Date of Hearing: March 12, 2025

ASSEMBLY COMMITTEE ON EDUCATION
Al Muratsuchi, Chair
AB 322 (Ward) – As Introduced January 24, 2025

SUBJECT: Pupil health: school-based health services and school-based mental health services

SUMMARY: Requires the California Department of Education (CDE) to encourage local educational agencies (LEAs) to participate in programs that offer reimbursement for school-based health and mental health services. Specifically, **this bill**:

1) Requires the CDE to encourage LEAs to participate in programs that offer reimbursement for school-based health and mental health services, including, but not limited to, the Local Education Agency Billing Option Program (LEA BOP), and the statewide fee schedule for school-linked mental health or substance use disorder treatments, as specified.

2) Defines "local educational agency" as a school district, county office of education (COE), or charter school.

3) Makes other technical and clarifying changes.

EXISTING LAW:

1) Establishes the Office of School-Based Health at the CDE for the purpose of assisting LEAs regarding the current health-related programs under the purview of the CDE, and requires the scope of the Office to include collaborating with the Department of Health Care Services (DHCS) and other departments in the provision of school-based health services, and assisting LEAs with information on, and participation in specified school-based health programs. (Education Code (EC) 49419)

2) Requires the governing board of any school district to give diligent care to the health and physical development of pupils, and authorizes it to employ properly certified persons to conduct this work. (EC 49400)

3) Establishes the Medi-Cal program, administered by DHCS, under which eligible low-income individuals receive health care services. (Welfare and Institutions Code (WIC) 14000 et seq.)

4) Authorizes specified services provided by an LEA to Medi-Cal eligible students to be reimbursable under Medi-Cal through the LEA BOP, including health and mental health evaluations, medical transportation, nursing services, occupational therapy, physical therapy, physician services, mental health and counseling services, school health aide services, speech pathology services, audiology services, and targeted case management. (WIC 14132.06)

5) Requires DHCS to amend its Medicaid State Plan with respect to the billing option for services by LEAs, to ensure that schools are reimbursed for all eligible services that they provide that are not precluded by federal requirements. (WIC 14115.8)

6) Requires DHCS to examine methodologies for increasing school participation in the Medi-Cal billing option for LEAs so that schools can meet the healthcare needs of their students.

Requires DHCS, to the extent possible, to simplify claiming processes for LEA billing. (WIC 14115.8)

7) Establishes the Children and Youth Behavioral Health Initiative (CYBHI) and requires the DHCS to develop and maintain a school-linked statewide fee schedule for outpatient mental health or substance use disorder treatment provided to a student 25 years or younger at a school site, beginning January 1, 2024. (WIC 5961.4)

FISCAL EFFECT: Unknown

COMMENTS:

Need for the bill. According to the author, "Impacted especially by the COVID-19 pandemic, school-aged children have reported increased mental illnesses and physical health concerns. It is imperative that the state takes further action to support these youth by making concerted efforts to encourage LEAs participation in the LEA Billing Option Program and Statewide School-Linked Behavioral Health Fee Schedule. In doing so, there will be an increased access to and leveraging of funds for LEAs which, importantly, will expand access to critical health and mental health services for school-aged children."

Youth mental health crisis. The American Academy of Pediatrics noted in recent guidance that "emotional and behavioral health challenges were of growing concern before the COVID-19 pandemic, and the public health emergency has only exacerbated these challenges." Prior to the pandemic, the incidence of youth mental health crises was increasing at an alarming rate. Suicide rates among youth ages 10-24 increased by over 57% between 2007 and 2018, and as of 2018, suicide was the second leading cause of death for youth ages 15-19, according to the Centers for Disease Control and Prevention (CDC). Youth visits to pediatric emergency departments for suicide and suicidal ideation also doubled during this time period. (Burstein, 2019)

Since the pandemic began, rates of psychological distress among young people, including symptoms of anxiety, depression, and other mental health disorders, have increased. Mental health issues are the number one reason that California children are hospitalized. In 2022, 19% of child hospitalizations were due to mental diseases and disorders, up from 9% in 2002. (California Department of Health Care Access and Information)

In early 2021, emergency department visits in the U.S. for suspected suicide attempts were 51% higher for adolescent girls and 4% higher for adolescent boys compared to the same period in 2019 (Yard, 2021). In California, 15,030 females and 5,119 males aged 10-25 years old visited emergency rooms in 2021 for self-harm. The gender breakdown reverses for deaths, as 469 males and 156 females died due to suicides. (Griffin, 2022)

Wide range of health needs of children and adolescents. In addition to behavioral health issues, there are a multitude of health conditions impacting children and youth that may impact their school attendance and academic performance. Data from the Population Research Bureau (PRB) identifies the impacts and incidences of childhood conditions:

- More than 1.25 million California children and youth have, or are at increased risk for, a chronic health condition and require care and related services of a type or amount beyond that required by children generally. Their ongoing health problems—physical, behavioral, or developmental—can affect their ability to function and participate in important educational

and social activities, and in some cases, can shorten their lives. The vast majority of children with special health care needs nationally (86%) do not receive care that meets federal standards for a well-functioning system. Further, racial/ethnic and socioeconomic inequities in access to care and other supports can lead to poorer outcomes for vulnerable children and their families;

