SENATE COMMITTEE ON HEALTH
Senator Akilah Weber Pierson, Chair

BILL NO: AB 2704
AUTHOR: Addis
VERSION: June 25, 2026
HEARING DATE: July 1, 2026
CONSULTANT: Reyes Diaz

SUBJECT: Fee Schedule Intensive Technical Support for Onboarding Program

SUMMARY: Establishes the Fee Schedule Intensive Technical Support for Onboarding Program to provide certain local educational agencies and institutions of higher education with intensive technical assistance and support for their utilization of the Children and Youth Behavioral Health Initiative Fee Schedule Program. Requires the Department of Health Care Services, the California Department of Education, and a designated lead entity to select up to 25 entities to participate in the program.

Existing law:

1) Establishes the Medi-Cal program, administered by the Department of Health Care Services (DHCS), under which qualified low-income individuals receive health care services. [WIC §14000, et seq.]

2) Establishes the Children and Youth Behavioral Health Initiative (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. [WIC) §5961]

3) Establishes a schedule of benefits in the Medi-Cal program. Requires specified services provided by local educational agencies (LEAs) to be covered Medi-Cal benefits, to the extent federal financial participation is available, and subject to utilization controls and standards adopted by DHCS, and consistent with Medi-Cal requirements for physician prescription, order, and supervision. This is referred to as the LEA Billing Option Program (LEA BOP). [WIC §14132.06]

4) Requires DHCS to amend its Medicaid state plan with respect to the billing option for services by LEAs, to ensure that schools are reimbursed for all eligible services that they provide that are not precluded by federal requirements. [WIC §14115.8]

5) Requires DHCS to examine methodologies for increasing school participation in the Medi-Cal billing option for LEAs so that schools can meet the health care needs of their students. Requires DHCS, to the extent possible, to simplify claiming processes for LEA billing. [WIC §14115.8]

6) Establishes the Office of School-Based Health at the California Department of Education (CDE) for the purpose of assisting LEAs for health-related programs under CDE's purview, 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. [EDC §49419]

This bill:

1) Establishes the Fee Schedule Intensive Technical Support for Onboarding Program (the program) to address inconsistent access to the school-linked statewide fee schedule caused by the limited capacity and expertise of the education system in billing for behavioral health claims, and 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 up to five years of age, pupils who attend small and rural schools, and transition-age youth.

2) Requires CDE, upon appropriation by the Legislature and subject to the terms of the appropriation, to select through a competitive process, and, by July 1 of the year after an appropriation is made to fund the program, allocate funding to, a LEA that will serve as the lead entity and administer the program over a three-year period, upon meeting specified criteria such as having a minimum of ten years of experience in administering at least one other Medi-Cal reimbursement program.

3) Requires the LEA designated as the lead entity, no later than November 1 of the year after an appropriation is made to fund the program, to select up to 25 entities, in coordination with CDE and DHCS, to participate in the program for up to three years.

4) Requires a participating entity, as a condition of participation, to commit to doing one or more of the following: increase the number of children up to five years of age receiving behavioral health services; increase the number of transition-age youth 16 to 25 years of age receiving behavioral health services; or, increase the number of children and youth enrolled in small school districts that receive behavioral health services.

5) Requires an entity, in order to participate, to be eligible to participate in the fee schedule; have past experience in serving children and youth that are of the age that the entity intends to serve; require intensive technical assistance and support to operationalize the fee schedule; and, when selecting participating entities, to prioritize participating entities 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 schools;
   c) Operate in communities with higher proportions of unduplicated pupils; or,
   d) Reflect the diversity of communities and geographic areas throughout the state.

6) Requires the lead entity to create and publish a brief application for entities interested in participating in the program by September 1 of the year after an appropriation is made to fund the program. Requires the application to request, at a minimum:
   a) The number and age of children and youth currently enrolled at the entity and currently receiving behavioral health services from the entity or an affiliated provider that the entity has designated;
   b) 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;
   c) The entity's interest in, and capacity to, increase behavioral health services to children and youth in their community; and,
   d) Evidence of the entity's current enrollment in the fee schedule or the completed fee schedule cohort readiness application created by DHCS.

7) Requires the lead entity, by December 1 of the year after an appropriation is made to fund the program and ending no earlier than three years after the program begins, to provide intensive technical assistance and support to the participating entities.

8) Requires the lead entity, by September 1 of the year that is three years after an appropriation is made to fund the program, to submit a report to the appropriate policy and fiscal committees of the Legislature on the progress of the program toward the goals described in this bill.

9) Requires the lead entity, no later than January 1 of the year that is four years after an appropriation is made to fund the program, to submit a report to the appropriate policy and fiscal committees of the Legislature on the success of the program in achieving its goals.

