SENATE THIRD READING
SB 874 (Weber Pierson)
As Amended August 13, 2026
Majority vote

SUMMARY

Requires the Department of Health Care Services (DHCS) to ensure individuals providing Behavioral Health Treatment (BHT) in the Medi-Cal program receive background checks, issue coverage and billing guidance on BHT in Medi-Cal, and accept stakeholder feedback, as specified, to inform the development of guidance and recommendations through discussion of various issues related to the provision of BHT, including clinical standards, appropriate use of services, and supervision.

COMMENTS

According to the California Health Benefits Review Program (CHBRP), autism spectrum disorder (ASD) is a developmental disability characterized by deficits in social interactions and communication, sensory processing, stereotypic (repetitive) behaviors or interests, and sometimes cognitive function. The symptoms of ASD fall along a continuum, ranging from mild impairment to profound disability. ASD diagnoses are often made early in life, as individuals often demonstrate symptoms in early childhood. ASD can sometimes be detected by the age of 18 months, with reliable diagnoses by age two.

BHT. There is no cure for ASD; however, there is evidence that treatment, including BHT, may improve some symptoms. BHT aims to modify the behavior of individuals with ASD and improve their cognitive, language, and social functioning by assessing environmental stimuli and reinforcing appropriate responses. BHT includes treatments that use different theoretical frameworks, including those based on behavioral theory, those based on developmental theory that seek to strengthen emotional bonds and encourage children to learn through guided exploration, and those that are a hybrid of the two approaches.

Applied Behavior Analysis (ABA). Treatments based on behavioral theory, such as ABA, are the dominant treatment modality; they are the most commonly provided and have been the most widely studied. They use behavioral reinforcement to teach people with ASD basic social skills such as attention, compliance, and imitation. Comprehensive ABA therapy can include 30-40 hours of direct treatment a week, while more focused therapy may still consist of 10-25 hours a week, according to guidelines released by the Council of Autism Service Providers (CASP), a non-profit trade association of provider organizations serving individuals with ASD. CASP indicates these are the generally accepted standards of care, as well as billing standards, for ABA providers.

SB 946 and Commercial Coverage of BHT. SB 946 (Steinberg and Evans), Chapter 650, Statutes of 2011, requires health plans and health insurers in California to cover BHT for individuals with ASD. SB 946 also establishes a structure of ″qualified autism service providers″ (Board Certified Behavioral Analysts or specified licensed health professionals who can design and supervise treatment), as well as the qualifications of qualified autism service professionals and paraprofessionals who oversee and deliver treatment, respectively. Additionally, SB 946 specifies requirements of treatment plans, including that they must delineate measurable goals

for a specific patient, be reviewed no less than once every six months, and be modified whenever appropriate.

Medi-Cal Coverage of BHT. In 2014, the federal Centers for Medicare and Medicaid Services released guidance requiring the coverage of BHT services pursuant to federal Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) requirements. SB 870 (Committee on Budget and Fiscal Review), Chapter 40, Statutes of 2014, the health trailer bill for the 2014 Budget Act, codified coverage of BHT to the extent required by federal law. DHCS issued interim guidance in that same year requiring coverage of BHT. Prior to commercial and Medi-Cal coverage, eligible children with ASD accessed BHT through regional centers.

Effectiveness of ABA. CHBRP reviewed medical effectiveness of various BHT modalities, including ABA, in 2021 in their analysis of SB 562 (Portantino), a bill that sought to expand the types of BHT covered by commercial plans. CHBRP found evidence that BHT modalities based on behavioral theory, developmental theory, and hybrids of both theories improve outcomes for people with ASD. Prominent outcomes include improvements in communication, social skills, cognition, adaptive behavior, language, motor skills, play skills, and ASD symptom severity. However, CHBRP pointed out that many studies are observational or quasi-experimental studies that do not randomly assign participants to the intervention or control condition, and that some do not include any sort of comparison group, which decreases confidence in some studies′ findings.

In 2025, the National Academies of Sciences, Engineering, and Medicine convened a multidisciplinary committee of experts to study implementation of a pilot program to provide ABA within the federal military health benefits program, TRICARE. The committee found that ABA is supported by a substantial and growing body of evidence. However, the report notes, since autism is highly heterogeneous, with symptom presentation and needs varying from person to person, ABA will not be necessary for all. Some recent studies and metanalyses have also pointed toward the need for more personalized assessment of the appropriate ″dosage″ of ABA services, or the number of hours per week of therapy.

Private Equity Acquisition of ABA Providers. Private equity is a form of corporate ownership that often entails relying on loans to acquire a business, taking it private if not so already, and attempting to increase its value with the goal of selling it at a profit in three to seven years. A 2024 California Health Care Foundation report on private equity in health care concluded private equity acquisition of health care service providers is associated with a variety of negative outcomes. According to a letter published in *JAMA Pediatrics* in March 2026, private equity acquisition of autism service delivery sites accelerated between 2015 and 2024, the timeline studied by the authors. Market fragmentation, increasing diagnostic prevalence, and the potential to bill for a high volume of service per week make this industry attractive for private equity investment and consolidation.

