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AMENDED IN SENATE MAY 05, 2025
AMENDED IN SENATE APRIL 08, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 812

Introduced by Senator Allen
(Principal coauthor: Assembly Member Muratsuchi)
(Coauthor: Senator Rubio)

February 21, 2025

An act to amend Section 1374.722 of the Health and Safety Code, to amend Section 10144.53 of the Insurance Code, and to amend Section 5961.4 of the Welfare and Institutions Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 812, as amended, Allen. Qualified youth drop-in center health care coverage.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law requires a health care service plan contract or health insurance policy issued, amended, renewed, or delivered on or after January 1, 2024, that provides coverage for medically necessary treatment of mental health and substance use disorders to cover the provision of those services to an individual 25 years of age or younger when delivered at a schoolsite.

This bill would *expand the definition of schoolsite to* additionally require a contract or policy that provides coverage for medically necessary treatment of mental health and substance use disorders to cover the provision of those services to an individual 25 years of age or younger when delivered at a qualified youth drop-in center. Because a violation of this requirement relative to health care service plans would be a crime, the bill would create a state-mandated local program.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Care Services and under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions. Existing law requires a Medi-Cal managed care plan or Medi-Cal behavioral health delivery system to reimburse providers of medically necessary outpatient mental health or substance use disorder treatment provided at a schoolsite to a student 25 years of age or younger who is an enrollee of the plan or delivery system, as specified.

This

Because of the expansion of the definition of schoolsite to include qualified youth drop-in centers, this bill would expand the above-described reimbursement requirement to those services when provided at a qualified youth drop-in center, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Digest Key

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

Bill Text

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1374.722 of the Health and Safety Code is amended to read:

1374.722. (a) (1) A health care service plan contract issued, amended, ~~renewed~~ renewed, or delivered on or after January 1, 2024, that is required to provide coverage for medically necessary treatment of mental health and substance use disorders pursuant to Sections 1374.72, 1374.721, and 1374.73 shall cover the provision of the services identified in the fee-for-service reimbursement schedule published by the State Department of Health Care Services, as described in subparagraph (B) of paragraph (5) of subdivision (c), when those services are delivered at schoolsites ~~or qualified youth drop-in centers~~ pursuant to this section, regardless of the network status of the local educational agency, institution of higher education, or health care provider.

(2) This section does not relieve a local educational agency or institution of higher education from requirements to accommodate or provide services to students with disabilities pursuant to any applicable state and federal law, including, but not limited to, the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.), Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code, Chapter 26.5 (commencing with Section 7570) of Division 7 of Title 1 of the Government Code, and Chapter 3 (commencing with Section 3000) of Division 1 of Title 5 of the California Code of Regulations.

(b) The following definitions apply for purposes of this section:

(1) "Health care provider" has the same meaning as defined in paragraph (4) of subdivision (a) of Section 1374.72 and paragraph (5) of subdivision (c) of Section 1374.73.

(2) "Institution of higher education" means the California Community Colleges, the California State University, or the University of California.

(3) "Local educational agency" means a school district, county office of education, charter school, the California Schools for the Deaf, and the California School for the Blind.

(4) "Medically necessary treatment of a mental health or substance use disorder" has the same meaning as defined in paragraph (3) of subdivision (a) of Section 1374.72.

(5) "Mental health and substance use disorder" has the same meaning as defined in paragraph (2) of subdivision (a) of Section 1374.72.

~~(6) "Qualified youth drop-in center" means 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 or institution of higher education for the purposes of this section.~~

(6) *"Qualified youth drop-in center" means a center to which all of the following apply:*

(A) The center provides behavioral health and wellness services to youth up to 25 years of age, inclusive, or to a subset of youth who are between 12 and 25 years of age, inclusive.

(B) The center provides at least 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.

(C) The center has the capacity to provide services before and after school hours.

(D) The center has been designated by or embedded with a local educational agency or institution of higher education for the purposes of this section.

(E) The center has a physical location and offers face-to-face services.

(F) The center 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.

