

# LEGISLATIVE UPDATE



Week of April 28, 2025

## State Issues

Legislative Deadlines and Hearings

Today (May 2), is the last day for bills to make it out of the policy committee(s) in their house of origin. Bills that don't get out of their committees or don't get a hearing become two-year bills, leaving them for any action at the beginning of next year.

Most of the bills that made it through are awaiting action in their respective Appropriations Committees, where the Committee estimates the cost to the State of those bills and then they vote on which ones are worth moving along in the process. It is at this point that in some cases, the Department of Finance can weigh in with their estimated costs for bills, and it can be the first indicator of the position of Governor Newsom and his Administration. Last year, when the State was trying to address a budget deficit, the Governor made clear in a several Veto statements, that bills with big costs should go through the budget process – and not rely on the Legislative process. With an even more serious budget challenge this year, it will need to be determined whether the Senate and Assembly are closely watching the bottom line as they vote to keep some bills alive.

While the Appropriations committees are supposed to only consider the cost of implementation, many bills are killed in the committee for policy or political reasons. Bills that legislators want to stop, but don't want to take a public vote on, can end up stuck on the Suspense file in Appropriations – either completely dead, or made two-year bills to be addressed in January.

Budget Subcommittee Hearing Update

This week, the Senate Budget Subcommittee on Health met to cover issues related to the Department of Health Access and Information (HCAI), Covered California, and the Department of Health Care Services that focused on behavioral health programs. You can find the full agenda [here](#). The Committee is chaired by Senator Dr. Weber Pierson and includes Senator Caroline Menjivar and Senator Shannon Grove. All were active in the conversation focused on HCAI and the Office of Health Care Affordability.

Dr. Weber, and ten of her colleagues, sent a letter this week to HCAI, asking some pointed questions of the Department regarding their implementation of the health care cost targets set by the Board. She specifically wanted to know more about their process for adopting the cost target for the health care providers and plans of no more than 3.5% growth every year and a 1.7% annual growth target for several hospitals. A copy of her letter is attached.

In her comments during the committee hearing, Dr. Weber stated that she is very concerned that the purpose of OHCA – to reduce the cost of health care for Californians – will never come to fruition for consumers. She does not believe that OHCA will ever reduce health care costs with this plan of action, especially since they ignored the costs of

*(more)*

<p>Budget Subcommittee Hearing Update <i>(continued)</i></p>	<p>delivering care, including those that are state mandated. She also noted that she was flabbergasted that they have not adopted a clear way to measure if patients will receive a reduction in their costs. She noted, “They (the Administration/HCAI/OHCA) are living in a fantasy world,” and she will be watching.</p> <p>Senator Menjivar asked several questions trying to confirm if patients and policy holders will see any cost savings in their premiums as a result of this program. The Director said she does not believe that will be the case in the short term.</p> <p>Senator Grove expressed disbelief that the Administration was going to set arbitrary caps on hospitals, when so many are struggling financially and so many are having to close labor and delivery services.</p> <p>HCAI Director Landsberg also reported on the Cal RX Program, which is the Governor’s efforts to reduce the cost of medications. While the main component of the plan is to have the State manufacture its own biosimilar insulin, that effort has been difficult for the State to get off the ground and the State has made only minimal progress in the 5 years since the authorizing statute was passed. The LAO noted that there has been \$50 million allocated to this program to construct a manufacturing plant here in California, but to date, the State is using a facility in Virginia instead. He noted the funds have been deferred, but it may be worth it for the Legislature to explore the best use of those funds moving forward.</p> <p>In addition, HCAI testified that CalRx has partnered with Amneal Pharmaceuticals to manufacture and distribute a Cal RX branded Naloxone nasal spray, which is an overdose reversal medication. The program distributes Naloxone free of charge to qualifying community-based organization and first responders, and HCAI testified that the program has already saved the State \$17 million in the last year. The Governor reported last week that they have started selling direct to consumer sales at \$24.</p>
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