Federal and Media Scrutiny of the Provision of ABA Services. According to the United States Health and Human Services (HHS) Office of Inspector General (OIG), over the past few years, some federal and state agencies have identified questionable billing patterns by some ABA providers as well as federal and state payments to providers for unallowable services. HHS OIG is auditing Medicaid claims for ABA services provided to children diagnosed with autism to determine whether a state Medicaid agency′s ABA payments complied with federal and state requirements. So far, reports issued by HHS OIG detail fee-for-service Medicaid payments for

ABA therapy for Colorado, Maine, Wisconsin, and Indiana, with each report noting that all 100 sampled enrollee-months included payments for one or more claim lines that were improper or potentially improper. OIG notes tens of millions of dollars were likely improperly paid to ABA providers in each state. A May 2026 *New York Times* investigation concluded that the clinics providing ABA therapy often prioritize billing opportunities in ways that may harm children and overcharge the government.

Increasing Utilization of ABA Services and DHCS May Revision Proposal. Greater awareness and diagnosis of autism has led to more families seeking treatment for their children, and increased coverage of BHT by Medicaid programs and private insurers have increased provider supply. According to *KFF*, as of late last year, many states are trying to scale back spending on ABA therapy as their state Medicaid programs have seen spending balloon in recent years.

In May 2026, DHCS released a May Revision budget proposal to strengthen utilization management (UM) controls for ABA/BHT in Medi-Cal. According to DHCS, over time, utilization of these services has increased significantly, with some patterns consistent with overuse and misuse. Some of DHCS′ current UM policies around these benefits are less stringent than peer states and/or clinical guidelines regarding their use. DHCS proposes strengthening UM policies for ABA/BHT services by enabling managed care plans to establish utilization thresholds that would trigger review, require an ASD diagnosis for ABA services for ages 5 and over, and request clinical documentation. This proposal was approved as part of the 2026 Budget Act.

Background Checks. In addition to mandating coverage and codifying which providers can provide BHT services, SB 946 also required the Department of Managed Health Care to convene an Autism Advisory Task Force (Task Force) to develop recommendations regarding the appropriate qualifications, training and supervision for BHT providers of such treatment. The Task Force made a number of recommendations, including that all providers of autism services to be registered with the state′s TrustLine Registry or comparable system as a condition of employment and contracting with health plans. TrustLine uses the criminal history background check system to check the fingerprints of applicants, and checks for evidence of additional criminal records. However, this was never done at a statewide level, and subsequent efforts to license these providers, such as AB 1715 (Holden) of 2016, have been unsuccessful. Despite their intensive work with children, there is no statewide requirement that all individual service providers undergo a background check as a condition of providing Medi-Cal services, leaving it up to individual providers to ensure paraprofessionals and professionals they employ to deliver services meet appropriate standards. In their audits of other states′ ABA service delivery, the HHS OIG mentioned the lack of background checks as a potential quality-of-care issue that could have potentially put children in danger. This bill requires DHCS to ensure any individual directly providing BHT services paid for by the Medi-Cal program undergoes a background check.

According to the Author
This bill strengthens oversight and standardization of BHT services, including ABA in the Medi-Cal program. The author explains that 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. The author states that this bill requires background checks for providers not otherwise checked as part of their licensure and

requires stakeholder input to inform changes to coverage and billing policy for BHT services. It also directs DHCS to maintain clear billing and coverage guidance for BHT services and report to the Legislature on utilization and program integrity. The author concludes this bill 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.

Arguments in Support
California Association of Health Plans (CAHP) writes in support that the workgroup reviewing implementation of ABA services in Medi-Cal will promote clinical appropriateness, accountability, and program integrity. CAHP notes utilization of ABA therapy has increased dramatically throughout the country and notes an alarming trend of bad actors exploiting the system, resulting in inappropriate utilization and increased health care spending. Local Health Plans of California notes in support that establishing clearer guardrails and statewide standards for the BHT benefit has the potential to generate long-term cost savings for the Medi-Cal program by reducing inappropriate utilization, minimizing administrative duplication, improving oversight, and promoting more consistent and effective delivery of services. California Association for Behavior Analysis states in support that this bill strengthens oversight, accountability, and clinical consistency.

Arguments in Opposition
The Doogri Institute is opposed to the bill unless amended, expressing concerns with the bills′ inclusion of ABA providers as stakeholders and questioning the efficacy and appropriateness of ABA therapy generally. They also request audits and investigations and make numerous suggested policy changes to the provision of ABA services.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

1) DHCS anticipates minor and absorbable costs.

2) Costs of an unknown, but potentially minor and absorbable, amount to the Department of Justice.

VOTES

SENATE FLOOR: 38-0-2
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Hurtado, Niello

ASM HEALTH: 15-0-1

YES: Bonta, Sanchez, Addis, Aguiar-Curry, Ahrens, Caloza, Carrillo, Jeff Gonzalez, Mark González, Patel, Patterson, Celeste Rodriguez, Schiavo, Sharp-Collins, Stefani
ABS, ABST OR NV: Johnson

ASM PUBLIC SAFETY: 9-0-0
YES: Schultz, Alanis, Mark González, Haney, Harabedian, Lackey, Nguyen, Ramos, Sharp-Collins

ASM APPROPRIATIONS: 11-0-4
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

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