(7) "Schoolsite" means a facility or location used for public kindergarten, elementary, secondary, or postsecondary purposes. "Schoolsite" also includes 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 substance use disorder to its students at that location, including off-campus clinics, mobile counseling services, *qualified youth drop-in centers*, and similar locations.

(8) "Utilization review" has the same meaning as defined in paragraph (3) of subdivision (f) of Section 1374.721.

(c) If a local educational ~~agency; agency or~~ institution of higher ~~education, or qualified youth drop-in center~~ *education* provides or arranges for the provision of treatment of a mental health or substance use disorder services subject to this section by a health care provider for an individual 25 years of age or younger at a ~~schoolsite or qualified youth drop-in center; schoolsite~~, the student's health care service plan shall reimburse the local educational ~~agency; agency or~~ institution of higher ~~education, or qualified youth drop-in center~~ *education* for those services. *If an affiliated provider is designated by a local education agency or institution of higher education to directly submit claims and receive reimbursement for fee schedule services, a student's health care service plan shall reimburse an affiliated provider directly.*

(1) A health care service plan shall not require prior authorization for services provided pursuant to this section.

(2) A health care service plan may conduct a postclaim review to determine appropriate payment of the claim. Payment for services subject to this section may be denied only if the health care service plan reasonably determines that the services were provided to a student not enrolled in the health plan, were never performed, or were not provided by a health care provider appropriately licensed or authorized to provide the services.

(3) Notwithstanding paragraph (1), a health plan may require prior authorization for services as authorized by the department pursuant to subdivision (d).

(4) A local educational agency, community college district, the California State University system, or the Regents of the University of California may consolidate claims for purposes of submitting the claims to a health care service plan.

(5) A health care service plan shall provide reimbursement for services provided to students pursuant to this section at the greater of either of the following amounts:

(A) The health plan's contracted rate with the local educational agency, institution of higher education, or health care provider, if any.

(B) The fee-for-service reimbursement rate published by the State Department of Health Care Services for the same or similar services provided in an outpatient setting, pursuant to Section 5961.4 of the Welfare and Institutions Code.

(6) A health care service plan shall provide reimbursement for services provided pursuant to this section in compliance with the requirements for timely payment of claims, as required by this chapter.

(7) Services provided pursuant to this section shall not be subject to copayment, coinsurance, deductible, or any other form of cost sharing.

(8) An individual or entity shall not bill the enrollee or subscriber, nor seek reimbursement from the enrollee or subscriber, for services provided pursuant to this section.

(d) No later than December 31, 2023, the director shall issue guidance to health care service plans regarding compliance with this section. This guidance shall not be subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Any guidance issued pursuant to this subdivision shall be effective only until the director adopts regulations pursuant to the Administrative Procedure Act.

(e) This section does not apply to contracts entered into pursuant to Chapter 7 (commencing with Section 14000) or Chapter 8 (commencing with Section 14200) of Part 3 of Division 9 of the Welfare and Institutions Code, between the State Department of Health Care Services and a health care service plan for enrolled Medi-Cal beneficiaries.

SEC. 2. Section 10144.53 of the Insurance Code is amended to read:

10144.53. (a) (1) A disability insurance policy issued, amended, renewed, or delivered on or after January 1, 2024, that is required to provide coverage for medically necessary treatment of mental health and substance use disorders pursuant to Sections 10144.5, 10144.51, and 10144.52 shall cover the provision of the services identified in the fee-for-service reimbursement schedule published by the State Department of Health Care Services, as described in subparagraph (B) of paragraph (5) of subdivision (c), when those services are delivered at schoolsites ~~or qualified youth drop-in centers~~ pursuant to this section, regardless of the network status of the local educational agency, institution of higher education, or health care provider.

(2) This section does not relieve a local educational agency or institution of higher education from requirements to accommodate or provide services to students with disabilities pursuant to any applicable state and federal law, including, but not limited to, the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.), Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code, Chapter 26.5 (commencing with Section 7570) of Division 7 of Title 1 of the Government Code, and Chapter 3 (commencing with Section 3000) of Division 1 of Title 5 of the California Code of Regulations.

(b) The following definitions apply for purposes of this section:

(1) "Health care provider" has the same meaning as defined in paragraph (4) of subdivision (a) of Section 10144.5 and paragraph (5) of subdivision (c) of Section 10144.51.