- Asthma is one of the most common chronic diseases among children in the U.S. and is the top reason for missed school days, accounting for more than 5.2 million absences annually. Asthma affects around 6 million children nationwide. Approximately 14.3% of children in California aged 1-17 years have been diagnosed with asthma, which can be life-threatening when it is not managed properly. The CDC estimates that approximately 40% of children with asthma do not have their disease under control. Children who face difficulty accessing quality health care are less likely to have well-controlled asthma; and

- Oral health affects overall health and is essential for healthy development. Tooth decay is the most common chronic disease and the greatest unmet health need among children in California and the U.S. Untreated dental problems such as cavities and gum disease can affect a child's health and quality of life by causing pain, loss of teeth, impaired growth, sleep and speech issues, self-confidence problems, poor school performance, and increased school absences, among other issues. Nationwide, children miss more than 51 million hours of school each year due to dental problems. In California, the disparity in oral health between low- and higher-income children is among the worst in the nation and the state ranks 3rd worst among all states for children with tooth decay or cavities.

Many children are not receiving adequate medical services. A 2018 report by the California State Auditor on the oversight of the delivery of preventative services to children enrolled in the Medi-Cal program found that millions of children do not receive the preventative services to which they are entitled. The report notes that California ranks 40th among all states in providing preventative health services to children and further states:

> "According to the U.S. CDC, preventive services significantly reduce the risk of illness, disability, early death, and expensive medical care while providing cost savings. In 2014 the American Academy of Pediatrics published a national report stating that the vaccination of 4.3 million children, a key preventive health service, would prevent approximately 42,000 deaths and 20 million cases of disease, with a net savings of nearly $14 billion in direct costs and $69 billion in total societal costs. A 2015 report published by the National Bureau of Economic Research on the long-term impact of Medicaid expansion analyzed increases in Medicaid spending caused by the expansions and the government's return on investment. The report found that the government recoups its investment in a child's preventive care by age 36 through additional tax payments, and preventive services result in the government earning a 550 percent return on investment by age 60."

Linkages between health and educational outcomes. A factor contributing to the demand for increased capacity and collaboration between health and education agencies is the renewed and increasing recognition of the intrinsic connection between student health and academic outcomes. While the associations between physical health problems and school attendance, behavior, and academic achievement have been noted for decades, increasing attention is now being paid to the relationship between adverse childhood experiences (ACEs), student mental health, and academic outcomes. Research has demonstrated a strong association between ACEs

and poor performance in school, including a higher risk of learning and behavior problems. Other research into the effects of chronic stress on children (often caused by ACEs) has identified a profound effect on the developing brain, which in turn affects school performance and behavior. This research has led to an increased focus on the provision of health services at schools and is promoting closer connections between health and education agencies.

School-based health services in California. Schools are well positioned to respond to the health and mental health needs of pupils because of their access to children and families. One of the key ways that schools fund school-based health services is through the LEA BOP, which was established in 1993. The program is administered by the DHCS, in collaboration with the CDE. The LEA BOP reimburses LEAs for health-related services provided by qualified health service practitioners to Medi-Cal enrolled students.

This bill would encourage participation in the LEA BOP. The LEA BOP provides federal Medicaid matching funds to LEAs for health-related services provided by specified health practitioners to students enrolled in Medi-Cal. Reimbursement is based upon a fee-for-service model, and school expenditures for qualified services rendered are reimbursed at 50% of the cost using federal Medicaid matching funds. Under the program, LEAs bill Medi-Cal for the direct medical services they provide to Medi-Cal eligible students. LEAs pay for the services and are reimbursed for the rate relative to the cost of each individual service from federal funds.

LEA covered services can include the following:

- Audiology Services
- Health and Mental Health Evaluation
- Education Assessments
- Medical Transportation
- Nursing Services
- Activities of Daily Living
- Nutritional Services
- Occupational Therapy
- Orientation and Mobility
- Physical Therapy
- Psychology and Counseling
- School Health Aide Services
- Speech Therapy
- Targeted Case Management
- Respiratory Therapy

Multi-payer school-linked statewide fee schedule. The CYBHI, a $4.6 billion investment, is one of the components of the transformation of California's mental health system to meet the mental health needs of children and youth. As part of the CYBHI, the DHCS, in collaboration with the Department of Managed Health Care (DMHC), developed and will maintain a multi-payer, school-linked statewide fee schedule for outpatient mental health or substance use disorder services provided to a student 25 years of age or younger at or near a school site. DHCS will also develop and maintain a school-linked statewide provider network of behavioral health counselors.

Current law requires commercial health plans and the Medi-Cal delivery system, as applicable, to reimburse, at or above the published rates, these school-linked providers, regardless of network provider status, for services furnished to students pursuant to the fee schedule. Further, services provided as part of the fee schedule shall not be subject to copayment, coinsurance, deductible, or any other form of cost sharing.

