

AMENDED IN SENATE APRIL 8, 2025

**SENATE BILL**

**No. 812**

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**Introduced by Senator Allen**

February 21, 2025

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An act to amend Section 1374.722 of the Health and Safety Code, ~~and~~ 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 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 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.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1374.722 of the Health and Safety Code  
2     is amended to read:  
3     1374.722. (a) (1) A health care service plan contract issued,  
4     amended, renewed or delivered on or after January 1, 2024, that  
5     is required to provide coverage for medically necessary treatment  
6     of mental health and substance use disorders pursuant to Sections  
7     1374.72, 1374.721, and 1374.73 shall cover the provision of the  
8     services identified in the fee-for-service reimbursement schedule  
9     published by the State Department of Health Care Services, as  
10    described in subparagraph (B) of paragraph (5) of subdivision (c),  
11    when those services are delivered at schoolsites or qualified youth  
12    drop-in centers pursuant to this section, regardless of the network  
13    status of the local educational agency, institution of higher  
14    education, or health care provider.  
15    (2) This section does not relieve a local educational agency or  
16    institution of higher education from requirements to accommodate  
17    or provide services to students with disabilities pursuant to any  
18    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 ~~mental 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 received funding through the Children and Youth Behavioral Health Initiative by January 1, 2025, or a center that has been approved by the local educational agency for the purposes of this section.

(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, 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, institution of higher education, or qualified youth drop-in center 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, the student's health care service plan shall reimburse the local educational agency, institution of higher education, or qualified youth drop-in center for those services.

(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.

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

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

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

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

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

23 10144.53. (a) (1) A disability insurance policy issued,  
24 amended, renewed, or delivered on or after January 1, 2024, that  
25 is required to provide coverage for medically necessary treatment  
26 of mental health and substance use disorders pursuant to Sections  
27 10144.5, 10144.51, and 10144.52 shall cover the provision of the  
28 services identified in the fee-for-service reimbursement schedule  
29 published by the State Department of Health Care Services, as  
30 described in subparagraph (B) of paragraph (5) of subdivision (c),  
31 when those services are delivered at schoolsites or qualified youth  
32 drop-in centers pursuant to this section, regardless of the network  
33 status of the local educational agency, institution of higher  
34 education, or health care provider.

35 (2) This section does not relieve a local educational agency or  
36 institution of higher education from requirements to accommodate  
37 or provide services to students with disabilities pursuant to any  
38 applicable state and federal law, including, but not limited to, the  
39 federal Individuals with Disabilities Education Act (20 U.S.C. Sec.  
40 1400 et seq.), Part 30 (commencing with Section 56000) of

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

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

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

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

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

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

18 (5) “Mental health and substance use disorders” has the same  
19 meaning as defined in paragraph (2) of subdivision (a) of Section  
20 10144.5.

21 (6) “Qualified youth drop-in center” means a center providing  
22 ~~mental behavioral~~ or primary health and wellness services to youth  
23 12 to 25 years of age, inclusive, with the capacity to provide  
24 services before and after school hours, that received funding  
25 through the Children and Youth Behavioral Health Initiative by  
26 January 1, 2025, or a center that has been approved by the local  
27 educational agency for the purposes of this section.

28 (7) “Schoolsite” means a facility or location used for public  
29 kindergarten, elementary, secondary, or postsecondary purposes.  
30 “Schoolsite” also includes a location not owned or operated by a  
31 public school, or public school district if the school or school  
32 district provides or arranges for the provision of medically  
33 necessary treatment of a mental health or substance use disorder  
34 to its students at that location, including off-campus clinics, mobile  
35 counseling services, and similar locations.

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

38 (c) If a local educational agency, institution of higher education,  
39 or qualified youth drop-in center provides or arranges for the  
40 provision of treatment of a mental health or substance use disorder

1 services subject to this section by a health care provider at a  
2 schoolsite or qualified youth drop-in center for an individual 25  
3 years of age or younger, the student's disability insurer shall  
4 reimburse the local educational agency, institution of higher  
5 education, or qualified youth drop-in center for those services.

