
SENATE COMMITTEE ON EDUCATION

Senator Sasha Renée Pérez, Chair

2025 - 2026 Regular

Bill No:	AB 2704	Hearing Date:	June 24, 2026
Author:	Addis		
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Urgency:	No	Fiscal:	Yes
Consultant:	Therresa Austin		

Subject: Fee Schedule Intensive Technical Support for Onboarding Program.

NOTE: This bill has been referred to the Committees on Education and Health. A “do pass” motion should include referral to the Committee on Health.

SUMMARY

This bill establishes the Fee Schedule Intensive Technical Support for Onboarding Program to provide specified local educational agencies (LEAs) and institutions of higher education (IHEs) with intensive technical assistance and support to operationalize their utilization of the Children and Youth Behavioral Health Initiative (CYBHI) Fee Schedule Program.

BACKGROUND

Existing law:

- 1) Establishes the CYBHI, administered by the California Health and Human Services Agency and its departments, to transform the state’s behavioral health system into an innovative ecosystem in which all children and youth 25 years of age and younger, regardless of payer, are screened, supported, and served for emerging and existing behavioral health needs. (Welfare and Institutions Code (WIC) § 5961)
- 2) Requires the Department of Health Care Services (DHCS) to develop and maintain a school-linked statewide fee schedule for outpatient mental health or substance use disorder treatment provided to a student who is 25 years of age or younger at a schoolsite. (WIC § 5961.4)
- 3) Establishes the Office of School-Based Health at the California Department of Education (CDE) for the purpose of assisting LEAs regarding the current health-related programs under the purview of the CDE, and requires the scope of the Office to include collaborating with DHCS and other departments in the provision of school-based health services, and assisting LEAs with information on, and participation in specified school-based health programs. (Education Code (EC) § 49419)
- 4) Establishes the School Health Demonstration Project and appropriates \$5 million to the CDE to expand comprehensive health and mental health services to public school pupils by providing LEAs with intensive assistance and support to build

the capacity for long-term sustainability by leveraging multiple revenue sources. (EC § 49421)

- 5) Requires the CDE, by June 1, 2025, to develop model referral protocols for addressing student mental health concerns, in consultation with specified agencies and stakeholders, and authorizes these protocols to be used on a voluntary basis by schools. (EC § 49428.1)
- 6) Requires the governing boards or bodies of LEAs, by January 31, 2026, to adopt at a regularly scheduled meeting, a policy on referral protocols for addressing student behavioral health concerns of students in grades 7 to 12. (EC § 49428.2)

ANALYSIS

This bill:

- 1) Establishes the Fee Schedule Intensive Technical Support for Onboarding Program (Program) for the following purposes:
 - a) To address inconsistent access to the school-linked statewide fee schedule, as specified, caused by the limited capacity and expertise of small and rural schools, early learning and care centers operated by, or under contract with, an LEA, and IHE serving transition-age youth in billing for behavioral health claims.
 - b) To reduce the burden of operationalizing the fee schedule for entities providing behavioral health services to communities and groups that are underrepresented in receiving fee schedule services, including children 0 to 5 years of age, pupils who attend small or rural schools, and transition-age youth.
- 2) Requires the CDE, upon appropriation by the Legislature, to select through a competitive process, and allocate funding to, an LEA that will serve as a lead entity to administer the Program over a three-year period. Requires the CDE to ensure the lead entity meets all of the following minimum requirements:
 - a) Currently employs behavioral health providers or has a contract with a behavioral health or a managed care plan, to provide behavioral health services to pupils at the schoolsites of the LEA.
 - b) Is enrolled in the fee schedule in cohorts one, two, or three, and meets all applicable criteria to submit claims.
 - c) Has significant experience leading a fee schedule consortium of LEAs of varying sizes and varying enrollments of unduplicated pupils, including, but not limited to, charter schools and schools located in rural or remote areas of the state.

- d) Has successfully submitted and received payment for claims through the statewide fee schedule for at least one year.
 - e) Has a minimum of 10 years of experience in administering at least one other Medi-Cal reimbursement program, including, but not limited to, the Local Educational Agency Medi-Cal Billing Option Program, as specified, fee-for-service Medi-Cal program, or specialty mental health services.
- 3) Requires the lead entity, in coordination with the CDE and the DHCS, no later than September 1, 2027, to select up to 25 entities to participate in the Program for up to three years.
- 4) Requires a participating entity to commit to doing one or more of the following, as a condition of participation:
- a) Increase the number of children 0 to 5 years of age receiving behavioral health services.
 - b) Increase the number of transition-age youth 16 to 25 years of age receiving behavioral health services.
 - c) Increase the number of children and youth enrolled in small school districts, as specified, that receive behavioral health services.
- 5) Requires the entities to meet all of the following criteria in order to be eligible to participate in the program:
- a) Is eligible to participate in the fee schedule.
 - b) Has past experience in serving children and youth that are of the age that the entity intends to serve.
 - c) Requires intensive technical assistance and support to operationalize the fee schedule.
- 6) Requires the lead entity, when selecting participating entities, to prioritize those that will do one or more of the following:
- a) Increase the number and amount of fee schedule reimbursements.
 - b) Increase the number and amount of fee schedule reimbursements being used to support community school, as specified.
 - c) Operate in communities with higher proportions of unduplicated pupils, as specified.
 - d) Reflect the diversity of communities and geographic areas throughout the state.

