

UNFINISHED BUSINESS

Bill No: SB 874
Author: Weber Pierson (D)
Amended: 8/13/26
Vote: 21

SENATE HEALTH COMMITTEE: 7-0, 4/15/26

AYES: Weber Pierson, Caballero, Durazo, Gonzalez, Padilla, Rubio, Smallwood-Cuevas

NO VOTE RECORDED: Valladares, Grove, Menjivar, Pérez

SENATE PUBLIC SAFETY COMMITTEE: 6-0, 4/21/26

AYES: Arreguín, Seyarto, Caballero, Cortese, Pérez, Wiener

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26

AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SENATE FLOOR: 38-0, 5/19/26

AYES: 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

NO VOTE RECORDED: Hurtado, Niello

ASSEMBLY FLOOR: 78-0, 8/20/26 - See last page for vote

SUBJECT: Medi-Cal: behavioral health treatment: stakeholder feedback

SOURCE: Author

DIGEST: This bill: (1) requires Department of Health Care Services (DHCS) to ensure that Medi-Cal providers of behavioral health treatment (BHT) services conduct background checks on their employees who interact with patients; (2) seek stakeholder feedback on specified topics to inform changes to coverage and billing

policy for BHT services, maintain clear billing and coverage guidance on the provision of the BHT services; and, (3) publish on its website BHT utilization data and a synopsis of BHT coverage policy, highlighting any changes made as a result of stakeholder feedback and any recommended future changes by January 1, 2029.

Assembly Amendments:

- 1) Change the background check requirements from a fingerprint-based background check conducted by the Department of Justice (DOJ) to a state and national criminal background check.
- 2) Clarify how background check documentation is to be maintained.
- 3) Replace a stakeholder workgroup with an obligation for DHCS to utilize existing stakeholder forums and offer comment opportunities. Authorize DHCS to reach out to specified stakeholders as appropriate based on the topic at issue to ensure adequate feedback.
- 4) Authorize DHCS to consult with the Department of Managed Health Care (DMHC) or invite DMHC to participate in any stakeholder forums for the purposes of coordination with the commercial market.
- 5) Adds to the list of topics for stakeholder feedback the feasibility of requiring fingerprint-based criminal background checks of BHT service providers.
- 6) Replaces the obligation for DHCS to release and maintain a new clinical guidance as specified with an obligation to maintain clear billing and coverage guidance for BHT services that is informed by stakeholder feedback.
- 7) Replaces a DHCS report to the Legislature on specified topics with a requirement for DHCS to publish BHT utilization data, a synopsis of the BHT services coverage policy, highlighting changes as a result of stakeholder feedback and applicable recommendations for statutory, regulatory, or administrative actions necessary to ensure that Medi-Cal reimbursement practices align with federal program integrity requirements.

ANALYSIS: Existing law:

- 1) Establishes the Medi-Cal program, administered by the DHCS, and under which qualified low-income individuals receive health care services. [Welfare & Institutions Code (WIC) §14000, et seq.]

- 2) Establishes a schedule of benefits under the Medi-Cal program, which includes benefits required under federal law and benefits provided at the state's option, both of which are funded with federal and state dollars. The scope of benefits includes the application of fluoride, or other appropriate fluoride treatment, as defined by DHCS, for children under age 17. [WIC §14132]
- 3) Requires, under federal law, coverage for individuals under age 21 of all necessary health care, diagnostic services, treatment, and other measures to correct or ameliorate defects and physical and mental illnesses and conditions discovered by the screening services, whether or not such services are covered under the State plan, known as the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit, and codifies this benefit in state law. [42 United States Code (USC) §1396(d) and WIC §14059.5]
- 4) Further specifies that EPSDT services also include all age-specific assessments and services listed under the most current periodicity schedule by the American Academy of Pediatrics and Bright Futures, and any other medically necessary assessments and services that exceed those listed. [WIC §14149.95]
- 5) Requires BHT to be a Medi-Cal covered service for individuals under 21 years of age only to the extent required by the federal government. [WIC §14132.56]
- 6) Defines BHT as professional services and treatment programs, including applied behavior analysis (ABA) and evidence-based intervention programs, that develop or restore, to the maximum extent practicable, the functioning of an individual with pervasive developmental disorder or autism, and are administered by DHCS as described in the approved state plan. [WIC §14132.56]
- 7) Requires DHCS to develop and define eligibility criteria, provider participation criteria, utilization controls, and delivery system structure for services under this section, subject to limitations allowable under federal law, in consultation with stakeholders. [WIC §14132.56]