(2) "Institution of higher education" means the California Community Colleges, the California State University, or the University of California.

(3) “Local educational agency” means a school district, county office of education, charter school, the California Schools for the Deaf, and the California School for the Blind.

(4) “Medically necessary treatment of a mental health or substance use disorder” has the same meaning as defined in paragraph (3) of subdivision (a) of Section 10144.5.

(5) “Mental health and substance use disorders” has the same meaning as defined in paragraph (2) of subdivision (a) of Section 10144.5.

~~(6) “Qualified youth drop-in center” means 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 or institution of higher education for the purposes of this section.~~

(6) “Qualified youth drop-in center” means a center to which all of the following apply:

(A) The center provides behavioral health and wellness services to youth up to 25 years of age, inclusive, or to a subset of youth who are between 12 and 25 years of age, inclusive.

(B) The center provides at least 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.

(C) The center has the capacity to provide services before and after school hours.

(D) The center has been designated by or embedded with a local educational agency or institution of higher education for the purposes of this section.

(E) The center has a physical location and offers face-to-face services.

(F) The center 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.

(7) “Schoolsite” means a facility or location used for public kindergarten, elementary, secondary, or postsecondary purposes. “Schoolsite” also includes 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 substance use disorder to its students at that location, including off-campus clinics, mobile counseling services, *qualified youth drop-in centers*, and similar locations.

(8) “Utilization review” has the same meaning as defined in paragraph (3) of subdivision (f) of Section 10144.52.

~~(c) If a local educational agency, agency or institution of higher education, or qualified youth drop-in center education provides or arranges for the provision of treatment of a mental health or substance use disorder services subject to this section by a health care provider at a schoolsite or qualified youth drop-in center for an individual 25 years of age or younger, the student’s disability insurer shall reimburse the local educational agency, agency or institution of higher education, or qualified youth drop-in center education for those services.~~
If an affiliated provider is designated by a local education agency or institution of higher education to directly submit claims and receive reimbursement for fee schedule services, a student’s disability insurer shall reimburse an affiliated provider directly.

(1) A disability insurer shall not require prior authorization for services provided pursuant to this section.

(2) A disability insurer may conduct a postclaim review to determine appropriate payment of the claim. Payment for services subject to this section may be denied only if the disability insurer reasonably determines

that the services were provided to a student not covered by the insurer, were never performed, or were not provided by a health care provider appropriately licensed or authorized to provide the services.

(3) Notwithstanding paragraph (1), a disability insurer may require prior authorization for services as authorized by the commissioner, pursuant to subdivision (d).

(4) A local educational agency, community college district, the California State University system, or the Regents of the University of California may consolidate claims for purposes of submission to a disability insurer.

(5) A disability insurer shall provide reimbursement for services provided to students pursuant to this section at the greater of either of the following amounts:

(A) The disability insurer's contracted rate with the local educational agency, institution of higher education, or health care provider, if any.

(B) The fee-for-service reimbursement rate published by the State Department of Health Care Services for the same or similar services provided in an outpatient setting, pursuant to Section 5961.4 of the Welfare and Institutions Code.

(6) A disability insurer shall provide reimbursement for services provided pursuant to this section in compliance with the requirements for timely payment of claims as required by this chapter.

(7) Services provided pursuant to this section shall not be subject to copayment, coinsurance, deductible, or any other form of cost sharing.

(8) An individual or entity shall not bill the policyholder or insured, nor seek reimbursement from the policyholder or insured, for services provided pursuant to this section.

(d) The commissioner shall issue guidance to disability insurers regarding compliance with this section, as well as requirements necessary to comply with Section 5961.4 of the Welfare and Institutions Code. This guidance shall not be subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Guidance issued pursuant to this subdivision shall be effective only until the commissioner adopts regulations pursuant to the Administrative Procedure Act.

SEC. 3. Section 5961.4 of the Welfare and Institutions Code is amended to read:

5961.4. (a) As a component of the initiative, the State Department of Health Care Services shall develop and maintain a school-linked statewide fee schedule for outpatient mental health or substance use disorder treatment provided to a student 25 years of age or younger at a schoolsite.