- 7) Requires the lead entity, on or before July 1, 2027, to create and publish a brief application for entities interested in participating in the program. Requires that the application, at minimum, request the following information:
 - a) The number and age of children and youth currently enrolled at the entity.
 - b) The number and age of children and youth currently receiving behavioral health services from the entity or an affiliated provider that the entity has designated.
 - c) The number and qualifications of behavioral health service providers, including affiliated providers, currently offering behavioral health services to children and youth enrolled at the entity.
 - d) The entity's interest in, and capacity to, increase behavioral health services to children and youth in their community.
 - e) Evidence of the entity's current enrollment in the fee schedule or the completed fee schedule cohort readiness application created by DHCS.
- 8) Requires the lead entity, starting on or before September 1, 2027, to provide intensive technical assistance and support to the participating entities, including but not limited to, all of the following activities:
 - a) Assisting with obtaining national provider identification numbers and completing the fee schedule credentialing process for employees and affiliated providers that will offer services within the scope of services covered by the fee schedule.
 - b) Providing training and coaching to employees and affiliated providers that will offer services covered by the schedule that is related to documentation of services, proper coding and noting procedures, obtaining required consents, applicable privacy laws and disclosure requirements, and referral protocols, including escalation of services.
 - c) Technical assistance in obtaining a suitable electronic health records system for the documentation and submission of claims, including offering participation in a multi-entity contract for electronic health records services that is centrally managed by the lead entity.
 - d) Assistance with the applicability of privacy laws, including, but not limited to, the Family Educational Rights and Privacy Act (FERPA) and the Health Insurance Portability and Accountability Act (HIPAA), to each participating entity. This may include legal and technology supports necessary to adopt the policies, documents, and forms required by applicable privacy laws, including, but not limited to, all of the following:
 - i) Consent forms, including forms to consent to services, consent to billing, consent to information sharing, and minor consent to outpatient mental health services, required pursuant to state law.

- ii) Notice of privacy practices documents that address the right to withhold consent, the right to withdraw consent, the right to request records, and how confidential information may be shared and utilized.
 - iii) Data governance policies designating each entity as HIPAA-governed, FERPA-governed, or a hybrid entity.
 - iv) Data maintenance protocols and guidance documents for providers and administrators defining how and where to document and store information to ensure compliance with applicable privacy laws and release of information requirements, avoid unintentional disclosure of confidential information, and protect the privacy of individuals consenting to service.
 - v) Other applicable forms and protocols, including, but not limited to, authorizations for ordering and referring physicians, referral protocols, and protocols regarding maintenance of documentation for audit purposes.
 - e) Technical assistance with obtaining and maintaining health plan information for each individual receiving services, including developing a process for conducting insurance discovery and follow-up activities where information is absent.
 - f) A targeted review of claims prior to submission to ensure services are appropriately coded, documented, and noted, with the goal of increasing the likelihood of submitting a clean claim.
- 9) Authorizes the lead entity to subcontract with additional experts, as needed, to fulfill the requirements of #8 above.
- 10) Requires the lead entity, on or before September 1, 2029, to submit a report to the appropriate policy and fiscal committees of the Legislature on the progress of the Program toward its goals. Requires that the report include, but not be limited to, all of the following information:
- a) The number of and names of entities accepted to participate in the program.
 - b) The number of entities participating in the program that have completed training and onboarding with an electronic health records system, and adopted required data sharing policies, privacy notices, and disclosure and release forms.
 - c) The number of employees and affiliated providers offering services within the scope of services covered by the fee schedule that have completed the statewide fee schedule certification process, including obtaining a National Provider Identifier.

