

# Policy At A Glance:

## Health Propositions on the 2024 California Ballot

*In November, voters in California will decide on 10 ballot measures, ranging from crime and healthcare to rent control and taxes. This brief provides an overview of the health-related propositions on the 2024 California ballot.*

### Introduction

In the US, a ballot measure is a proposed law, issue, or question presented to voters on a local or statewide ballot for decision. Since there is no federal ballot measure, most regulations governing these measures are state-specific. There are two types of ballot measures: citizen-initiated ballot measures and legislative ballot measures. The ballot initiative process allows citizens to propose statutes or amendments and collect signatures to have their proposal on the ballot for voters to decide. On the other hand, legislative ballot measures are initiated by legislators who vote to place a statute or constitutional amendment on the ballot.<sup>1</sup>

On March 5, 2024, the Behavioral Health Services Program and Bond Measure (Proposition 1) was voted on and approved by California voters.<sup>2</sup> On November 5, 2024, voters in California will decide on 10 ballot measures which cover crime, healthcare, rent control, and taxes.<sup>3</sup>

This brief provides an overview of Proposition 1 and the health-related propositions on the November 2024 California ballot.

### *Other Propositions on the November 5 Ballot<sup>4</sup>*

<b>Proposition</b> 2	Public Education Facilities Bond Measure
<b>Proposition</b> 3	Right to Marry and Repeal Proposition 8 Amendment
<b>Proposition</b> 5	Lower Supermajority Requirement to 55% for Local Bond Measures to Fund Housing and Public Infrastructure Amendment
<b>Proposition</b> 6	Remove Involuntary Servitude as Punishment for Crime Amendment
<b>Proposition</b> 32	\$18 Minimum Wage Initiative
<b>Proposition</b> 33	Prohibit State Limitations on Local Rent Control Initiative
<b>Proposition</b> 36	Drug and Theft Crime Penalties and Treatment-Mandated Felonies Initiative

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# Behavioral Health Services Program and Bond Measure

Approved on the March 5, 2024 ballot, the Behavioral Health Services Program and Bond Measure (Proposition 1) is a two-part ballot initiative that focuses on enhancing mental health care, improving substance abuse treatment, and addressing homelessness.<sup>2,5</sup> It proposes changes to the 2004 Mental Health Services Act and authorizes a \$6.4 billion behavioral health bond to construct additional facilities for mental health and substance abuse treatment as well as housing for individuals facing homelessness and substance use disorders.<sup>5</sup>

## Modernizing the Mental Health Services Act

Every year, counties receive approximately \$13 billion per year in statewide taxes and federal money to provide mental health care and substance abuse treatment. About one-third of funding for county mental health services comes from a tax on high-income earners, specifically those making over \$1 million annually. This tax was established by the Mental Health Services Act (MHSA) in 2004 and generates approximately \$3.5 billion each year. Proposition 1 does not alter the tax on individuals earning over \$1 million annually, but rather increases the share of the MHSA tax that the state receives for mental health programs. It also mandates that counties allocate more of their MHSA funds to housing and personalized support services, such as job training and education.<sup>5</sup> Specifically, starting in fiscal year 2026-27, 30% of county MHSA funds must be put towards housing supports for individuals with serious behavioral health needs. The annual statewide funding is projected to be around \$950 million to sustain these projects long term.<sup>6</sup>

## Behavioral Health Housing Supports Primer

Housing is a crucial part of behavioral health treatment, recovery, and stability.<sup>7</sup> California is facing a significant shortage of facilities for mental health and substance abuse treatment, which results in long wait times and inadequate care for many people. To address this issue, the state allocated \$2 million to build more treatment facilities. However, this program will only address half of the statewide shortage of facilities for mental health care and substance abuse treatment. Additionally, California has a severe homelessness crisis, with nearly 171,500 people experiencing homelessness in 2022 and, of this total, 10,400 were veterans. To address this issue, the state has invested \$3.7 billion towards constructing new housing by converting hotels, motels, and other buildings into housing. Proposition 1 allows the state to sell \$6.4 billion in new bonds to build more facilities for mental health and substance abuse treatment as well as increase housing. It would allocate \$4.4 billion to expand mental health and substance abuse treatment facilities, with at least \$1.5 billion directed to local governments and tribes. Proposition 1 also provides \$2 billion to convert and construct housing for people facing homelessness, particularly those with mental health or substance abuse issues, with over half of this funding reserved for veterans.<sup>5</sup>

