

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 812 (Allen) – As Amended July 17, 2025

Policy Committee: Health

Vote: 16 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill defines a “qualified youth drop-in center” as a type of provider that may directly bill Medi-Cal and commercial health plans and insurers 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, for the purposes of Medi-Cal and commercial health plans and insurers, a “qualified youth drop-in center” to mean a center that provides behavioral health and wellness services to youth up to and including 25 years of age or to youth 12 through 25 years of age, and meets the following criteria:
 - a) Provides at least one or more additional youth services, including health services, services to support youth education and employment, and services to assist families to support youth.
 - b) Has the capacity to provide services before and after school hours.
 - c) Has been designated by or embedded with a local educational agency (LEA) or institution of higher education (IHE) for the purposes of this section.
 - d) Has a physical location and offers face-to-face services.
 - e) Is operated by a nonprofit entity, local government agency, or a federally recognized Indian tribe, tribal organization, urban Indian organization, or other tribal entity as designated by the department.
- 2) Expands the definition of “schoolsite” to include qualified youth drop-in centers.
- 3) Requires a student’s health plan or insurance directly reimburse an affiliated provider who is designated by an LEA or IHE to directly submit claims and receive reimbursement for fee schedule services.

FISCAL EFFECT:

Costs to DHCS of an unknown amount, potentially hundreds of thousands of dollars or more per year for DHCS to (1) add the ability to directly reimburse a qualified youth drop-in center for behavioral health services and (2) reimburse for an increased number of services provided through the addition of youth drop in centers. There could be additional cost pressures to the extent Medi-Cal managed care plans incur higher costs if this bill expands access to services (General Fund, federal funds).

Minor and absorbable costs to the Department of Managed Health Care.

No costs to the Department of Insurance.

COMMENTS:

1) **Purpose.** This bill is sponsored by Beach Cities Health District. According to the author:

Many young Californians face serious mental health challenges and innovative programs like [CYBHI] have made critical progress for young people to access outpatient mental health and substance use disorder support when, where, and how they need it. CYBHI-affiliated youth drop-in centers provide a trusted location for young people to access confidential care and build community. The CYBHI has a reimbursable Fee Schedule funding model which allows schools to charge insurers for services provided. However, youth centers face additional bureaucratic barriers to access the Fee Schedule. SB 812 would allow CYBHI-affiliated youth drop-in centers to directly access the Fee Schedule, providing a sustainable funding source for these centers and expanding access to confidential and stigma-free care.

2) **Background.** To address the crisis in children's mental health, the Budget Act of 2021 included a \$4.4 billion investment in CYBHI to transform behavioral health services for children and youth. The CYBHI fee schedule is designed to create a sustainable funding source to support the delivery of behavioral health in schools and school-linked settings. The law requires DHCS 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. The law also requires Medi-Cal managed care and commercial plans and insurers to reimburse for 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 (such as copayments or deductibles) that would normally apply to the service rendered. An LEA or IHE may 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.

Health plans and insurers were 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, and some guidance from DHCS is still pending. According to DHCS' website, approximately 500 LEAs and public IHEs have enrolled in the CYBHI fee schedule program, representing approximately 3.6 million students.

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

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