

# HEALTH AND HUMAN SERVICES

The Health and Human Services Agency includes departments and state entities that provide health and social services to the most vulnerable and at-risk Californians while providing public health services to Californians. Given recent significant growth in Health and Human Services programs, the Budget includes General Fund solutions and statutory changes to align program expenditures with available revenue to maintain a balanced budget now and to curb costs into the future. The Budget includes \$307 billion (\$84.4 billion General Fund) for health and human services programs in 2025-26. Federal House Resolution 1 was signed on July 4, 2025, and the Budget does not reflect the impacts of this federal legislation.

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## DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California's Medicaid program, is administered by the Department of Health Care Services. Medi-Cal is a public health care coverage program that provides comprehensive health care services at no or low cost for low-income individuals. The Department also administers programs for special populations and several other non-Medi-Cal programs, as well as county-operated community mental health and substance use disorder programs. The Medi-Cal budget includes \$196.7 billion (\$44.9 billion General Fund) in 2025-26. Medi-Cal is projected to cover approximately 14.9 million in 2025-26—more than one-third of the state's population.

## SIGNIFICANT BUDGET ADJUSTMENTS

- **Proposition 36**—\$50 million General Fund one-time over three years to provide non-competitive grants to county behavioral health departments. See the Criminal Justice and Judicial Branch Chapter for more information.
- **988 Suicide and Crisis Lifeline Centers**—\$17.5 million one-time 988 State Suicide and Behavioral Health Crisis Services Fund to support suicide and crisis lifeline center contact volume capacity.
- **Enrollment Freeze for Full-Scope Medi-Cal Expansion to Undocumented Californians, Adults Ages 19 and Older**—A freeze on new enrollment to full-scope coverage for undocumented individuals aged 19 and over, effective no sooner than January 1, 2026. Estimated General Fund savings are \$77.9 million in 2025-26, increasing to \$3.3 billion by 2028-29.
- **Medi-Cal Premiums for Adults with Unsatisfactory Immigration Status, Ages 19-59**—Implementation of \$30 monthly premiums for individuals with unsatisfactory immigration status aged 19 to 59, effective July 1, 2027. Estimated General Fund savings are \$695.7 million in 2027-28 and \$675 million in 2028-29 and annually thereafter.
- **Prospective Payment System Payments to Federally Qualified Health Centers and Rural Health Clinics**—Elimination of Prospective Payment System rates to clinics for state-only funded services provided to individuals with unsatisfactory immigration status, effective July 1, 2026. Clinics would receive reimbursement at the applicable Medi-Cal fee-for-service rate and at the Medi-Cal managed care negotiated rate. Estimated General Fund savings are \$1 billion in 2026-27 and \$1.1 billion in 2027-28 and annually thereafter.
- **Elimination of Dental Benefits for Adults with Unsatisfactory Immigration Status, Ages 19 and Older**—Elimination of full-scope dental coverage for Medi-Cal members with unsatisfactory immigration status, effective July 1, 2026. This population will continue to have access to restricted-scope, emergency dental coverage. Estimated General Fund savings are \$308 million in 2026-27 and \$336 million annually thereafter.
- **Pharmacy Drug Rebates**—Implementation of a rebate aggregator to secure state rebates for individuals with unsatisfactory immigration status. Projected General Fund savings are approximately \$370 million in 2025-26 and \$600 million in 2026-27 and ongoing. Additionally, the Budget reflects additional General Fund savings of

\$75 million in 2025-26 and \$150 million ongoing associated with increasing the minimum rebate for HIV/AIDS and cancer drug rebates.