- d) The number and percentage of children and youth with verified health plan information in an electronic health records system and completed consent forms, disaggregated by participating entity.
- 11) Requires the lead entity, no later than January 1, 2031, to submit a summative report to the appropriate policy and fiscal committees of the Legislature on the success of the program in achieving its goals. Requires that the report include, but not be limited to, all of the following:
- a) The number of claims submitted by participating entities from small and rural school districts.
 - b) The number of claims submitted by participating entities for services provided to children 0 to 5 years of age, inclusive.
 - c) The number of claims submitted by participating entities for services provided to transition-age youth.
 - d) The total number of claims submitted by participating entities and the percent of claims that are approved and paid.
 - e) The total value of claims submitted by participating entities.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “For too many families on the Central Coast and in rural communities, mental health care is limited or simply out of reach. AB 2704 helps close that gap by giving schools a real pathway to deliver and sustain early behavioral health services.”
- 2) ***CYBHI.*** The CYBHI is a multiyear, \$4.7 billion effort at the core of the Master Plan for Kids’ Mental Health, aimed at overhauling the state’s mental health system and enhancing the pathways connecting families with the needed services. The initiative works across four strategic areas (workforce training and capacity, behavioral health ecosystem infrastructure, coverage and public awareness) and carries out 20 distinct workstreams. Most workstreams are time-limited and focused on building the infrastructure and capacity of the behavioral health system for children.
- 3) ***CYBHI Fee Schedule Program.*** As part of the CYBHI, DHCS was tasked with establishing and maintaining a statewide multi-payer fee schedule for school-linked behavioral health (known as the CYBHI Fee Schedule), enabling LEAs and public IHEs to receive funding for outpatient services rendered at a school or school-linked site.

The CYBHI Fee Schedule program establishes the minimum rates at which managed care plans and insurers must reimburse LEAs and IHEs for the provision of covered services for a student at a school site or school-linked location, including on-campus, off-campus, and mobile clinic locations.

The CYBHI Fee Schedule also provides the appropriate billing codes, rates, and provider types for each service type billable as part of the CYBHI Fee Schedule program. Services provided as part of the fee schedule shall not be subject to copayment, coinsurance, deductible, or any other form of cost sharing. To be eligible for covered services, children and youth must be:

- Under the age of 26;
- Enrolled in public TK-12 schools or IHEs (e.g., California Community Colleges); and
- Covered by Medi-Cal managed care plans, Medi-Cal Fee-for-Service, health care service plans, and disability insurers.

In addition to establishing the CYBHI Fee Schedule, DHCS was tasked with developing and maintaining a school-linked statewide provider network of school-site behavioral health counselors.

To implement the fee schedule, DHCS has onboarded LEAs and IHEs in implementation “cohorts,” with each cohort selected based on operational readiness. The selection process considers a variety of factors including as Medi-Cal enrollment, service delivery infrastructure and capacity building, data collection and documentation, and billing infrastructure. In addition, the state has selected Carelon Behavioral Health as the third-party administrator (TPA) who serves as the statewide clearinghouse that receives and adjudicates claims from LEAs, and pays these claims on behalf of health plans. Carelon is also responsible for credentialing school-based providers for participation in the Fee Schedule on behalf of the state, as well as providing training and technical assistance to participating LEAs.

On February 27, 2026, DHCS announced its approval of Cohort 6 of the Fee Schedule Program, made up of 102 LEAs and 5 IHEs. These LEAs and IHEs will participate in a learning collaborative to inform state level policy and operational guidance for the CYBHI Fee Schedule program.

- 4) ***Fee Schedule Program implementation data.*** The DHCS has published the following implementation data on its CYHBI Fee Schedule Program webpage as of June 1, 2026:
- a) ~700 LEAs and public IHEs are enrolled in the CYBHI Fee Schedule program;
 - b) ~3.6 million students enrolled across participating schoolsites;
 - c) 98% of counties in California are represented by current participants;
 - d) 199 LEAs/IHEs (including 13 school-linked providers) have submitted claims.