FISCAL EFFECT: According to the Assembly Appropriation Committee:

1) Proposition 98 General Fund cost pressures of $50 million to fund the program. In its letter of support, Monterey County Office of Education, the sponsor of this bill, urges Members of the Assembly Committee on Health to appropriate $50 million one-time to support the program;
2) Costs to CDE would likely be less than the equivalent of a single staff position in the first year of implementation, mainly to select an LEA to serve as the lead entity. For its part, CDE estimates costs of about $203,500 to $273,500 in 2026-27 and $198,000 to $268,000 in 2027-28 for one or two staff positions, operating expenses and equipment, and Statewide Cost Allocation Plan (General Fund); and,
3) Minor and absorbable costs to DHCS to provide consultation.

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.

PRIOR VOTES:

Senate Education Committee:	7 - 0
Assembly Floor:	78 - 0
Assembly Appropriations Committee:	15 - 0
Assembly Education Committee:	9 - 0
Assembly Health Committee:	16 - 0

COMMENTS:

1) *Author's statement.* 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. This bill helps close that gap by giving schools a real pathway to deliver and sustain early behavioral health services.

2) *CYBHI and the Fee Schedule Program.* According to DHCS's website, CYBHI is a statewide effort to support the behavioral health of young people in California, making it easier for children, teens, and young adults to get help wherever they need it: at home, school, or in their community. As part of CYBHI, DHCS launched the Fee Schedule program, a first-of-its kind effort to make it easier for students and families to get outpatient mental health and substance use disorder support. This program creates a sustainable reimbursement pathway for LEAs and public institutions of higher education (IHE) to

receive funding for services rendered at a school or school-linked site. The program sets the reimbursement rate for a certain set of outpatient, school-linked services rendered to children and youth who are under the age of 26; enrolled in public TK-12 schools or IHEs (such as community colleges) and covered by Medi-Cal managed care plans, Medi-Cal fee-for-service, health plans, and insurers. Children, youth, and families do not pay out-of-pocket expenses, and there is no impact to their existing insurance plan or deductibles.

DHCS published the following implementation data on its CYBHI Fee Schedule Program webpage as of June 1, 2026:

a) About 700 LEAs and public IHE are enrolled in the CYBHI Fee Schedule program;
b) Nearly 3.6 million students are enrolled across participating school sites;
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 third-party administrator 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; and,
i) 41 managed care plans/insurers are represented in the claims data.

3) *Double referral.* This bill was heard in the Senate Education Committee on June 24, 2026, and passed with a 7-0 vote.

4) *Prior legislation.* 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 CYBHI.

AB 2034 (O'Donnell of 2022) would have required DHCS to revise its audit process for the LEA BOP and provide technical assistance to LEAs. *AB 2034 was not heard in the Senate Education Committee.*

AB 130 (Committee on Budget, Chapter 44, Statutes of 2021) requires CDE to establish the Office of School-Based Health to assist LEAs regarding the current health-related programs under its purview. The scope of the office also includes collaborating with DHCS and other departments and offices involved in the provision of school-based health services.

5) *Support.* The Monterey County Office of Education (MCOE), as sponsor, states that in 2021, California established CYBHI in an effort to address the statewide youth mental health crisis. In addition to one-time grants, the CYBHI included the LEA Fee Schedule which allows LEAs to seek reimbursement from Medi-Cal and commercial managed care plans for the behavioral health services they provide to children ages 0 to 25. DHCS estimates that the Fee Schedule has the potential to generate $200 million+ annually to support school-based behavioral health services. MCOE says that with the help of DHCS, LEAs have made significant progress in implementing the Fee Schedule over the last five years. Without targeted intervention for under-resourced entities, the Fee Schedule will widen—not close—inequities in access to behavioral health services. MCOE states this bill would help to address this gap by establishing a three-year technical assistance program that is intentionally designed to correct the imbalance in participation among entities providing behavioral health services to children ages 0 to 5, small and rural schools, and community colleges. MCOE

further argues that in addition to drawing down more federal dollars to support students, the technical assistance program would also help to address repercussions created by COVID-19's disruption to early learning environments and social-emotional development. Since the pandemic, California has experienced significant increases in behavioral health challenges among children in preschool and early grades, as well as a surge in the identification of children for special education services. Increased access to the early intervention services covered by the Fee Schedule could help address these behavioral health challenges and mitigate rising special education costs. Other supporters largely echo MCOE's sentiments.

SUPPORT AND OPPOSITION:

Support: Monterey County Office of Education (sponsor)
Alameda County Office of Education
California Association of School Counselors
California Teachers Association
California Youth Empowerment Network
County of Santa Clara
EveryChild California
First 5 California
Fresno County Office of Education
Kidango
The Children's Partnership

Oppose: None received

-- END --