
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2704 (Addis) - Fee Schedule Intensive Technical Support for Onboarding Program

Version: June 25, 2026

Urgency: No

Hearing Date: August 3, 2026

Policy Vote: ED. 7 - 0, HEALTH 10 - 0

Mandate: No

Consultant: Lenin Del Castillo

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

Fiscal Impact:

- While the bill's provisions would be contingent upon an appropriation, it could result in one-time Proposition 98 General Fund cost pressure in the tens of millions of dollars to fund the program.
- The Department of Health Care Services (DHCS) estimates \$311,000 in the 2027-28 fiscal year and \$293,000 thereafter for 2.0 positions for administrative workload associated with coordinating with the California Department of Education (CDE), the program lead entity, and up to 25 program entities (General Fund and federal funds).
- The CDE estimates General Fund costs of \$334,000 in the 2027-28 fiscal year and \$327,000 thereafter and 2.0 positions to select the lead entity and administer the program.

Background: Existing law 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.

Existing law 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.

Existing law establishes the Office of School-Based Health at the 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.

Proposed Law: This bill establishes the Fee Schedule Intensive Technical Support for Onboarding 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.

This bill requires CDE, upon appropriation by the Legislature, 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.

This bill 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. It 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.

This bill 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:

1. Increase the number and amount of fee schedule reimbursements;
2. Increase the number and amount of fee schedule reimbursements being used to support community schools;
3. Operate in communities with higher proportions of unduplicated pupils; or
4. Reflect the diversity of communities and geographic areas throughout the state.

This bill 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, as specified.

This bill 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.

This bill 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. It also 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.

Staff Comments: 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. This bill would require a lead entity selected by the CDE to work in coordination with the 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.

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