

Date of Hearing: July 15, 2025

ASSEMBLY COMMITTEE ON HEALTH

Mia Bonta, Chair

SB 812 (Allen) – As Amended May 5, 2025

**SENATE VOTE:** 35-0

**SUBJECT:** Qualified youth drop-in center health care coverage.

**SUMMARY:** Defines and adds “qualified youth drop in centers” as a type of provider that be reimbursed for services provided pursuant to the Children and Youth Behavioral Health Initiative (CYBHI) fee schedule published by the Department of Health Care Services (DHCS).

Specifically, **this bill:**

- 1) Defines “qualified youth drop-in center” as a center providing behavioral or primary health and wellness services to youth 12 to 25 years of age, inclusive, with the capacity to provide services before and after school hours that has been designated by or embedded with a local educational agency (LEA) or institution of higher education (IHE) for mental health and substance use disorder (SUD) services included in the CYBHI fee schedule.
- 2) For purposes of Medi-Cal and commercial health plans and insurers, adds a qualified youth drop-in center as an entity authorized to provide or arrange for, and be reimbursed for, a CYBHI fee schedule service. Also designates a qualified youth drop-in center as a setting where CYBHI fee schedule services can be delivered.

**EXISTING LAW:**

- 1) Establishes the Department of Managed Health Care (DMHC) to regulate health plans under the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act) and the California Department of Insurance (CDI) to regulate health insurance, and the Department of Health Care Services (DHCS) to administer the Medi-Cal program. [Health and Safety Code (HSC) § 1340, *et seq.*, Insurance Code (INS) § 106, *et seq.* and Welfare and Institutions Code (WIC) § 14000, *et seq.*]
- 2) Establishes a schedule of benefits in the Medi-Cal program, which includes:
  - a) The Early and Periodic Screening, Diagnostic, & Treatment (EPSDT) program for any individual under 21 years of age, consistent with federal requirements;
  - b) Mental health services included in the essential health benefits adopted by the state; and,
  - c) Specified services provided by a LEA, to the extent federal financial participation is available, subject to utilization controls and standards adopted by DHCS, and consistent with Medi-Cal requirements for physician prescription, order, and supervision (also known as the LEA Billing Option Program). [WIC §§ 14132, 14132.03, 14132.06, and 14115.8.]
- 3) Requires DHCS to establish a school-linked statewide fee schedule for outpatient mental health or SUD treatment provided to a student 25 years of age or younger at a school site and a school-linked statewide provider network of behavioral counselors. [WIC § 5961.4]

- 4) Defines “school site” as a facility or location used for public kindergarten, elementary, secondary, or postsecondary purposes, including a location not owned or operated by a public school, or public school district, if the school or school district provides or arranges for the provision of medically necessary treatment of a mental health or SUD to its students at that location, including off-campus clinics, mobile counseling services, and similar locations. [WIC § 5961.4, HSC § 1374.722 and INS § 10144.53]
- 5) Requires health plan contracts and health insurance policies, that are required to provide coverage for medically necessary treatment of mental health and SUDs for an individual 25 years of age or younger, as specified, to cover the provision of the services identified in DHCS’ fee-for-service reimbursement schedule when those services are delivered at school sites, regardless of the network status of the LEA, institution of higher education, or health care provider, and without requiring prior authorization for the services provided. Prohibits imposing cost-sharing for these services. [HSC § 1374.722 and INS § 10144.53]
- 6) Requires a health plan or health insurer to provide reimbursement for services provided to students under these requirements at the greater of either of the following amounts:
  - a) The health plan’s contracted rate with the LEA, IHE, or health care provider, if any; or,
  - b) The fee-for-service reimbursement rate published by DHCS for the same or similar services provided in an outpatient setting. [HSC § 1374.722 and INS § 10144.53]
- 7) Requires each Medi-Cal managed care plan and Medi-Cal behavioral health delivery system to reimburse providers of medically necessary outpatient mental health or SUD treatment provided at a school site to a student 25 years of age or younger who is an enrollee of the plan or delivery system, but only to the extent the Medi-Cal plan or Medi-Cal behavioral health delivery system is financially responsible for those services under its approved managed care contract with DHCS. Requires Medi-Cal plans and Medi-Cal behavioral health delivery system to reimburse providers of medically necessary school site services at the fee schedule rate or rates developed by DHCS regardless of network provider status. [WIC § 5961.4]
- 8) Allows a provider of medically necessary school site services with a direct agreement established with a health care service plan, insurer, or Medi-Cal managed care plan that covers medically necessary school site services outside of the school-linked statewide all-payer fee schedule, to bill for services provided directly under the terms of the established agreement. [WIC § 5961.4]
- 9) Requires every health plan contract and disability insurance policy that provides hospital, medical, or surgical coverage to provide coverage for medically necessary treatment of mental health and SUD disorders under the same terms and conditions applied to other medical conditions, as specified. [HSC § 1374.72 and INS § 10144.4]