- **Specialty Drug Coverage for Weight Loss**—Elimination of coverage for Glucagon-Like Peptide-1 (GLP-1) drugs for weight loss effective January 1, 2026. Estimated General Fund savings are \$85 million in 2025-26, growing to \$790 million by 2028-29.
- **Medi-Cal Asset Test Limits**—Reinstatement of the Medi-Cal asset limit for seniors and disabled adults at \$130,000 for an individual and \$65,000 for each additional household member, effective no sooner than January 1, 2026. Estimated General Fund savings are \$61.3 million in 2025-26, \$562.9 million in 2026-27 and \$827.4 million ongoing, inclusive of In-Home Supportive Services (IHSS) impacts.
- **Supplemental Payments**—Elimination of approximately \$362 million beginning in 2026-27 and ongoing for dental supplemental payments. The Budget maintains \$180 million General Fund in 2025-26 and ongoing for family planning and women's health supplemental payments.
- **Medi-Cal Providers Interim Payment Fund Loans**—The Budget proposes to utilize \$2.1 billion in 2024-25 and \$2.3 billion in 2025-26 for Medi-Cal Provider Interim Payment cash loans and begin repayment of the loans in 2027-28. Of this amount, \$1 billion is for a new loan in 2025-26.
- **Prescription Drug Utilization Management**—Implementation of utilization management, step therapy protocols, and prior authorization for prescription drugs resulting in estimated General Fund savings of \$175 million in 2025-26 and \$350 million in 2026-27 and ongoing.
- **Skilled Nursing Facilities**—Elimination of the Workforce and Quality Incentive Program and suspension of the requirement to maintain a backup power system for no fewer than 96 hours, resulting in General Fund savings of \$168.2 million in 2025-26, \$280 million in 2026-27, and \$140 million ongoing.

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## DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, protects, and supports the people of California experiencing need in ways that empower wellbeing and disrupt systemic inequities. The Department's major programs include the California Work Opportunity and Responsibility to Kids (CalWORKs), CalFresh and Nutrition Programs, In-Home Supportive Services (IHSS), Supplemental Security Income/State Supplementary

Payment (SSI/SSP), Child Welfare and Adult Protective Services, Community Care Licensing, Disability Determination Services, and Child Care. The Budget includes \$56.1 billion (\$24.5 billion General Fund) for DSS programs in 2025-26.

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### CHILD CARE AND DEVELOPMENT

DSS administers child care and development programs including CalWORKs Stages One, Two, and Three; the Emergency Child Care Bridge Program; Alternative Payment Programs; Migrant Child Care; General Child Care; Family and Child Care Home Education Networks; Child Care for Children with Severe Disabilities; and a variety of local supports for these programs, such as Resource and Referral Programs and Local Child Care Planning Councils, in addition to quality improvement projects. Families can access child care subsidies through centers that contract directly with DSS or through vouchers administered by county welfare departments and Alternative Payment Programs. The Budget includes \$7.3 billion (\$4.7 billion General Fund) for DSS administered child care and development programs.

### SIGNIFICANT BUDGET ADJUSTMENTS

- **Reimbursement Based on Certified Need**—An increase of \$88.6 million ongoing General Fund to reimburse voucher programs based on certified need.
- **Support for Alternative Payment Program Agencies**—An increase of \$70 million ongoing General Fund for administrative support for ongoing workload associated with the Memorandum of Understanding.
- **Child Care Cost of Living Adjustment**—An increase of \$59.4 million ongoing General Fund for a cost of living adjustment in 2025-26 for child care programs.
- **Prospective Pay Implementation**—An increase of \$30.7 million General Fund for initial implementation efforts to meet the federal requirement to prospectively pay providers as of August 2026.
- **Rate Reform Support**—An increase of \$21.8 million one-time federal funds to support start-up state, county, and contractor automation activities.
- **Emergency Child Care Bridge**—A reduction of \$30 million General Fund in 2025-26 and ongoing to account for anticipated utilization of the program. The proposal maintains \$63.7 million in annual ongoing funding (\$53.4 million General Fund) for the Emergency Child Care Bridge program.

