Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 874 (Weber Pierson) – As Amended July 2, 2026

Policy Committee:	Health	Vote:	15 - 0
	Public Safety		9 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires the Department of Health Care Services (DHCS) to ensure individuals providing Behavioral Health Treatment (BHT) in the Medi-Cal program receive criminal background checks. The bill also requires DHCS to convene stakeholders to review implementation of BHT services in Medi-Cal and to provide advice on various aspects of Medi-Cal BHT services. The bill further requires DHCS to release clear clinical guidelines for the BHT benefit and to issue recommendations to the Legislature for any needed reforms to align reimbursement rules for BHT with federal program integrity standards.

More specifically, this bill:

1) Requires DHCS, on or before July 1, 2027, to ensure any provider of BHT services paid for by the Medi-Cal program conducts a state and national criminal background check on its employees who interact with patients, according to departmental guidance.

2) Requires DHCS to convene a stakeholder workgroup in the first quarter of the 2027 calendar year, and requires the workgroup to hold public meetings no less than quarterly in the 2027 and 2028 calendar years to advise DHCS on the following:

    a) Clinical guidelines for the provision of BHT services, including independent clinician assessments for treatment and reauthorization requirements.

    b) Treatment plan requirements, including the number of hours, documentation of an individual's needs, and how treatment outcomes specific to the individual and the effectiveness of treatment are reviewed.

    c) Requirements for center-based services compared to services provided in the home, school, or otherwise in the child's natural environment to ensure only BHT services are billed.

    d) Supervision of unlicensed and uncertified professionals, as specified.

    e) Standardization of Medi-Cal managed care plan documentation requirements, including credentialing.

    f) Best practices in prioritizing quality care in contracting with BHT services providers.

g) Feasibility of requiring fingerprint-based criminal background checks of BHT service providers.

3) Requires the stakeholder workgroup to include BHT providers, providers of other services to children with autism, managed care plans, consumers with autism, and advocates for organizations led by individuals with autism and organizations serving families with autistic children.

4) Requires DHCS, on or before January 1, 2028, to release and maintain clear clinical guidance for the provision of the BHT Medi-Cal benefit that (a) is consistent with federal recommendations on BHT services and Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services for individuals under 21 years of age and (b) includes any modifications based on input from the stakeholder workgroup.

5) Requires DHCS, by January 1, 2029, to report to the Legislature and publish on its website an analysis of the utilization of BHT services in California since 2014, a synopsis of changes made as a result of the stakeholder workgroup, and recommendations for statutory, regulatory, or administrative actions necessary to ensure Medi-Cal reimbursement practices align with federal Medicaid program integrity requirements.

6) Requires DHCS to consider specific questions in the development of the report described in item 5, above, including:

   a) Whether Medi-Cal-reimbursed BHT services meet federal Medicaid requirements governing rehabilitative services and EPSDT services.

   b) Whether DHCS and Medi-Cal managed care plans utilize uniform, publicly accessible, evidence-based clinical standards for determining medical necessity and treatment intensity.

   c) Whether reimbursed services include documented functional impairments, measurable treatment goals, and periodic assessment of clinical progress sufficient to demonstrate that services constitute therapeutic interventions covered under the Medicaid program.

   d) Whether the supervision standards for BHT services are equivalent to or greater than the supervision, observation, documentation, and clinical oversight requirements imposed on comparable health services in other allied health professions.

   e) Whether statutory changes are needed to require a fingerprint-based background check on BHT service providers.

7) Allows DHCS to implement this bill through non-regulatory guidance.

FISCAL EFFECT:

DHCS estimates costs of $567,000 in fiscal year (FY) 2027-28 and $540,000 in FY 2028-29 for three additional staff positions to prepare for and attend the workgroup meetings, identify and analyze all pertinent Medi-Cal data necessary to evaluate BHT utilization, and analyze data for the workgroup and the report (50% General Fund, 50% federal funds).