The fee schedule establishes the minimum rates at which managed care plans (MCPs) must reimburse LEAs and school-linked providers for the provision of services to a student under the age of 26 at a schoolsite, including on-campus, off-campus, and mobile clinic locations. It includes the appropriate billing codes, rates, and provider types for each service type billable as part of the CYBHI fee schedule program.

The CYBHI fee schedule is intended to serve as a sustainable funding source for school-linked behavioral health services that:

- Increase access to school-linked behavioral health services for children and youth;
- Create a more approachable billing model for schools and LEAs;
- Ease burdens related to contracting, rate negotiation, and navigation across delivery systems; and,
- Reduce uncertainty around students' coverage.

The CYBHI fee schedule launched on January 1, 2024, with the first cohort of 47 LEAs approved to participate in the CYBHI statewide multi-payer school-linked fee schedule, based upon a determination by the DHCS that they met the readiness requirements. Additional LEAs have been added in subsequent cohorts. To date, implementation of the fee schedule has proven highly problematic and has yet to provide any reimbursements to schools.

Arguments in support. The California State Association of Psychiatrists writes, "Impacted especially by the COVID-19 pandemic, school-aged children have reported increased mental illnesses and physical health concerns. Data has shown the public health benefits of school-based health services amongst these students. By increasing access to these services, mental illness amongst youth is reduced, better outcomes for chronic conditions occur, and overall school performance is improved.

California has made great strides to enhance access to health and mental health services for school-aged children. Amongst these efforts includes the Local Educational Agency Medi-Cal Billing Option Program (LEA BOP), California's school-based Medi-Cal program that allows

LEAs to draw down federal match dollars and reimbursements for health-related services already provided by qualified health service practitioners to Medi-Cal enrolled students.

AB 322 builds on recent investments in school-based health and mental health by requiring the California Department of Education to encourage LEAs to participate in programs that offer reimbursement for school-based health and mental health services, including but not limited to the LEA BOP and the Statewide School-Linked Behavioral Health Fee Schedule for outpatient mental health and substance use disorder treatment. In doing so, there will be an increased access to and leveraging of funds for LEAs which, importantly, will expand access to critical health and mental health services for school-aged children."

Related legislation. AB 1955 (Ward) Chapter 95, Statutes of 2024, was substantially similar to this bill as it was heard by this Committee, but was subsequently amended to address a different topic.

AB 483 (Muratsuchi) Chapter 527, Statutes of 2023, modifies and imposes new requirements related to timelines, reporting, technical assistance, stakeholder engagement, and guidance for the LEA BOP, a program that allows schools to claim reimbursement for a portion of the cost of delivering health services to Medi-Cal eligible students.

AB 912 (Jones-Sawyer) of the 2023-24 Session would have redirected cost savings from Department of Corrections and Rehabilitation prison closures by investing in early violence intervention programs, school-based physical and mental health services, and youth recreational activities. This bill was vetoed by the Governor with the following message:

> "While I appreciate the author's commitment to early interdiction and violence reduction efforts, this bill creates new additional cost pressures and must be considered in the annual budget in the context of all state funding priorities.
>
> In partnership with the Legislature, we enacted a budget that closed a shortfall of more than $30 billion through balanced solutions that avoided deep program cuts and protected education, health care, climate, public safety, and social service programs that are relied on by millions of Californians. This year, however, the Legislature sent me bills outside of this budget process that, if all enacted, would add nearly $19 billion of unaccounted costs in the budget, of which $11 billion would be ongoing. With our state facing continuing economic risk and revenue uncertainty, it is important to remain disciplined when considering bills with significant fiscal implications, such as this measure."

AB 563 (Berman) of the 2021-22 Session would have required CDE to establish an Office of School-Based Health Programs for the purpose of improving the operation of, and participation in, school-based health programs, including the Medi-Cal Administrative Activities claiming process (SMAA) and the LEA BOP. Required that $500,000 in federal reimbursements be made available for transfer through an interagency agreement to CDE for the support of the Office. This bill was held in the Senate Education Committee.

AB 133 (Committee on Budget) Chapter 143, Statutes of 2021, established the CYBHI Act, including the development and maintenance of a statewide fee schedule for school-linked outpatient mental health and substance use disorder treatment, and, beginning January 1, 2024, requires the reimbursement providers of such services.

AB 130 (Committee on Budget) Chapter 44, Statutes of 2021 requires the CDE to establish the Office of School-Based Health no later than January 1, 2022, and specified the responsibilities of the office, including assisting LEAs with information on, and participation in, specified school-based health programs, including the LEA BOP; and to appoint a state school nurse consultant by January 1, 2022.

REGISTERED SUPPORT / OPPOSITION:

Support

Alameda County Office of Education
California School Boards Association
California State Association of Psychiatrists
Office of The Riverside County Superintendent of Schools

Opposition

None on file

Analysis Prepared by: Debbie Look / ED. / (916) 319-2087