**FISCAL EFFECT:** According to the Senate Committee on Appropriations:

- 1) DMHC indicates minor and absorbable costs for state administration.
- 2) CDI indicates no fiscal impact for state administration.

- 3) Unknown potential costs to Medi-Cal plans to provide reimbursements (General Fund and federal funds).

## COMMENTS:

- 1) **PURPOSE OF THIS BILL.** According to the author, many young Californians face serious mental health challenges, and CYBHI has helped young people access outpatient mental health and substance use disorder support when, where, and how they need it. The author explains youth drop-in centers provide a trusted location for young people to access confidential care and build community. The author notes the CYBHI has a reimbursable fee schedule funding model which allows schools to charge Medi-Cal and private insurers for services provided, but that youth drop-in centers face bureaucratic barriers to access this funding. The author concludes that this bill would allow school-linked youth drop-in centers to access the fee schedule, providing a sustainable funding source for these centers and expanding access to confidential and stigma-free care.

- 2) **BACKGROUND.**

- a) **Youth Mental Health.** In the 2021, American Academy of Pediatrics, American Academy of Child and Adolescent Psychiatry and Children's Hospital Association declared a National State of Emergency in Children's Mental Health, asserting as health professionals that they were witnessing soaring rates of depression, anxiety, trauma, loneliness, and suicidality that will have lasting impacts. In December 2021, former U.S. Surgeon General, Vivek Murthy issued a National Advisory on the youth mental health crisis, stating that the challenges today's generation of young people face are unprecedented and uniquely hard to navigate. Dr. Murthy further states the effect these challenges have had on their mental health is devastating, and the prevalence of mental health challenges varies across subpopulations. Girls are much more likely to be diagnosed with anxiety, depression, or an eating disorder, while boys are more likely to die by suicide or be diagnosed with a behavior disorder, such as attention deficit hyperactivity disorder. Children and adolescents growing up in poverty are two to three times more likely to develop mental health conditions than peers with higher socioeconomic status. In a 2023 advisory, Dr. Murthy also called attention to a national "epidemic" of loneliness and social isolation. According to a 2024 National Health Statistics Report issued by the Centers for Disease Control and Prevention (CDC), while almost 2 in 5 teens said they were not getting the social and emotional support they needed, 93% of parents believed their child received adequate support.
- b) **CYBHI Fee Schedule.** To address the crisis in children's mental health, the 2021-2022 Budget Act included a \$4.4 billion investment in CYBHI, aimed at transforming behavioral health services for children and youth. Of the various components of CYBHI, the CYBHI fee schedule has the potential to have the most significant long-term impact, because it is the only initiative designed to create a sustainable funding source to support the delivery of behavioral health in schools and in school-linked settings.

State law requires DHCS to develop and maintain the multi-payer, school-linked statewide fee schedule for medically necessary outpatient mental health or substance use disorder services provided to a student 25 years of age or younger at or near a school site. State law also requires Medi-Cal managed care and commercial plans and insurers to reimburse for such schoolsite services designated by DHCS, at or above the fee schedule

rate, regardless of whether the schoolsite is a network provider, and without subjecting services to prior authorization or cost-sharing. This means plans are prohibited from applying any copayment, coinsurance, or deductible that would normally apply to the service rendered.

The CYBHI fee schedule requires payers to reimburse LEAs or IHEs for a set of services provided at a school site, as defined. The services are provided by or arranged by the LEAs. Specifically, LEAs and IHEs can provide the services “in-house” with their own staff, or arrange for the provision of services through community-based providers that provide services at the school or otherwise partner with the LEA or IHE to provide services to students. Key design details of the CYBHI Fee Schedule are shown below.

