

Senate Bill 1238: Medi-Cal Reimbursement Guidance and Supporting Policy Updates

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Presentation by Medi-Cal Behavioral Health – Policy
Division (MCBH-PD)

Welcome and Introductions

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Agenda

- » Welcome and Housekeeping
- » Background on Senate Bill (SB) 1238 and Related Legislation
- » Overview of SB 1238 Medi-Cal Reimbursement Guidance
- » Review of relevant updates to Inpatient Specialty Mental Health Services (SMHS) Criteria and Access Criteria to SMHS
- » Q&A

Housekeeping

- » This webinar is being recorded.
- » Please use the Q&A feature to pose questions to the team.
- » There will be a brief Q&A session following the presentation, beginning with questions submitted during registration.
- » Slides and a recording of today's webinar will be posted on the DHCS website in the coming weeks.

Senate Bill 1238 and Related Legislation

California's Lanterman-Petris-Short (LPS) Act

- » The [LPS Act](#) was enacted in 1967 and went into effect on July 1, 1972 to:
 - End the inappropriate, indefinite, and involuntary commitment of persons with mental health disorders, developmental disabilities, and chronic alcoholism;
 - Provide prompt evaluation and treatment of persons with mental health disorders and persons impaired by chronic alcoholism;
 - Guarantee and protect public safety;
 - Safeguard individual rights through judicial review;
 - Provide individualized treatment, supervision, and placement services by a conservatorship program for persons who are gravely disabled;
 - Encourage the full use of all existing agencies, professional personnel, and public funds to accomplish these objectives and to prevent duplication of services and unnecessary expenditures; and
 - Protect persons with mental health disorders and developmental disabilities from criminal acts.

Senate Bill 43

- » Under the original LPS Act, involuntary detention, treatment, and conservatorship was limited to individuals unable to secure food, clothing, or shelter due to a mental health condition.
- » Effective January 1, 2024, [Senate Bill \(SB\) 43](#) (Eggman, Chapter 637, Statutes of 2023) expanded the definition of “gravely disabled” to include individuals with severe substance use disorder (SUD), as well as those who have a co-occurring mental health and severe SUD.
- » The following year, California passed SB 1238 to enhance California’s capacity to treat the new population of individuals gravely disabled due to a severe SUD.

Senate Bill 1238

- » Effective January 1, 2025, [SB 1238](#) (Eggman, Chapter 644, Statutes of 2024) permits Psychiatric Health Facilities (PHFs) and Mental Health Rehabilitation Centers (MHRCs) to be licensed by DHCS to admit people diagnosed only with a severe SUD if they meet specified requirements.
- » It also required DHCS to issue guidance regarding Medi-Cal reimbursement for covered services provided to a member receiving involuntary treatment for a severe SUD only.
- » Because SB 1238 newly authorizes PHFs and MHRCs to admit individuals diagnosed only with a severe SUD, the bill reflects a shift from their prior role, which was limited to serving individuals with mental health disorders or co-occurring conditions.
- » For more information on LPS Act reforms, please refer to the [DHCS website](#).

SB 1238 Medi-Cal Reimbursement Guidance

SB 1238 Medi-Cal Reimbursement BHIN 26-005

- » [Behavioral Health Information Notice \(BHIN\) 26-005](#) clarifies how behavioral health plans (BHPs) can seek payment for covered SMHS provided:
- To a Medi-Cal member **receiving involuntary treatment under the LPS Act for a severe SUD only.**
 - In facilities **newly eligible** to obtain designation to provide evaluation and treatment and/or intensive treatment under the LPS Act.

Terminology note: BHIN 26-005 uses the word "reimbursement" to align with Welfare and Institutions Code section 5400.1. However, you'll see us use the term "payment" here to reflect current policy under CalAIM Behavioral Health Payment Reform, where BHPs no longer receive cost-based reimbursement.

Facilities Able to Provide Involuntary Treatment under the LPS Act

- » Only certain facilities can admit a person with only a severe SUD for evaluation and treatment and/or intensive treatment under the LPS Act.
- » Facilities that provide this care must be designated by counties and approved by DHCS as LPS-designated facilities.

General Acute Care Hospital (GACH)

Acute Psychiatric Hospital (APH)

Crisis Stabilization Unit (CSU)

Psychiatric Health Facility (PHF)

Mental Health Rehabilitation Center
(MHRC)

Recent and Forthcoming Guidance for Facilities Opting to Admit Individuals with SUD Only

- » DHCS is updating regulatory requirements for LPS-designated facilities and providing guidance for facilities newly authorized to provide involuntary treatment for severe SUD only. This includes:
 - [BHIN 26-009](#), which provides LPS facility designation interim regulations. Please see BHIN 26-009 [Attachment A](#) and [Attachment B](#) for more information on these regulations.
 - A forthcoming BHIN outlining requirements to offer or arrange for the provision of medications for addiction treatment (MAT).
 - A forthcoming BHIN outlining level of care guidance for MHRCs providing involuntary treatment for a severe SUD only.

- » Please look out for upcoming guidance and submit any questions about eligible facilities to MHLC@dhcs.ca.gov.

