payer Support at the Center</p>	<p>With the primary election for Governor less than a month away, and ballots already in voters’ mailboxes, CNN hosted a debate in Monetary Park this week. Since Eric Swalwell ended his bid for California’s top spot, Democrat Xavier Becerra has been surging in the polls and gaining endorsements. As of several polls from before this week’s debate, both Republican Steven Hilton and Becerra are now tied at 18%.</p> <p>Health care was one of the issues during the debate that sparked particularly sharp exchanges. The issue focused on who supports single payer health care, and whether Becerra has flip flopped on the topic. While Becerra has long supported a single payer health care delivery system, he has in recent years been more moderate in his language around it. He has said that a single payer health system is the right goal, but according to a campaign spokesman, “it’s not possible under this Administration, and right now we have a crisis on our hands. Trump is slashing Medi-Cal and handing tax breaks to billionaires while millions of Californians risk losing their coverage.”</p> <p>However, Dr. René Bravo, president of the California Medical Association (CMA), is sharing more about Becerra’s conversations with the Association. CMA had previously supported Swalwell, but when he withdrew from the race, CMA came out in support of Becerra. According to the CMA leader, “He said very clearly that, at this point, he wasn’t supportive of single payer.” Becerra apparently told the state’s physicians that now was not the time for single payer and that making any kind of progress on it while President Trump was in office was unrealistic. Only Tom Steyer, backed by the California Nurses Association, and Katie Porter gave complete support for the proposal.</p>
<p>Future of Medi-Cal Commission</p>	<p>The <a href="#">Future of Medi-Cal the California Commission</a> is continuing its work considering how to modernize Medi-Cal and ensure its viability moving forward. The Commission is a 29-member independent body tasked with developing a 10-year vision and actionable roadmap for a more effective and sustainable Medi-Cal program. The Commission’s work will culminate in a set of concrete recommendations in early 2027.</p> <p>The Commission has created several work groups covering different facets of the Medi-Cal program and named Commission members to lead each of the workgroups. According to the Commission, it is “beginning to dive deeper into four priority areas, with workgroups starting to explore key challenges and potential solutions to ensure Medi-Cal can serve the next generation of Californians.” Each workgroup includes a core group of commissioners and will engage additional experts and stakeholders to provide input as the work progresses.</p> <p><b>Workgroup 1: Member Experience and Care Model.</b> The group will focus on making it easier for people to enroll in Medi-Cal, find care and get the services they need. This includes improving care coordination and ensuring there are enough providers to meet members’ needs. The Chair of this workgroup is Tony Starr, CEO of Open-Door Community Health Centers. He notes that as a critical provider of primary care in some of California’s most remote regions, he’s pleased to be able to share the unique challenges faced in obtaining care in rural California.</p> <p><b>Workgroup 2: Payments and Financing.</b> The members will focus on how Medi-Cal pays for care and how funding decisions shape members’ access to services, quality of care, and overall costs. The goal is to support more consistent, high-quality, and cost-effective care for members across the system. Chair of this work group is Toby Douglas. He is</p> <p style="text-align: right;"><i>(more)</i></p>

<p>Future of Medi-Cal Commission (continued)</p>	<p>currently the Senior Vice President of Medicaid for Kaiser Permanente. He is formerly the Director of the Department of Health Care Services from 2011 to 2015. He’s focused on sustaining what’s been built and innovating financing and payment in ways that focus on the Californians that need to have access to this program.</p> <p><b>Workgroup 3: Rationalized System.</b> This workgroup will focus on how Medi-Cal is organized and where misaligned incentives, unclear responsibilities, and too many layers can undermine care coordination and accountability. This work aims to clarify responsibility, reduce variation, and better align managed care and county-administered programs to support more coordinated, whole-person care. Jacey Cooper has been tapped to lead this workgroup. She is also the former Director of the Department of Health Care Services, from January 2020-October 2023. She is currently President of a health care consulting firm and Senior Advisor to Health Management Associations. Jacey oversaw the state’s development and implementation of the California Advancing and Innovating Medi-Cal program, known as Cal-AIM. She’s stated that this Future of Medi-Cal Commission is an opportunity to “build something better – an equitable, integrated, and accountable Medi-Cal program...”</p> <p><b>Workgroup 4: Technology, Data &amp; Infrastructure.</b> These Commissioners will focus on improving how data, infrastructure, and technology support more seamless and connected services to support care that can adapt and endure through the next decade of change for Medi-Cal members and the teams that care for them. Leading this group is Ivor Horn. In addition to being Google’s former Health Equity Chief, she is also an angel investor for the BAG (Black Angel Group) Collective. The BAG is a collective of 400 Black tech operators and executives from leading organizations, including NVIDIA, Meta, Netflix, Google, OpenAI, and Microsoft that specializes in providing financial, intellectual, and social capital to seed Series A startups globally. She is quoted as saying that she’s spent her career “at the intersection of technology and equity, building scalable solutions to improve health outcomes.... That’s the opportunity I see before us.”</p> <p>Each workgroup will develop proposals for the full Commission to consider, and their first report-outs will be made to the Commission at the May 28 meeting in Oakland.</p>
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