

LEGISLATIVE UPDATE



Week of April 6, 2026

State Issues	
<p>Budget Update</p>	<p>As we move closer to the release of the May Revise Budget proposal, discussions are being held about how the state could raise new revenues to help California bridge its budget gap. Just before the Spring break, California’s Legislative Analyst’s Office (LAO) released a new report on various options to raise new taxes in California.</p> <p>The LAO has crafted the report in a way that makes it very easy for Legislators to lean into the analysis and potentially use it as a menu to select which options they may want to consider. The LAO very briefly outlines each tax option and then provides a visual bar chart that depicts the budget impact, the impact on the overall economy, the taxpayer experience, its progressivity, and a broad category of “fairness.”</p> <p>First, they examine tax increase options that would each raise between \$1 billion to \$3 billion per year. These include everything from a quarter-cent sales tax increase; sales tax on digital goods; increasing the soda tax; new income tax on millionaires; 2 percent increase on corporate taxes; and elimination of the “water’s edge election” for corporations.</p> <p>Next, recognizing that Legislators may need options that would bring in significantly more revenue, they offer some options that would bring in around \$10 billion to \$15 billion per year. These include extending Prop 55 (2016), which is a voter approved tax on high income earners that is set to expire. They also review 1.25 sales tax increase; tax consumer services; increase corporate tax rates and eliminate the water’s edge election; and increasing the “big three” taxes, which are comparable increases in the personal income tax, corporate tax, and sales tax.</p> <p>For balance, the final section reviews options to lower taxes by \$1 billion to \$3 billion per year, which includes mostly decreasing the same taxes in the earlier sections of the bill that are proposed to increase.</p> <p>Many progressive organizations have been strongly advocating for new revenue to manage the state budget – as opposed to cuts, which mostly end up in health and human services programs – but this LAO document is a clear tool to support Legislators who wish to consider these options more thoroughly.</p>
<p>Rural Health Transformation Fund</p>	<p>The Department of Health Care Access and Information (HCAI) has announced a new Spring Webinar regarding the State’s work on the California Rural Health Transformation (CalRHT) program (they will be launching the state’s newly approved CalRHT Program). The webinar is intended to cover:</p> <ul style="list-style-type: none"> ▪ California’s Centers for Medicare & Medicaid Services (CMS) approved CalRHT program and its vision for a connected, resilient rural health system. ▪ CalRHT’s goal to establish, support and fund partnerships across rural California. ▪ An overview of CalRHT’s 2026 initiatives. ▪ Key milestones, grant timelines, and early engagement opportunities.

(more)

<p>Rural Health Transformation Fund (continued)</p>	<p>The Rural Health Transformation Program is a Centers for Medicare & Medicaid Services (CMS) project authorized by HR 1 and funded at \$50 billion over five years. The goal is to help states improve rural health access, quality, and outcomes through health system transformation. California’s approach is built around three interrelated initiatives: the Transformative Care Model, Workforce Development, and Technology & Tools.</p> <p>On December 29, 2025, CMS announced it awarded California \$233,639,308 for year 1. On January 30, 2026, as required by CMS, California submitted a revised programmatic budget that further describes their planning for the award. This webinar will review what CMS approved and how funding will be used and allocated.</p>
<p>Birthing Care Pathway Policy Updates</p>	<p>The Department of Health Care Services has implemented a Birthing Care Pathway as a way to focus and address the physical, behavioral, and health-related social needs of pregnant and postpartum beneficiaries of Medi-Cal.</p> <p>Like the rest of the nation, California is facing a maternal health crisis. Every five days, a Californian loses their life to pregnancy-related complications. Although the state’s pregnancy-related mortality ratio is lower than the national ratio, it has been rising in recent years, and the majority of these deaths are preventable. The severe maternal morbidity rate in California has also been rising and is higher than the national rate. This crisis is disproportionately impacting Black, American Indian/Alaska Native, and Pacific Islander individuals.</p> <p>With Medi-Cal covering 40 percent of births statewide, DHCS has initiated this effort because they are uniquely positioned to drive significant improvements in maternal health and birth equity. DHCS began developing a comprehensive policy and care model roadmap called the Birthing Care Pathway in 2023 to cover the journey of all pregnant and postpartum Medi-Cal members from conception through 12 months postpartum. The Birthing Care Pathway is designed to be a strategic roadmap for state entities, managed care plans (MCP), counties, providers, social service entities, philanthropy, and other key partners serving pregnant and postpartum Medi-Cal members. The goals of the Birthing Care Pathway are to reduce maternal morbidity and mortality and address racial and ethnic disparities that disproportionately affect Black, American Indian/Alaska Native, and Pacific Islander individuals.</p> <p>One year after the release of the Birthing Care Pathway Report, they are issuing an update to demonstrate the progress they’ve made. You can access that report/progress dashboard here. They note that a total of 28 policies have been completed, while 14 remain in progress. They report on the progress on dozens of goals and objectives.</p> <p>They highlight that they have received approval for State Plan Amendments (SPAs), released All County Letters and Behavioral Health Information Notices, and released guidance for Managed Care Plans. In an effort to reach the public, they have held webinars and released support documents for both members and providers to improve access to care and provider administrative burden. DHCS’s efforts have also included collaborations with state agency partners, such as the California Department of Public Health (CDPH), the California Department of Social Services (CDSS), the Office of the Surgeon General (OSG), and the California Maternal Quality Care Collaborative (CMQCC) to create state-level Strategic Plans, soon-to-be-released joint guidance for home visiting for pregnant and postpartum members, and Learning Collaboratives for MCP policy implementation.</p> <p>The Birthing Care Pathway is a multi-year initiative for DHCS to advance maternal health and birth equity in California. DHCS will continue working with maternity care and social services providers, state and local leaders, MCPs, birth equity advocates, and other partners to implement the Birthing Care Pathway using existing resources.</p>

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