<b>Category</b>	<b>Description</b>
Services	Outpatient mental health and substance use disorder services identified by in the reimbursement schedule published by DHCS, under four separate categories: <ul style="list-style-type: none"> <li>• Psychoeducation</li> <li>• Screening and Assessment</li> <li>• Therapy</li> <li>• Case Management</li> </ul>
Eligibility	Student 25 years of age or younger at a schoolsite*.
Providers	Local educational agencies or institutions of higher education, and their affiliated providers
Payers	Applies to: <ul style="list-style-type: none"> <li>• State-regulated commercial health plans and insurers**</li> <li>• Medi-Cal managed care plans</li> <li>• Medi-Cal county behavioral health plans</li> </ul>

\* “School site” means a facility or location used for public kindergarten, elementary, secondary, or postsecondary purposes. It also includes a community-based facility or location, if the school or school district provides or arranges for the provision of services to its students at that location, including off-campus clinics, mobile counseling services, and similar locations.

\*\* Applies to plans and insurers to the extent the plan or insurer is required to provide coverage for medically necessary treatment of mental health and substance use disorders.

Health plans and insurers were required to begin reimbursing pursuant to the fee schedule on January 1, 2024, although LEAs and IHEs were not able to submit claims until this year. Some program infrastructure is still being built out, and some guidance is still pending from DHCS; however, claims are now being paid. According to DHCS’ website, approximately 500 LEAs and public institutions of higher education have enrolled in the CYBHI fee schedule program, representing approximately 3.6 million students. DHCS is actively working with fee schedule participants to offer technical assistance and is now enrolling their fifth cohort of LEAs and IHEs.

DHCS released guidance in April 2025 to facilitate the participation of community-based, school-linked providers who are designated as part of a LEA or IHE's network of providers and practitioners. If the LEA or IHE refers students for services without a formal agreement with a designated affiliated provider, the designated affiliated provider may submit claims directly and receive reimbursement as the affiliated provider. Alternatively, community-based providers can also be "embedded" within an LEA or IHE, i.e., contracted with and paid by an LEA or IHE to provide services on their behalf.

- c) **Youth Drop-In Centers.** According to DHCS, research indicates half of all lifetime mental health conditions are evident in youth by age 14, with the number growing to 75% by age 24, but, only a small percentage of young people get the help they need early enough. Youth drop-in centers are designed to provide a youth-friendly, maximally accessible place for youth 12 to 25 years of age and their families to seek mental health support and other services. According to San Mateo County's 2024 Innovation Plan for Mental Health Services Act (MHSA) funds, the model proposes a new approach to prevention and early intervention health and wellbeing services that are open, accessible, and acceptable to young people and their families. It aims to remove historical barriers that have traditionally stopped youth from accessing prevention and early intervention services. The plan notes youth drop-in centers are an integrated youth mental health program that has been successful in other countries and is being adapted to local communities in the U.S.
- d) **"allcove®" Centers.** The allcove® model is a specific model of youth drop-in center. In August 2018, the state Commission for Behavioral Health (CBH; formerly the Mental Health Services Oversight and Accountability Commission) approved Santa Clara County's Innovation Plan for MHSA funds, totaling \$15 million over a four-year period, to launch allcove®. Services offered at an allcove® center include mental health, physical health, SUD services, supported education and employment, peer support, family support, and linkage to other services. The Center for Youth Mental Health and Wellbeing in Stanford's Department of Psychiatry and Behavioral Sciences developed allcove®, which builds upon Australia's headspace© model, with input and leadership from Santa Clara County youth. The design of the allcove® centers is youth-driven, with ongoing participation from youth through the establishment of Youth Advisory Groups.

The CBH owns the allcove® trademark and licenses the allcove® name to counties, cities, or other local entities at no cost. Use of the allcove® trademark requires strict adherence to the licensing agreement, but some youth drop-in centers operate outside of the allcove® brand, and do not have to strictly adhere to allcove® program requirements.