The Department of Justice (DOJ) estimates costs of $653,000 in FY 2026-27, $982,000 in FY 2027-28, $761,000 in FY 2028-29, and $756,000 ongoing to process an increase in fingerprint background check requests (Fingerprint Fees Account). DOJ estimates it will need one additional staff to process problem resolutions and criminal justice agency chasing efforts for background check submission, as well as overtime resources to address the increased workload. DOJ requests delayed implementation to July 1, 2029 to allow for existing project completion. The cost estimate assumes implementation is not delayed.

COMMENTS:

1) **Purpose.** According to the author:

> [This bill] strengthens oversight and standardization of Behavioral Health Therapy (BHT) services, including Applied Behavioral Analysis (ABA) in the Medi-Cal program. In recent years, utilization of these services has grown significantly, both in California and around the country, bringing greater federal scrutiny to the provision of these services through the Medicaid program. Some of this growth is by design, as California enacted several bills to reduce barriers to these services. SB 874 is a measured attempt to evaluate whether we have landed in the right place to ensure that families can access the services they need while at the same time protecting the program from potential waste or abuse.

2) **Background.** ***Medi-Cal BHT Services.*** According to the Medi-Cal provider manual, Medi-Cal covers all medically necessary BHT services for Medi-Cal members with an autism spectrum disorder diagnosis or for whom a physician or psychologist determines BHT services are medically necessary, regardless of diagnosis. BHT services are considered medically necessary if they will correct or ameliorate defects and physical and mental illnesses and conditions discovered through screening, as is required by the federal EPSDT standard. The manual also clarifies that BHT services that will maintain or improve a member's current health condition, prevent a condition from worsening, or prevent the development of additional health problems are medically necessary services. These services include, but are not limited to, behavioral interventions, cognitive behavioral intervention, comprehensive behavioral treatment, language training, modeling, teaching natural strategies, parent training, peer training, pivotal response training, schedules, scripting, self-management, social skills package, and story-based interventions.

   According to California's state Medicaid plan, BHT services may be provided by three different levels of providers, ranging from licensed practitioners and board-certified behavior analysts to paraprofessionals with high school diplomas and competency training or certification. While at least master's level professionals do all assessments, and only licensed or board-certified professionals do treatment plans, paraprofessionals provide many of the services themselves, under the supervision of the other professionals.

   Federal Scrutiny of ABA/BHT Services. Starting in 2022, the Office of the Inspector General began a series of audits on Medicaid claims for ABA services following reports by federal and state agencies of questionable billing patterns by some ABA providers. Audits have been completed in Indiana, Wisconsin, Maine, and Colorado. In each case, millions of

dollars in improper fee-for-service Medicaid payments were made for ABA provided to children diagnosed with autism. These audits focused largely on compliance issues such as documentation requirements, session notes, and billing for nontherapy time.

At the same time, the Trump administration has begun intensely focusing on fraud in the Medicaid program. In a January 27, 2026, letter from the federal Centers for Medicare & Medicaid Services (CMS) to Governor Newsom, CMS identified "early intensive developmental and behavioral intervention" services, among 13 other services, as a "high-risk" service that has been the focus of fraud investigations in Minnesota and questioned what activities California has undertaken related to these services. DHCS responded in a February 2026 letter highlighting fraud investigations it had conducted related to some of the other services identified and pointing to its national leadership in identifying fraud networks and extensive efforts in program integrity.

3) **Oppose Unless Amended.** The Doogri Institute writes that the workgroup is flawed, as a significant part of the membership is industry stakeholders, whose impartiality cannot be meaningfully ensured. Doogri contends that oversight of BHT practices must be conducted by independent, licensed allied health professionals who are not financially or professionally tied to the industry being evaluated; only such professionals can objectively assess scope-of-practice boundaries, identify encroachment into regulated healthcare domains, and determine whether providers meet minimum standards of training in health and safety.

4) **Related Legislation.** AB 277 (Alanis) requires a person who provides BHT for a behavioral health center, facility, or program, to undergo a background check unless the person is licensed and the licensure process included a fingerprint-based background check. AB 277 is pending in this committee.

   AB 2233 (Ta) prohibits health plans (except Medi-Cal plans) from imposing hours limitations within an existing treatment plan's six-month authorization period. AB 2233 is pending on the Senate Floor.

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