



## **FOR IMMEDIATE RELEASE**

Contact: Melissa Santos-Martinez, Communications and PR Manager

Email: [msmartinez@calbha.org](mailto:msmartinez@calbha.org)

## **CBHA Responds to Governor Newsom's 2026-27 May Revise Budget Proposal**

**SACRAMENTO, CA - May 14<sup>th</sup>, 2026** - The California Behavioral Health Association (CBHA) responds to Governor Gavin Newsom's May Revision of the 2026-27 state budget that plans to balance the next two fiscal years while maintaining reserves. The 2026-27 May Revision includes \$334.2 billion for health and human services programs, including \$90.4 billion General Fund. It also projects Medi-Cal will cover 13.9 million Californians in 2026-27.

*"As the federal government creates policies that increase financial pressures in every state across the country, the Governor's May Revision clearly reflects the predicted impact on Californians. While the California Behavioral Health Association remains grateful for the focus on behavioral health during the Newsom Administration, the nominal investments in health and human services reflected in the May Revise are disconcerting. We are seeing resource crises unfold across our diverse network of providers- especially for those providing high acuity services to disenfranchised individuals and communities. The California Behavioral Health Association urges the Legislature and Administration to protect access and ensure budget solutions do not shift additional costs onto providers serving Californians with the most complex health needs." - Le Ondra Clark Harvey, Ph.D., CEO of CBHA*

### **Areas of Concern:**

The Governor's May Revision reflects several shortfalls and budget reductions that will impact the delivery of health and human services across the state.

- The Medi-Cal **shortfall for 25-26 is estimated to be \$4.2 billion** in the General Fund.
- The estimated cost associated with **H.R. 1 in 26-27** is expected to be approximately **\$1.5 billion**.



### **Enhanced Care Management Reduction**

The May revision proposes a **General Fund reduction of \$41.4 million in 26-27 and \$99.2 million ongoing**. The proposal would refine eligibility criteria, service definitions, utilization management criteria, and payment adjustments for Enhanced Care Management beginning January 1, 2027.

### **Community Supports Reductions**

The May Revision proposes a **General Fund reduction of \$26.9 million in 26-27, \$58.8 million in 27-28 and \$51 million ongoing**. This proposal would refine referral pathways, eligibility criteria, service definition, and utilization management criteria for select Community Supports services beginning January 1, 2027.

### **Medi-Cal Asset Test Reinstatement**

The May Revision proposes **\$278.3 million General Fund in 26-27 and \$495.6 million ongoing in reductions** by reinstating Medi-Cal asset limits for seniors and disabled adults. The proposed limits would be \$2,000 for an individual and \$3,000 for a couple, effective no sooner than January 1, 2027.

### **Adult Protective Services Reduction**

The May Revision **proposes a \$70 million General Fund reduction in 26-27 and ongoing** by reverting the Adult Protective Services expansion adopted in 2021-22. This would change APS eligibility from age 60 to 65.

### **Medi-Cal Efficiencies and Utilization Management**

The May Revision **proposes a \$68 million General Fund reduction in 26-27, increasing to \$552 million in 29-30**. The proposal would establish utilization management for applied behavioral analysis and transportation and eliminate the quality withhold incentive component of the Medi-Cal managed care quality withhold and incentive program.



### Notable Investments:

Despite the challenges with the state's budget, some investments have been proposed to support social services across the State.

- The May Revision includes a total of **\$2.8 billion in 26-27** to support county administration of Medi-Cal
  - There is a proposed **one-time investment of \$262 million** to support counties workload for the implementation of Medi-Cal eligibility changes, including optional surge staffing capacity.
- The Governor's proposal suggests utilizing the Behavioral Health Service Fund (from Proposition 1) to support prevention and workforce programs as administered by the California Department of Public Health (CDPH) and the Department of Health Care Access and Information (HCAI).
  - **\$174.8 million** total for CDPH, with **\$119.8 million** allocated for new behavioral health population-based prevention programs.
  - **\$131.1 million** total for HCAI, with **\$94.3 million** allocated for new workforce programs and the continuation of **BH-CONNECT**.
  - **\$10 million Behavioral Health Service Fund** for the Commission for Behavioral Health.
- A **\$3 million one-time General Fund allocation** is proposed for investment into a statewide menopause program operated by CDPH to support understanding and awareness of perimenopause and menopause.
- A \$7.4 million General Fund investment is proposed for 26-27 and ongoing to support the use of Crisis Intervention Teams (CITs) at 3 CDCR institutions to allow for assessment and address concerns with self-harm or suicidal behavior.
- The May Revision includes a **\$16.2 million** ongoing investment to accept a federal grant award to support expanded investigation and enforcement relating to **Medi-Cal fraud and elder abuse**.
- The May Revision reappropriates **\$485 million** from the **California Community Schools Partnership Program**.
  - Includes \$401 million for planning and implantation grants.
  - Includes \$6 million for Transforming Together to support collaboration between county offices of education and community partners to meet students and family behavioral health needs.



- The May Revision includes **\$21.6 billion** for the **Department of Developmental Services** in 26-27
  - \$15 million to **update rate methodology** for certain center based early intervention services.
  - \$11.4 million in 26-27 to **support standardized intake and clinical needs assessment.**
- The May Revision estimates **\$89.1 million** in **Proposition 47** savings in 26-27.
  - The May Revision notes that remaining Proposition 47 funds may support court ordered treatment programs, case management, wraparound services, housing, employment support, and job training.

CBHA urges lawmakers to work collaboratively with providers, advocates, and consumers to ensure that the Enacted Budget reflects California’s commitment to behavioral health equity, workforce development, and care access for all.

For more information on the Governor’s May Revise:

- [Governor’s Budget Summary](#)
- [LAO 26-27 Budget Resources](#)