This bill:

- 1) Requires DHCS to ensure that any Medi-Cal provider of BHT services background checks its employees who interact with patients by July 1, 2027. Requires these providers to maintain documentation demonstrating compliance and make it available to DHCS upon request or in the event of a state or federal audit.

- 2) Requires DHCS to utilize existing stakeholder forums to seek stakeholder feedback and offer stakeholder comment opportunities to inform changes to coverage and billing policy for BHT services, including ABA and other evidence-based interventions.
- 3) Encourages DHCS to affirmatively reach out to the following stakeholders as appropriate based on the topic at issue to ensure adequate feedback: BHT providers, which may include representatives of trade associations and licensing or certifying bodies; providers of other services to children with autism, including speech and hearing specialists, occupational therapists, psychiatrists, and vision specialists; managed care plans; consumers with autism; and, consumer advocates for organizations led by individuals with autism and organizations serving families of autistic children. Authorizes DHCS to consult with DMHC as appropriate for purposes of coordinating with the commercial market.
- 4) Requires the stakeholder feedback to be on the following topics:
 - a) Clinical guidelines for the provision of BHT services, including independent clinician assessment for treatment and reauthorization requirements;
 - b) Treatment plan requirements, including the number of hours in a treatment plan, documentation of an individual's needs, and how treatment outcomes specific to the individual and the effectiveness of treatment are reviewed;
 - c) Supervision of unlicensed and uncertified professionals, including the number of hours of supervision required, location of the supervisor, and number of unlicensed professionals a licensed or board certified professional may supervise;
 - d) Standardization of Medi-Cal managed care plan requirements including credentialing;
 - e) Best practices in prioritizing quality care in contracting with BHT service providers; and,
 - f) Feasibility of requiring fingerprint-based criminal background checks of BHT service providers.
- 5) Requires DHCS to maintain clear billing and coverage guidance for the provision of the BHT benefit consistent with federal recommendations on BHT services and EPSDT services for individuals under age 21 and including any modifications based on input from the stakeholder feedback.
- 6) Requires DHCS post on its website utilization data for BHT services and a synopsis of the BHT services coverage policy, highlighting any changes made as a result of stakeholder feedback and any applicable recommendations for

statutory, regulatory, or administrative actions necessary to ensure that Medi-Cal reimbursement practices align with federal Medicaid program integrity requirements.

7) Authorizes DHCS to implement this bill via guidance rather than regulation.

Background

According to the author of this bill:

This bill strengthens oversight and standardization of BHT services 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. 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. This bill requires background checks for BHT providers, requires DHCS to reach out to stakeholders to review service delivery, and directs DHCS to maintain clear billing and coverage guidance and report on utilization and policy changes.

Background on autism. According to the California Health Benefits Review Program (CHBRP) analysis of SB 562 (Portantino of 2022), autism spectrum disorder is a developmental disability characterized by deficits in social interactions and communication, sensory processing, stereotypic (repetitive) behaviors or interests, and sometimes cognitive function. Symptoms fall along a continuum, ranging from mild impairment to profound disability. Reliable diagnoses can be made by age two, though the median age is 51 months, with black children being diagnosed later than white children. The causes remain unknown though research into genetic etiology and environmental factors continues to be explored.