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## CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS

The CalWORKs program, California's version of the federal Temporary Assistance for Needy Families (TANF) program, provides temporary cash assistance to low-income families with children to meet basic needs. It also provides welfare-to-work services to support economic mobility. Eligibility requirements and benefit levels are established by the state. Counties have flexibility in program design, services, and funding to meet local needs.

The Budget assumes \$9.5 billion in total TANF expenditures (state, local, and federal funds) in 2025-26. This amount includes \$6.2 billion for CalWORKs program expenditures and \$3.3 billion for other programs such as Child Welfare Services, Foster Care, the Department of Developmental Services programs, the California Statewide Automated Welfare System, California Community Colleges Child Care and Education Services, Cal Grants, and the Department of Child Support Services. The average monthly CalWORKs caseload is projected to be 363,766 families in 2025-26.

### SIGNIFICANT BUDGET ADJUSTMENT

- **Streamlining the CalWORKs Program**—The Budget includes various statutory changes to the CalWORKs program, resulting in a more family-centered and easier to navigate program for families and counties. These changes include: (1) standardizing orientation and simplifying the appraisal and welfare to work plan development process, (2) expanding allowable welfare-to-work activities and making Job Club an optional, (3) simplifying the sanction curing process, (4) replacing the county welfare-to-work reporting requirements with administrative data extracts, (5) eliminating welfare-to-work sanctions for the first 90 days following acceptance into the program, and (6) prospectively eliminating the pass-on of federal work participation rate penalties to counties. The Budget also redirects \$4.6 million in General Fund savings to the Single Allocation in 2025-26 and \$14 million ongoing.

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## FOOD AND NUTRITION

The CalFresh program, California's version of the federal Supplemental Nutrition Assistance Program (SNAP), provides federally funded benefits for eligible families to purchase food needed to maintain adequate nutrition.

The Budget includes \$3.8 billion in total CalFresh and nutrition expenditures. In addition, \$13.3 billion in food benefits is provided directly to recipients by the federal government. The average monthly CalFresh caseload is projected to be 3,338,191 households in 2025-26.

### SIGNIFICANT BUDGET ADJUSTMENTS

- **Summer Electronic Benefits Transfer (SUN Bucks)**—SUN Bucks provides \$120 per child (\$40 per month for June, July, and August) in federally funded food benefits to children who lose access to free and reduced-price meals during the summer school closure period. The Budget includes \$115.8 million (\$57.5 million General Fund) in 2025-26 for transactions costs and outreach to allow the state to provide an estimated \$815.9 million in federal food assistance to children.
- **CalFood**—An increase of \$52 million one-time General Fund for food banks in 2025-26. The one-time appropriation augments \$8 million ongoing General Fund for this purpose.
- **California Fruit and Vegetable Electronic Benefit Transfer**—The Budget includes \$36 million one-time General Fund for supplemental food benefits through electronic benefit transfer cards.
- **Able-Bodied Adults Without Dependents (ABAWD) Waiver Loss**—The Budget includes \$6.8 million General Fund in 2025-26 and savings of \$19.9 million General Fund in 2026-27 and ongoing due to the federal government's termination of the state's ABAWD waiver one-year early, effective February 1, 2026.

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### IN-HOME SUPPORTIVE SERVICES

The IHSS program provides domestic and related services such as housework, meal preparation, and personal care services to eligible low-income individuals with disabilities, including children and adults, as well as low-income individuals who are ages 65 and over. These services are provided to assist individuals to remain safely in their homes and prevent more costly institutionalization.

The Budget includes \$29.9 billion (\$11.1 billion General Fund) for the IHSS program in 2025-26. Average monthly caseload in this program is estimated to be 793,316 recipients in 2025-26

## SIGNIFICANT BUDGET ADJUSTMENTS

- **Community First Choice Option Late Penalties**—A reduction of \$40.5 million General Fund in 2025-26 to reflect a 50/50, state and county share of the IHSS federal Community First Choice Option reassessment late penalties. Beginning in 2026-27, counties are responsible for the full costs of any Community First Choice Option reassessment late penalties.
- **Medi-Cal Assets Test Limits**—A reduction of \$16 million General Fund in 2025-26 to conform IHSS with the reinstatement of the Medi-Cal asset limit of \$130,000 for individuals and \$195,000 for couples.