(b) The department shall develop and maintain a school-linked statewide provider network of schoolsite behavioral health counselors.

(c) (1) Subject to subdivision (h), each Medi-Cal managed care plan and Medi-Cal behavioral health delivery system, as applicable, shall reimburse providers of medically necessary outpatient mental health or substance use disorder treatment provided at a schoolsite ~~or qualified youth drop-in center~~ to a student 25 years of age or younger who is an enrollee of the plan or delivery system, in accordance with paragraph (2), but only to the extent the Medi-Cal managed care plan or Medi-Cal behavioral delivery system is financially responsible for those schoolsite ~~or qualified youth drop-in center~~ services under its approved managed care contract with the department.

(2) Providers of medically necessary schoolsite ~~or qualified youth drop-in center~~ services described in this section shall be reimbursed, at a minimum, at the fee schedule rate or rates developed pursuant to subdivision (a), regardless of network provider status.

(d) (1) The department may contract with an entity to administer the school-linked statewide behavioral health provider network in accordance with this subdivision.

(2) The entity that administers the school-linked statewide behavioral health provider network shall do all of the following:

(A) Create and administer a process for enrolling and credentialing all eligible practitioners and providers seeking to provide medically necessary schoolsite ~~or qualified youth drop-in center~~ services described in this section.

(B) Create and administer a process for the submission and reimbursement of claims eligible to be reimbursed pursuant to this section, which may include resolving disputes related to the school-linked statewide all-payer fee schedule and administering fee collection pursuant to subdivision (g).

(C) Create and administer a mechanism for the sharing of data between the entity contracted pursuant to this subdivision and a health care service plan, insurer, or Medi-Cal managed care plan that covers medically necessary schoolsite ~~or qualified youth drop-in center~~ services subject to the school-linked statewide all-payer fee schedule that is necessary to facilitate timely claims processing, payment, and reporting, avoid duplication of claims, allow for tracking of grievance remediation, and to facilitate coordination of care and continuity of care for enrollees.

(e) A provider or practitioner of medically necessary schoolsite ~~or qualified youth drop-in center~~ services participating in the school-linked statewide behavioral health provider network described in this section shall do all of the following:

(1) Comply with all administrative requirements necessary to be enrolled and credentialed, as applicable, by the entity that administers the school-linked statewide behavioral health provider network.

(2) Submit all claims for reimbursement for services billed under the school-linked statewide all-payer fee schedule through the entity that administers the school-linked statewide behavioral health provider network.

(3) If a provider or practitioner of medically necessary schoolsite ~~or qualified youth drop-in center~~ services has, or enters into, a direct agreement established with a health care service plan, insurer, or Medi-Cal managed care plan that covers medically necessary schoolsite ~~or qualified youth drop-in center~~ services outside of the school-linked statewide all-payer fee schedule, they shall be allowed to bill for services provided directly under the terms of the established agreement.

(f) (1) A health care service plan, insurer, or Medi-Cal managed care plan that covers medically necessary schoolsite ~~or qualified youth drop-in center~~ services subject to the school-linked statewide all-payer fee schedule, pursuant to Section 1374.722 of the Health and Safety Code, Section 10144.53 of the Insurance Code, and this section, shall comply with all administrative requirements necessary to cover and reimburse those services set forth by the entity that administers the school-linked statewide behavioral health provider network.

(2) If an agreement exists between a health care service plan, insurer, or Medi-Cal managed care plan and a provider or practitioner of medically necessary schoolsite ~~or qualified youth drop-in center~~ services outside of the school-linked statewide all-payer fee schedule, the health care service plan, insurer, or Medi-Cal managed care plan shall do all of the following:

(A) At minimum, reimburse the contracted provider or practitioner at the school-linked statewide all-payer fee schedule rates.

(B) Provide to the department data deemed necessary and appropriate for program reporting and compliance purposes.

(C) Comply with all administrative requirements necessary to cover and reimburse medically necessary schoolsite ~~or qualified youth drop-in center~~ services subject to the school-linked statewide all-payer fee schedule, as determined by the department.