- e) **Significant One-Time Investments in allcove Centers.** In addition to the \$15 million mentioned above, the Budget Act of 2019 included \$14.6 million in one-time MHSA funding over a four-year period to support the establishment or expansion of integrated mental health youth drop-in centers and adapt allcove® statewide, with a focus on vulnerable and marginalized youth and populations of youth with known disparities including, but not limited to, LGBTQ+, unhoused and Indigenous youth. The CBH allocated \$10 million for grants to expand allcove® centers and \$4.6 million to contract with Stanford as the exclusive implementation support provider for allcove® to provide technical assistance to grantees and other interested counties or program providers. In May 2020, the following centers were awarded funding:

- i) Beach Cities Health District (Los Angeles County);
- ii) Peninsula Health Care District (San Mateo County);
- iii) Sacramento County Behavioral Health Services; and,
- iv) University of California – Irvine & Wellness and Prevention Center

In December 2023, the CBH awarded \$11 million to six (6) new allcove® centers funded through separate grant awards under CYBHI and awarded \$4 million to the existing four allcove centers (Beach Cities, San Mateo, Sacramento, and UC Irvine) to expand their services.

The CBH also awarded grants to the following six highest scoring applicants:

- i) Chinatown Service Center (Los Angeles County);
- ii) Coastpride, Inc. (San Mateo County);
- iii) Pajaro Valley Community Health Trust (Monterey County);
- iv) Restorative Pathways (formerly Ruby’s Place; Alameda County);
- v) The Yurok Youth Center (Del Norte County); and,
- vi) Yuba County Office of Education.

The sponsor of this bill, Beach Cities Health District, was also awarded \$6.3 million in additional funding to build a new allcove® center through Round 4 of the state’s Behavioral Health Continuum Infrastructure Program (BCHIP).

- b) **Centers Have No Long-Term Financing Plan.** According to technical experts at Stanford University, one of the most important principles of the allcove® model is that services at the centers are available for free or low cost for all youth. Centers are distinguished by provision of rapid, easy, and affordable access to mental health care. As these centers were being developed, it was expected that they would have to allocate or raise funds to cover their expenses for the first few years of operations. However, there is no designated, ongoing funding in the state budget to sustain these services. Centers are seeking a variety of funding sources to sustain services when one-time funds run out. The variety of services offered and the design of the model means a center that is financially sustainable may need to be funded from a number of funding sources. These funding sources could include the CYBHI fee schedule, but could also include county Behavioral Health Services Act Early Intervention funding targeted for children and youth, or other governmental or philanthropic grants or other programmatic funds, including funds related to youth development, education, employment, or social services.
- 2) **SUPPORT.** This bill’s sponsor, Beach Cities Health District, notes that they operated a youth drop-in center that was initially one of 11 state-funded pilot locations funded to offer integrated, youth-driven programming for behavioral health services. The sponsor writes adding such centers to the CYBHI fee schedule will preserve and enhance the significant advancements that have been made in expanding access to vital behavioral health services for

young people in the community. The American Academy of Pediatrics write in support that youth drop-in centers offer accessible, stigma-free environments where youth can seek support without the barriers often associated with traditional mental health facilities and state that studies show that drop-in centers showed significant positive impacts on participants' mental health and quality of life.

- 3) **CONCERNS.** The California Association of Health Plans and the Association of California Life and Health Insurance Companies write with concerns that while they support efforts to enhance mental health services for youth, they believe that given the challenges in implementing the CYBHI fee schedule, it is premature to expand the fee schedule. Further, they argue the focus should be on leveraging existing networks and processes for LEAs to contract with youth drop-in centers.