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## CHILDREN'S PROGRAMS

Child Welfare Services include family support and maltreatment prevention services, child protective services, foster care services, and adoptions. California's child welfare system provides a continuum of services to children who are either at risk of, or have suffered, abuse and neglect. Program success is measured in terms of improving the safety, permanence, and well-being of children and families served.

The Budget includes \$987.9 million General Fund in 2025-26 for services to children and families in these programs. When federal and 1991 and 2011 Realignment funds are included, total funding for children's programs is in excess of \$9.9 billion in 2025-26.

## SIGNIFICANT BUDGET ADJUSTMENTS

- **Foster Family Agency Funding**—The Budget includes \$31.5 million one-time (\$23 million one-time General Fund) for Foster Family Agencies that have a documented increase in costs for liability insurance.
- **Family Urgency Response System Reduction**—A reduction of \$9 million General Fund in 2025-26 and ongoing to account for anticipated utilization of the program. The proposal maintains \$21 million ongoing General Fund for the program.
- **Tiered Rate Structure Implementation**—Statutory changes that would make the implementation of the Tiered Rate Structure subject to an appropriation beginning in spring 2027. The Budget continues implementation of the Tiered Rate Structure, which includes resources for state operations as well as local assistance funding for Child and Adolescent Needs and Strengths fidelity tools and training activities.

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## OTHER DEPARTMENT OF SOCIAL SERVICES PROGRAMS

- **Home Safe**—An increase of \$83.8 million one-time General Fund for the Home Safe program for access to health, safety, and housing supports for individuals involved in Adult Protective Services and at risk of experiencing homelessness.
- **Bringing Families Home**—An increase of \$81 million one-time General Fund for the Bringing Families Home Program for housing-related supports to families experiencing or at risk of homelessness who are also involved in the child welfare system.
- **Housing and Disability Advocacy Program**—An increase of \$44.6 million one-time General Fund for the Housing and Disability Advocacy Program to assist disabled individuals who are experiencing homelessness. This augmentation is in addition to an ongoing annual appropriation of \$25 million General Fund.
- **Holocaust Survivors Assistance Program**—An increase of \$14.5 million one-time General Fund for assistance to Holocaust survivors.
- **Children's Holistic Immigration Representation Project**—An increase of \$10 million one-time General Fund for children's immigration representation.
- **One California**—An increase of \$10 million one-time General Fund for immigration services.
- **YMCA of Metropolitan Los Angeles for Food Assistance and Legal Aid Services**—An increase of \$7.5 million one-time General Fund for food assistance and legal aid services.
- **Diaper Bank Funding**—An increase of \$7.4 million one-time General Fund for diaper banks.

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## DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) provides individuals with intellectual and developmental disabilities a variety of services that allow them to achieve their goals. The state's developmental services are designed to meet the needs and choices of individuals at each stage of their lives, and support them in their home communities, providing choices that are reflective of lifestyle, cultural and linguistic preferences.

The Budget includes \$18.7 billion (\$12.2 billion General Fund) and estimates that over 490,000 individuals will receive services in 2025-26.



DDS continues to work closely with regional centers, service providers, and the community on numerous initiatives to streamline and enhance developmental services and supports statewide.