# Health Propositions on the November 5 Ballot

## Proposition 35

The Managed Care Organization Tax Authorization Initiative (Proposition 35) would establish a permanent tax on managed care organizations (MCO), such as Anthem Blue Cross and Blue Shield of California, which are health plans that provide care through a network of providers.<sup>8</sup> The MCO tax is based on the number of monthly enrollees and requires federal approval for renewal.<sup>8,9</sup> Currently, it is set to expire in 2026. In 2024, the MCO tax is \$182.50 per monthly Medi-Cal enrollee and \$1.75 per commercial (non-Medi-Cal) enrollee per month.<sup>10</sup>

Proposition 35 would cap the commercial enrollee tax at \$2.50 per month, limit annual revenue from this portion to \$36 million, and adjust for inflation starting in 2027.<sup>9</sup> Furthermore, it would establish a committee to advise the Department of Health Care Services on initiatives supported by the tax money received.<sup>8</sup>

Proposition 35 establishes specific uses for the MCO tax proceeds, ensuring that the funds are exclusively directed towards Medi-Cal and healthcare-related initiatives, preventing lawmakers from diverting these funds to other non-healthcare-related expenditures.<sup>10</sup> The initiative would direct the MCO tax proceeds to cover part of the Medi-Cal enrollment tax, a levy tax on MCOs based on the number of Medi-Cal enrollees they cover, and other administrative costs. In 2025 and 2026, the remaining funds would be allocated to the Medi-Cal program, health workforce initiatives (around \$2.7 billion), and the General Fund to offset Medi-Cal costs (around \$2 billion). In 2027, the remaining funds would be allocated to Medi-Cal, health workforce initiatives, and drug price subsidies.<sup>9</sup>

## Proposition 34

The Require Certain Participants in Medi-Cal Rx Program to Spend 98% of Revenues on Patient Care Initiative (Proposition 34) would establish a new

category of entities called prescription drug manipulators. Entities classified under this category would need to meet specific annual requirements to retain their tax-exempt status and maintain their licenses as managed care organizations, pharmacies, and clinics. Specifically, they would need to allocate at least 98% of revenues from the 340B federal discount prescription drug program on direct patient care and refrain from unprofessional behavior or actions that could harm public health, welfare, or safety.

Furthermore, Proposition 34 would permanently authorize the state to implement the Medi-Cal Rx program that was established in January 2019 via Governor Newsom's Executive Order N-01-19.<sup>11</sup>

## Proposition 4

The Parks, Environment, Energy, and Water Bond Measure would allow the state to issue \$10 billion in bonds to finance a range of projects related to the environment, energy, and water resources. This includes \$3.8 billion for water supply, flood reduction, and river restoration; \$2.7 billion to environmental and coastal protection, covering forest health, wildfire prevention, coastal restoration, and ocean habitat improvement; \$850 million for energy infrastructure; \$700 million to parks and recreation for park expansions, renovations, and state park repairs; \$450 million to extreme heat mitigation for protection measures and local projects; and, lastly, \$300 million to farms and agriculture for soil health, pollution reduction, and farmworker support. Furthermore, proposition 4 would mandate that 40% of the bond revenues be allocated to initiatives that support low-income communities or those impacted by environmental changes or disasters. It would also require the Secretary of the Natural Resources Agency to publish a list of programs and projects on the agency's website, with the cost to publish the report covered by the revenue generated from the bond.<sup>12</sup>

# Supporters and Opponents

While these ballot measures are ultimately decided by California voters, there are diverse groups of supporters and opponents for each measure, and they are as follows (non-exhaustive):

## Proposition 35<sup>13</sup>

- **Supporters:** Both the California Democratic and Republican Parties, California Dental Association, California Hospital Association, California Medical Association, and Planned Parenthood Affiliates of California
- **Opponents:** No official registered opposition group, although Governor Newsom has indicated he will oppose the measure

## Proposition 34<sup>14</sup>

- **Supporters:** ALS Association, Assemblymember Evan Low, and California Chronic Care Coalition
- **Opponents:** AIDS Healthcare Foundation and Consumer Watchdog

## Proposition 4<sup>12</sup>

- **Supporters:** California Labor Federation, Environmental Defense Fund, and Natural Resources Defense Council
- **Opponents:** Howard Jarvis Taxpayers Association

## References

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## Did you know?

A study by the University of California found that nearly 90% of California adults experiencing homelessness became homeless due to the lack of affordable housing in the state.<sup>15</sup>



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