- e) \$12.76 million in unique clean claims (includes all in-process and approved claims) have been submitted to the TPA for reimbursement.
 - f) 232,092 claims have been reimbursed, totaling \$11.37 million in new revenue for LEAs and IHEs.
 - g) 172 LEAs/IHEs (including 11 school-linked providers) have received reimbursement.
 - h) 48,821 unique students have received services submitted for reimbursement.
 - i) 41 Managed Care Plans/Insurers are represented in the claims data.
- 5) ***Ongoing delays in implementation.*** In the agenda for its May 4, 2026, hearing, the Assembly Budget Sub-Committee #1 on Health identified several ongoing challenges in Fee Schedule Program implementation. The process has been described by stakeholders as complex and hindered by technical, operational, and administrative barriers. Examples of these challenges include:
- Collection of Student Health Plan Information: LEAs have struggled to gather accurate and complete health plan data from students, making it difficult to process reimbursement claims.
 - Delay in Receiving Technical Guidance from DHCS and Its TPA: Many LEAs and IHEs have noted issues obtaining the necessary technical guidance to implement the program, such as receiving policy and technical manuals outlining billing instructions and program compliance requirements.
 - Navigating Complex Health and Education Regulations: These regulations were designed for separate sectors, making data-sharing and reimbursement coordination between schools and health plans difficult. Other compliance challenges include state Medicaid policies, provider credentialing rules, and administrative billing processes that do not align easily with educational settings
- 6) ***Existing technical assistance.*** Currently, DHCS and contractors provide LEAs and IHEs with technical assistance, training modules, responses to questions, toolkits, and other resources. Despite this support, as indicated in Comment 4, only 199 of the roughly 700 LEAs and public IHEs that are enrolled in the Fee Schedule Program have submitted claims since the program began in 2024. The bill's sponsor, Monterrey County Office of Education, notes many LEAs lack the resources, expertise, capacity, and economies of scale required to implement medical billing infrastructure and that this inequity is particularly felt by entities providing behavioral health services to children ages 0 to 5, small and rural schools, and community colleges serving transition-age youth 16 to 25.

The bill would require a lead entity selected by the CDE to work in coordination with the CDE and DHCS to select up to 25 entities that indicate that they are in

need of intensive technical assistance and support to operationalize the fee schedule. The lead entity would then be tasked with leveraging their expertise in utilizing the CYBHI Fee Schedule and other Medi-Cal reimbursement programs to provide targeted support to the selected entities. These supports would include training, coaching, and assistance on documentation of services, consent forms, insurance verification, electronic health recordkeeping, applicable privacy and disclosure laws, and billing procedures.

- 7) **Timelines.** This bill proposes a structured timeline for the establishment of the Fee Schedule Intensive Technical Support for Onboarding Program—presumably to ensure that struggling LEAs and IHEs will be able to get support as soon as possible. While the bill specifies dates by which a lead entity must establish an application process (*on or before July 1, 2027*) and subsequently select 25 LEAs to participate in the program (*no later than September 1, 2027*), it does not specify a deadline for when the CDE must select the lead entity itself, other than indicating that the selection of the lead entity would be subject to an appropriation for that purpose. *The author may wish to consider that the envisioned timeline may need to be adjusted if an appropriation is not secured.*

- 8) **Prior and related legislation.**

AB 121 (Committee on Budget, Chapter 8, Statutes of 2025) appropriates \$20 million one-time Proposition 98 General Fund to the CDE to allocate the funds to Sacramento COE, in partnership with the Santa Clara COE, no later than October 2025. Specifies funds will be administered through the capacity grant infrastructure, as established by the CYBHI, to LEAs to support, in the order of priority: (1) to prevent the disruption of youth mental health services; and (2) to provide technical assistance to LEAs for the continued implementation of the statewide fee schedule.

SB 153 (Committee on Budget and Fiscal Review, Chapter 38, Statutes of 2024), requires the CDE, as of June 1, 2025, to develop model referral protocols for addressing student behavioral health concerns, for use, on a voluntary basis, by LEAs and requires LEAs to adopt a policy on referral protocols for addressing student behavioral health concerns in grades 7 to 12 by January 31, 2026.

AB 133 (Committee on Budget, Chapter 143, Statutes of 2021) establishes the framework for the CYBHI and the Fee Schedule Program, among other components of the CYBHI.

AB 2034 (O'Donnell, 2022) would have required DHCS to revise its audit process for the Local Education Agency Medi-Cal Billing Option Program and provide technical assistance to LEAs. *This bill was held in the Senate Education Committee.*

AB 2022 (Chu, Chapter 484, Statutes of 2018) requires each school of a school district or COE, and each charter school, to notify students and parents or guardians of students, at least twice per school year, about how to initiate access to available student mental health services on campus or in the community.

AB 130 (Committee on Budget, Chapter 44, Statutes of 2021) requires the CDE to establish the Office of School-Based Health by January 1, 2022, to assist LEAs regarding the current health-related programs under the purview of the department. The scope of the office also includes collaborating with the DHCS and other departments and offices involved in the provision of school-based health services; establishes the School Health Demonstration Project and appropriates \$5 million in one-time funding to the CDE to establish a pilot project to expand comprehensive health and mental health services to public school pupils by providing LEAs with intensive assistance and support to build the capacity for long-term sustainability by leveraging multiple revenue sources.

SUPPORT

Monterey County Office of Education (co-sponsor)
Alameda County Office of Education
California Association of School Counselors
California Teachers Association
California Youth Empowerment Network
County of Santa Clara

OPPOSITION

None received

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