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

8 (2) A disability insurer may conduct a postclaim review to  
9 determine appropriate payment of the claim. Payment for services  
10 subject to this section may be denied only if the disability insurer  
11 reasonably determines that the services were provided to a student  
12 not covered by the insurer, were never performed, or were not  
13 provided by a health care provider appropriately licensed or  
14 authorized to provide the services.

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

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

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

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

28 (B) The fee-for-service reimbursement rate published by the  
29 State Department of Health Care Services for the same or similar  
30 services provided in an outpatient setting, pursuant to Section  
31 5961.4 of the Welfare and Institutions Code.

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

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

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

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

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

15 5961.4. (a) As a component of the initiative, the State  
16 Department of Health Care Services shall develop and maintain a  
17 school-linked statewide fee schedule for outpatient mental health  
18 or substance use disorder treatment provided to a student 25 years  
19 of age or younger at a schoolsite.

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

23 (c) (1) ~~Commencing January 1, 2024, and subject~~ *Subject* to  
24 subdivision (h), each Medi-Cal managed care plan and Medi-Cal  
25 behavioral health delivery system, as applicable, shall reimburse  
26 providers of medically necessary outpatient mental health or  
27 substance use disorder treatment provided at a schoolsite *or*  
28 *qualified youth drop-in center* to a student 25 years of age or  
29 younger who is an enrollee of the plan or delivery system, in  
30 accordance with paragraph (2), but only to the extent the Medi-Cal  
31 managed care plan or Medi-Cal behavioral delivery system is  
32 financially responsible for those schoolsite *or qualified youth*  
33 *drop-in center* services under its approved managed care contract  
34 with the department.

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



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

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

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

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

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

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

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

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

36 (3) If a provider or practitioner of medically necessary schoolsite  
37 *or qualified youth drop-in center* services has, or enters into, a  
38 direct agreement established with a health care service plan, insurer,  
39 or Medi-Cal managed care plan that covers medically necessary  
40 schoolsite *or qualified youth drop-in center* services outside of the

1 school-linked statewide all-payer fee schedule, they shall be  
2 allowed to bill for services provided directly under the terms of  
3 the established agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (h) This section shall be implemented only to the extent that the  
39 department obtains any necessary federal approvals, and federal

1 financial participation under the Medi-Cal program is available  
2 and not otherwise jeopardized.

3 (i) This section does not relieve a local educational agency or  
4 institution of higher education from requirements to accommodate  
5 or provide services to students with disabilities pursuant to any  
6 applicable state and federal law, including, but not limited to, the  
7 federal Individuals with Disabilities Education Act (20 U.S.C. Sec.  
8 1400 et seq.), Part 30 (commencing with Section 56000) of  
9 Division 4 of Title 2 of the Education Code, Chapter 26.5  
10 (commencing with Section 7570) of Division 7 of Title 1 of the  
11 Government Code, and Chapter 3 (commencing with Section 3000)  
12 of Division 1 of Title 5 of the California Code of Regulations.

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

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

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

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

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

26 (5) “Medi-Cal managed care plan” means any individual,  
27 organization, or entity that enters into a comprehensive risk contract  
28 with the department to provide covered full-scope health care  
29 services to enrolled Medi-Cal beneficiaries pursuant to any  
30 provision of Chapter 7 (commencing with Section 14000) or  
31 Chapter 8 (commencing with Section 14200) of Part 3 of Division  
32 9.

33 (6) “*Qualified youth drop-in center*” means a center providing  
34 behavioral or primary health and wellness services to youth 12 to  
35 25 years of age, inclusive, with the capacity to provide services  
36 before and after school hours, that received funding through the  
37 Children and Youth Behavioral Health Initiative by January 1,  
38 2025, or a center that has been approved by the local educational  
39 agency for the purposes of this section.

40 (6)

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

~~SEC. 3.~~

*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.