4) **PREVIOUS LEGISLATION.**

- a) AB 552 (Quirk-Silva) of 2022 would have established the Integrated School-Based Behavioral Health Partnership Program to provide behavioral health services for students with serious behavioral health conditions or at risk of developing a serious behavioral health condition and would have required commercial health plans to reimburse county behavioral health providers for specified services provided to these students. AB 552 was vetoed by Governor Newsom, who cited concerns with duplicating provisions of CYBHI.
- b) SB 229 (Dahle) of 2021 would have required DHCS to provide up to \$500 million in grants annually to LEAs and private schools, to provide mental health services for pupils affected by school closures and distance learning requirements resulting from the COVID-19 pandemic. SB 229 was held in the Senate Appropriations Committee.
- c) SB 508 (Stern) of 2021 would have required specified health care service plans, health insurers, and Medi-Cal plans to enter into a memorandum of understanding (MOU) with all LEAs where 15% or more of the pupils are insured by the plan or insurer; authorized the LEA to bill for mental health and SUD services provided if the plan or insurer fails to enter into a MOU with the LEA; approved telehealth as an approved modality for provision of specified services by an LEA; and authorized a school district to require parents provide information on a pupil's health care coverage. SB 508 was referred to Senate Health Committee and not heard.
- d) AB 133 (Committee on Budget), Chapter 143, Statutes of 2021, established the CYBHI, including the fee schedule.
- e) AB 586 (O'Donnell) of 2021 would have established the School Health Demonstration Project to expand comprehensive health and mental health services to students by providing intensive assistance and support to selected LEAs to build the capacity for long-term sustainability through leveraging multiple funding streams and partnering with county mental health plans, Medi-Cal managed care plans, and community-based providers. The contents of AB 586 were included in the budget trailer bill, AB 130 (Committee on Budget), Chapter 44, Statutes of 2021.
- f) SB 75 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2019, established the Mental Health Student Services Act as a mental health partnership competitive grant program for establishing mental health partnerships between a county's

mental health or behavioral health departments and school districts, charter schools, and the county office of education within the county.

- g) AB 258 (Jones-Sawyer) of 2019 would have established the School-Based Pupil Support Services Program Act, to provide grants to LEAs for increasing the presence of school health professionals at school sites and providing programs that prevent and reduce substance abuse among pupils. AB 258 was vetoed by Governor Newsom, who stated the bill attempts to change the fund allocation process specified by Proposition 64, which the Legislature is not authorized to do, and that the funds are already allocated.

**5) POLICY COMMENT.** The state has made a significant investment in standing up a number of youth drop-in centers, which have the potential to provide a range of helpful services for children and youth who may not engage with typical health, behavioral health, or even school-based providers. However, the state has not coupled this one-time investment with a financing model that is able to sustain these centers. The CYBHI fee schedule aligns with behavioral health services offered by youth drop-in centers; thus, the fee schedule could be a partial, though important, source of funding to sustain youth drop-in center services.

**6) AMENDMENTS.** In consultation with the committee, to simplify and clarify the application of this bill, the author has agreed to the following amendments:

- a) Refine the definition of “qualified youth drop-in center” to more clearly describe what characterizes a youth drop-in center, including specifying that such a center:
  - i) Provides behavioral health and wellness services;
  - ii) Provides one or more additional youth services, including but not limited to health services, services to support youth education and employment, and services to assist families to support youth;
  - iii) Serves youth 12 to 25 years of age, inclusive, or a subset of youth who are between the ages of 12 and 25;
  - iv) Has a physical location and offers face-to-face services; and,
  - v) Is operated by a nonprofit, tribal, or local government entity.
- b) Restructure the bill language to clarify the status of qualified youth drop-in centers as providers that can participate in the fee schedule if they are designated by an LEA or IHE to do so; and,
- c) Make necessary technical and conforming changes.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Beach Cities Health District (sponsor)  
 Alum Rock Counseling Center  
 American Academy of Pediatrics, California  
 Ask Dr. Mom

Association of California Healthcare Districts (ACHD)

Body Project

California Behavioral Health Planning Council

California Special Districts Association

California Youth Empowerment Network

Centinela Valley Union High School District

Chinatown Service Center

Clear Behavioral Health

Coast Pride

Creative Life Mapping

Da Vinci Schools

El Segundo Unified School District

Environmental Charter Schools

Hawthorne School District

Hazel Health

Hermosa Beach City School District

Indivisible Arts

Lawndale Elementary School District

Lennox School District

Manhattan Beach Unified School District

Nami South Bay Los Angeles County

Pajaro Valley Community Health Trust

Palos Verdes Peninsula Unified School District

Redondo Beach Unified School District

Sacramento; County of

South Bay Children's Health Center

Southbay Families Connected

Stanford School of Medicine

Taking Time

Thelma Mcmillen Recovery Center

Torrance Unified School District

UCLA Health

Venice Family Clinic

Volunteer Center South Bay, Harbor and Long Beach

Wiseburn Unified School District

## **Opposition**

None on file

**Analysis Prepared by:** Lisa Murawski / HEALTH / (916) 319-2097