(g) (1) The department shall establish and charge a fee to participating health care service plans, insurers, or Medi-Cal managed care plans to cover the reasonable cost of administering the school-linked statewide behavioral health provider network.

(2) The department shall set the fees in an amount that it projects is sufficient to cover all administrative costs incurred by the state associated with implementing this section and consider the assessed volume of claims and providers or practitioners of medically necessary schoolsite ~~or qualified youth drop-in center~~ services that are credentialed and enrolled by the entity contracted pursuant to subdivision (d).

(3) The department shall not assess the fee authorized by this subdivision until the time that the contract between the department and the entity contracted pursuant to subdivision (d) commences.

(4) (A) The department may periodically update the amount and structure of the fees, as necessary, to provide sufficient funding for the purpose specified in this subdivision.

(B) The fees authorized in this paragraph shall be evaluated annually and based on the state's projected costs for the forthcoming fiscal year.

(C) If the department proposes to increase the fees, it shall notify the Legislature of the proposed increase through the submission of the semiannual Medi-Cal estimate provided to the Legislature.

(5) (A) (i) The Behavioral Health Schoolsite Fee Schedule Administration Fund is hereby established in the State Treasury.

(ii) The department shall administer the Behavioral Health Schoolsite Fee Schedule Administration Fund consistent with this subdivision.

(B) All revenues, less refunds, derived from the fees authorized in this subdivision shall be deposited in the Behavioral Health Schoolsite Fee Schedule Administration Fund.

(C) The moneys in the Behavioral Health Schoolsite Fee Schedule Administration Fund shall be available upon appropriation by the Legislature and shall be used only for purposes of this subdivision.

(D) Notwithstanding Section 16305.7 of the Government Code, interest and dividends earned on moneys in the Behavioral Health Schoolsite Fee Schedule Administration Fund shall be retained in the fund and used solely for the purposes specified in this section.

(E) Notwithstanding any other provision of law, the Controller may use moneys in the Behavioral Health Schoolsite Fee Schedule Administration Fund for cashflow loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code.

(F) Funds remaining in the Behavioral Health Schoolsite Fee Schedule Administration Fund at the end of a fiscal year shall be available for use in the following fiscal year and taken into consideration in establishment of fees for the subsequent fiscal year.

(h) This section shall be implemented only to the extent that the department obtains any necessary federal approvals, and federal financial participation under the Medi-Cal program is available and not otherwise jeopardized.

(i) This section does not relieve a local educational agency or institution of higher education from requirements to accommodate or provide services to students with disabilities pursuant to any applicable state and federal law, including, but not limited to, the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et

seq.), Part 30 (commencing with Section 56000) of Division 4 of Title 2 of the Education Code, Chapter 26.5 (commencing with Section 7570) of Division 7 of Title 1 of the Government Code, and Chapter 3 (commencing with Section 3000) of Division 1 of Title 5 of the California Code of Regulations.

(j) For purposes of this section, the following definitions shall apply:

(1) “Comprehensive risk contract” has the same meaning as set forth in Section 438.2 of Title 42 of the Code of Federal Regulations.

(2) “Institution of higher education” means the California Community Colleges, the California State University, or the University of California.

(3) ~~Local~~ “*Local* educational agency” means a school district, county office of education, charter school, the California Schools for the Deaf, and the California School for the Blind.

(4) “Medi-Cal behavioral health delivery system” has the meaning described in subdivision (i) of Section 14184.101.

(5) “Medi-Cal managed care plan” means any individual, organization, or entity that enters into a comprehensive risk contract with the department to provide covered full-scope health care services to enrolled Medi-Cal beneficiaries pursuant to any provision of Chapter 7 (commencing with Section 14000) or Chapter 8 (commencing with Section 14200) of Part 3 of Division 9.

~~(6) “Qualified youth drop-in center” means 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 or institution of higher education for the purposes of this section.~~

~~(7)~~

~~(6)~~ (7) “Schoolsite” has the meaning described in paragraph ~~(6)~~ (7) of subdivision (b) of Section 1374.722 of the Health and Safety Code.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.