BHT. According to CHBRP, BHT aims to modify the behavior of individuals with autism spectrum disorder and improve their cognitive, language and social functioning by assessing environmental stimuli and reinforcing appropriate responses. Some treatment modalities are based primarily on behavioral theory (e.g. ABA), while others are based primarily on developmental theory or on a hybrid of behavioral and developmental theory. In its analysis for SB 562, CHBRP found evidence for the medical effectiveness of all of these modalities, though there were significant variations in how effective each modality was for particular

outcomes. For example, some forms of BHT seemed better suited to improving language than others, while other forms seemed to improve adaptive behavior. It should be noted that BHT, in particular ABA, is not universally welcome in the autistic community. The Autistic Self Advocacy Network, for example, critiques ABA for the use of rewards and punishments to train autistic people to act non-autistic and stresses that any therapy should help the individuals get what they want and need, not what others think they need.

Medi-Cal coverage of BHT. According to the Centers for Medicare and Medicaid Services (CMS), the EPSDT benefit is more robust than the Medicaid benefit for adults, and the goal is to ensure that individual children get the health care they need when they need it—the right care to the right child at the right time in the right setting. All Medi-Cal plans must provide EPSDT preventive services, including screenings, designed to identify health and developmental issues as early as possible. In 2014, CMS stated in a FAQ that it does not endorse or require any particular treatment modality in reference to ABA services; however, states must adhere to long-standing EPSDT obligations, including providing medically necessary services available for the treatment of autism spectrum disorder. (A previous 2014 CMS informational bulletin laid out how ABA and other services could be covered by Medicaid.)

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 members for whom a physician or psychologist determines BHT services are medically necessary regardless of diagnosis. BHT services are 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. The manual does exclude certain benefits such as respite, day care, recreational services, educational services, treatment that is solely vocational and or recreational, custodial care, services rendered by a parent, or services that are not evidence-based behavioral intervention practices. Compared to many other Medi-Cal services described in the provider manual, the scope of services covered under BHT is broad and the authorization requirements are minimal. However, once treatment begins, there are

specific documentation requirements required for billing. Most BHT services are now provided through Medi-Cal managed care plans, as BHT services are a plan benefit and most children are now enrolled in plans. DHCS does have procedures for services provided through the fee-for-service system.

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.

Recent 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. To date, audits have been completed in Indiana, Wisconsin, Maine, and Colorado. In each case, all 100 of the sampled enrollee-months included payments for one or more claims that were improper or potentially improper, resulting in federal refund requests ranging from \$12.2 million to \$42.6 million. 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 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 17, 2026 letter highlighting fraud investigations it had conducted tied to some of the other services highlighted and pointing to their national leadership in identifying fraud networks and copious efforts in program integrity, concluding that California's primary focus areas for fraud are not necessarily the same as those found in other states.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee, DHCS anticipates minor and absorbable costs; costs of an unknown, but potentially minor and absorbable, amount to the DOJ.

SUPPORT: (Verified 8/20/26)

California Association for Behavior Analysis

California Association of Health Plans
 California Medical Association
 Local Health Plans of California
 One individual

OPPOSITION: (Verified 8/20/26)

Doogri Institute

ARGUMENTS IN SUPPORT: The Local Health Plans of California write that this bolsters patient safety by ensuring children with autism receive high-quality, safe, and accountable care. The California Association of Health Plans writes that in recent years they have seen an alarming trend of bad actors exploiting the system resulting in inappropriate utilization and increased health care spending and states that this bill represents a thoughtful and measured response to national trends to ensure that Medi-Cal coverage of ABA therapy is clinically appropriate. The California Association for Behavior Analysis writes this bill represents an important step toward improving access to and accountability within Medi-Cal BHT services by strengthening oversight, standardizing expectations, and promoting evidence-based, high-quality care.

ARGUMENTS IN OPPOSITION: *Oppose unless amended.* The Doogri Institute, an autistic-led activism organization, writes in opposition 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.

ASSEMBLY FLOOR: 78-0 8/20/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Fariás, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Chen

Prepared by: Jen Flory / HEALTH / (916) 651-4111

8/20/26 14:16:51

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