

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS  
Buffy Wicks, Chair  
AB 2352 (Valencia) – As Introduced February 19, 2026

Policy Committee: Health Vote: 16 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

**SUMMARY:**

This bill requires the Medi-Cal program to enroll as a Medi-Cal provider a nonprofit public benefit corporation that provides nonspecialty mental health services.

**FISCAL EFFECT:**

One-time costs to the Department of Health Care Services (DHCS) of an unknown amount, potentially in the hundreds of thousands of dollars, to make changes to the Medi-Cal Provider Application and Validation for Enrollment (PAVE) system and communicate such changes to potential providers (General Fund, federal funds).

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing

**COMMENTS:**

- 1) **Purpose.** This bill is sponsored by the California Behavioral Health Association. According to the author:

AB 2352 will maintain continuity of care for Medi-Cal beneficiaries by clarifying existing law to allow nonprofit community-based organizations (CBOs), who employ licensed mental health professionals, to enroll in Medi-Cal as group providers. Although CBOs are critical component of our State's behavioral health delivery system, they increasingly face denials through the Medi-Cal [PAVE] system despite being licensed and qualified to provide these services. This prevents CBOs from receiving reimbursement for services rendered. This bill ensures CBOs continue to provide timely access to outpatient mental health care services by clarifying their eligibility.

- 2) **Background.** In July 2022, DHCS issued an all-plan letter (APL) that comprehensively describes plans' obligations related to provider enrollment, credentialing, and screening. The guidance regarding plans' responsibilities has led plans to re-verify that all their contracting providers meet the requirements. Certain nonprofit providers have encountered barriers when attempting to enroll through PAVE because these nonprofits do not have one of the types of business structures that are recognized by PAVE. The statute requiring enrollment is limited to providers that are either a professional corporation or a provider group, neither of which

applies to many nonprofit behavioral health providers.

According to the mental health providers who support this bill, despite the absence of a statutory prohibition on their enrollment as Medi-Cal providers, nonprofit behavioral health providers have increasingly faced barriers enrolling in the PAVE system due to an interpretation that group providers must be organized as professional corporations. Without an alternative way to enroll as Medi-Cal providers, many behavioral health providers are unable to continue relationships with managed care plans to provide nonspecialty mental health (services for diagnosis and treatment of non-severe mental health conditions that are covered by Medi-Cal managed care plans).

**Analysis Prepared by:** Allegra Kim / APPR. / (916) 319-2081