

AMENDED IN SENATE MAY 5, 2025
AMENDED IN SENATE APRIL 8, 2025

SENATE BILL

No. 812

Introduced by Senator Allen

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 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

1 or provide services to students with disabilities pursuant to any
2 applicable state and federal law, including, but not limited to, the
3 federal Individuals with Disabilities Education Act (20 U.S.C. Sec.
4 1400 et seq.), Part 30 (commencing with Section 56000) of
5 Division 4 of Title 2 of the Education Code, Chapter 26.5
6 (commencing with Section 7570) of Division 7 of Title 1 of the
7 Government Code, and Chapter 3 (commencing with Section 3000)
8 of Division 1 of Title 5 of the California Code of Regulations.

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

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

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

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

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

22 (5) “Mental health and substance use disorder” has the same
23 meaning as defined in paragraph (2) of subdivision (a) of Section
24 1374.72.

25 (6) “Qualified youth drop-in center” means a center providing
26 behavioral or primary health and wellness services to youth 12 to
27 25 years of age, inclusive, with the capacity to provide services
28 before and after school hours, ~~that received funding through the~~
29 ~~Children and Youth Behavioral Health Initiative by January 1,~~
30 ~~2025, or a center that has been approved by the hours that has~~
31 *been designated by or embedded with a local educational agency*
32 *or institution of higher education* for the purposes of this section.

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

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

3 (c) If a local educational agency, institution of higher education,
4 or qualified youth drop-in center provides or arranges for the
5 provision of treatment of a mental health or substance use disorder
6 services subject to this section by a health care provider for an
7 individual 25 years of age or younger at a schoolsite or qualified
8 youth drop-in center, the student’s health care service plan shall
9 reimburse the local educational agency, institution of higher
10 education, or qualified youth drop-in center for those services.

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

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

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

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

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

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

33 (B) The fee-for-service reimbursement rate published by the
34 State Department of Health Care Services for the same or similar
35 services provided in an outpatient setting, pursuant to Section
36 5961.4 of the Welfare and Institutions Code.

37 (6) A health care service plan shall provide reimbursement for
38 services provided pursuant to this section in compliance with the
39 requirements for timely payment of claims, as required by this
40 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 behavioral or primary health and wellness services to youth 12 to
23 25 years of age, inclusive, with the capacity to provide services
24 before and after school hours, ~~that received funding through the~~
25 ~~Children and Youth Behavioral Health Initiative by January 1,~~
26 ~~2025, or a center that has been approved by the~~ *hours that has*
27 *been designated by or embedded with a local educational agency*
28 *or institution of higher education* for the purposes of this section.

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

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

39 (c) If a local educational agency, institution of higher education,
40 or qualified youth drop-in center provides or arranges for the

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

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

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

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

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

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

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

29 (B) The fee-for-service reimbursement rate published by the
30 State Department of Health Care Services for the same or similar
31 services provided in an outpatient setting, pursuant to Section
32 5961.4 of the Welfare and Institutions Code.

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

37 (7) Services provided pursuant to this section shall not be subject
38 to copayment, coinsurance, deductible, or any other form of cost
39 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) Subject to subdivision (h), each Medi-Cal managed care
24 plan and Medi-Cal behavioral health delivery system, as applicable,
25 shall reimburse providers of medically necessary outpatient mental
26 health or substance use disorder treatment provided at a schoolsite
27 or qualified youth drop-in center to a student 25 years of age or
28 younger who is an enrollee of the plan or delivery system, in
29 accordance with paragraph (2), but only to the extent the Medi-Cal
30 managed care plan or Medi-Cal behavioral delivery system is
31 financially responsible for those schoolsite or qualified youth
32 drop-in center services under its approved managed care contract
33 with the department.

34 (2) Providers of medically necessary schoolsite or qualified
35 youth drop-in center services described in this section shall be
36 reimbursed, at a minimum, at the fee schedule rate or rates
37 developed pursuant to subdivision (a), regardless of network
38 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 that
37 are credentialed and enrolled by the entity contracted pursuant to
38 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~~ *hours that has*
39 *been designated by or embedded with a local educational agency*
40 *or institution of higher education for the purposes of this section.*

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

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

O