### SIGNIFICANT BUDGET ADJUSTMENTS

- **Rate Reform Hold Harmless**—A reduction of \$75 million General Fund in 2025-26 to reflect ending the rate reform hold harmless policy in February 2026 instead of June 2026.
- **Porterville Developmental Center**—A reduction of \$25 million General Fund starting in 2026-27 and ongoing, reflecting historical savings.
- **Self-Determination Program**—A reduction of \$22.5 million General Fund in 2025-26, and \$45.5 million General Fund annually thereafter, to reflect new guidelines that protect the sustainability of the program.
- **Implicit Bias Training**—A reduction of \$5.6 million ongoing General Fund to eliminate dedicated resources for refreshing regional center implicit bias training.
- **Health and Safety Waiver Assistance**—A reduction of \$3 million ongoing General Fund to eliminate health and safety waiver application assistance.
- **Require Provider Mandates for Quality Incentive Program Eligibility**—A reduction of \$221.7 million General Fund in 2026-27 and ongoing associated with requiring compliance with Electronic Visit Verification, annual audits, and Home and Community-Based Services rules as a pre-condition of eligibility for the quality incentive component of the rate models.

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## OTHER HEALTH AND HUMAN SERVICES

### SIGNIFICANT BUDGET ADJUSTMENTS

- **Managed Care Organization (MCO) Tax and Provider Payment Increases**—\$9 billion in 2024-25, \$4.2 billion in 2025-26, and \$2.8 billion in 2026-27 of MCO Tax revenue to support the Medi-Cal program. The Budget reflects \$804 million in 2024-25, \$2.8 billion in 2025-26, and \$2.4 billion in 2026-27 for the MCO Tax and Proposition 35 expenditure plan, including \$90 million in 2025-26 and 2026-27 for reproductive health. In addition to the amounts supporting the Medi-Cal program, \$1.6 billion across 2025-26 and 2026-27 will support increases in managed care payments

relative to calendar year 2024 for primary care, specialty care, ground emergency medical transportation, and community and hospital outpatient procedures.

- **Behavioral Health Workforce Initiative**—\$1.9 billion (\$143 million Behavioral Health Services Fund, \$808 million Designated State Health Program Funding, and \$950 million federal funds) over five years for the Department of Health Care Access and Information to implement the Behavioral Health Workforce Initiative beginning in July 2025.
- **AIDS Drug Assistance Program (ADAP) Program**—Up to \$75 million one-time ADAP Rebate Fund in 2025-26 for HIV and AIDS prevention and treatment services at the California Department of Public Health if federal funding for specified services is delayed, reduced, or eliminated.
- **Transgender, Gender Nonconforming, and Intersex (TGI) Wellness Grants**—\$15 million one-time TGI Wellness and Equity Fund in 2025-26 and reappropriation of \$7.2 million TGI Wellness and Equity Fund from the 2022 Budget Act to support TGI wellness, equity, and care.
- **Health Care Affordability Reserve**—\$25 million Health Care Affordability Reserve Fund ongoing to support a financial assistance program at Covered California.
- **Diaper Access Initiative**—\$7.4 million General Fund in 2025-26 and \$12.5 million General Fund in 2026-27 for the Department of Health Care Access and Information to contract for the provision of a three-month supply of diapers at no cost to California families with newborn babies via hospital systems to improve maternal and newborn health outcomes.
- **Long-Term Care Ombudsman Program**—An increase of \$3 million in 2025-26, 2026-27, and 2027-28 from the State Health Facilities Citation Penalties Account to support work of local long-term care ombudsman programs related to residents' rights, safety, health, and quality of life.
- **Department of State Hospital Programs**—Reduced resources for various state hospital programs, including the Incompetent to Stand Trial Program, Community-Based Restoration and Felony Diversion programs, and isolation unit needs. Estimated savings are \$195.5 million General Fund in 2025-26, \$273.1 million General Fund in 2026-27, and \$191.6 million General Fund in 2027-28 and ongoing. The Budget maintains funding to continue to support these programs based on actual program expenditures.
- **Incompetent to Stand Trial Infrastructure Grant Program**—A reduction of \$232.5 million one-time General Fund included in the 2022 Budget Act from unspent

grant funds for counties to increase residential treatment housing capacity for individuals designated Incompetent to Stand Trial.