Medi-Cal Payment for Psychiatric Inpatient Hospital Services

- » BHPs may seek payment for the following inpatient SMHS provided to members receiving involuntary treatment for a severe SUD only:
 - Acute psychiatric inpatient hospital services;
 - Psychiatric inpatient hospital professional services; and/or,
 - Administrative day services.
- » These services are delivered in inpatient hospitals, including GACHs, APHs, and PHFs certified as inpatient hospital facilities.
- » BHPs must meet authorization requirements of inpatient SMHS outlined in [BHIN 26-001](#) and [BHIN 22-017](#) (or superseding guidance).

Medi-Cal Payment for Rehabilitative Mental Health Services

- » BHPs may seek payment for the following rehabilitative SMHS provided to members receiving involuntary treatment for a severe SUD only:
 - Adult Residential Treatment Services, delivered in MHRCs,
 - Crisis Stabilization Services, delivered in CSUs, and
 - Psychiatric Health Facility Services, provided in PHFs.
- » Facilities providing these services must seek authorization for services, as required, and meet all other Medi-Cal provider requirements as noted in [BHIN 26-005](#).

Medi-Cal Payment for MAT

- » For the purposes of BHIN 26-005, MAT refers to any drug that is approved by the United States Food and Drug Administration (FDA) to treat SUD.
- » MAT is the standard of care for treating many SUDs. Providers authorized by law and acting within their scope of practice may prescribe and administer MAT directly to members.
- » MAT in Inpatient Settings:
 - BHPs may seek payment for MAT services provided by licensed mental health professionals when providing MAT directly to members on site. These services are billed as psychiatric inpatient hospital professional services.
 - The cost of prescription medications, including MAT, is built into the rate DHCS pays BHPs for inpatient SMHS as a hospital-based ancillary service.

Medi-Cal Payment for MAT (continued)

- » MAT in MHRCs:
 - BHPs may seek Medi-Cal payment for MAT services provided directly onsite at an MHRC. These services are billed as medication support services.
- » MAT in CSUs and PHFs:
 - Medication support services, including MAT services, are covered as a service component of psychiatric health facility services and crisis stabilization services. This means costs associated with medication support services are built into the rate.
 - Because the services are already accounted for, BHPs cannot claim additional medication support services for the same member on the same date of service as psychiatric health facility services or crisis stabilization services except on the dates of admission or discharge.
- » All medications on the Medi-Cal Rx [Contract Drugs List](#), including MAT, are covered by DHCS' pharmacy benefit, [Medi-Cal Rx](#).

Access Criteria to SMHS and Inpatient SMHS Criteria

Medi-Cal Behavioral Health Services

- » Behavioral health care is available to Medi-Cal members through:
- **Specialty Mental Health Services (SMHS)**, covered by county BHPs,
 - **Non-Specialty Mental Health Services (NSMHS)**, covered by Medi-Cal managed care plans (MCPs), and
 - **Specialty SUD Treatment and Services**, covered through the Drug Medi-Cal (DMC) program or Drug Medi-Cal Organized Delivery System (DMC-ODS).

Supporting Policy Overview

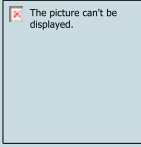
- » DHCS recently published two BHINs to support SB 1238 Medi-Cal Reimbursement implementation:
 - [BHIN 26-001](#): Inpatient SMHS Criteria.
 - Supersedes BHIN 20-043 and CCR Title 9 sections 1820.205, 1830.230(a), and 1830.245(a). Defines medical necessity for Inpatient Hospital Services and Psychiatric Health Facility Services.
 - [BHIN 26-002](#): Access Criteria to SMHS.
 - Supersedes and updates BHIN 21-073, endorsing Youth Trauma Screening Tools and clarifying access criteria apply to the entire SMHS delivery system.
- » This guidance addresses barriers to Medi-Cal payment of SMHS payment provided to a member receiving involuntary treatment for a severe SUD only.

Recent Update to SMHS Access Criteria (BHIN 26-002)

- » Historically, SUD only could not be considered for the purpose of determining whether a member meets criteria to access the SMHS delivery system.
- » [BHIN 26-002](#) removed this limitation to allow BHPs to seek Medi-Cal reimbursement for certain SMHS provided to members admitted for the purpose of involuntary evaluation and treatment or intensive treatment for a severe SUD only under the LPS Act.

Specialty SUD treatment remains available through the DMC or DMC-ODS programs for Medi-Cal members who meet DMC/DMC-ODS access criteria.

Recent Update to Inpatient SMHS Criteria (BHIN 26-001)



Inpatient SMHS includes:

- Psychiatric inpatient hospital services
- Psychiatric inpatient hospital professional services
- Psychiatric health facility services

- » Under past guidance, counties and hospitals had to select from a restricted list of ICD-10 diagnosis codes to submit claims for inpatient SMHS. This list did not include SUD-only diagnoses.
- » [BHIN 26-001](#) removes the restricted list and reasserts the criteria clinicians must consider to determine whether inpatient SMHS are medically necessary.
- » BHPs must still include an ICD diagnosis code on claims to receive payment for Medi-Cal covered psychiatric inpatient hospital services.

How Medi-Cal Members Access SMHS

» **Step 1:** Determine the Appropriate Delivery System

- Established in 2021, access criteria to SMHS helps ensure members receive care in the delivery system that best aligns with their needs.
- Medi-Cal members may receive SMHS when they meet the SMHS access criteria found in [BHIN 26-002](#).
 - For more details on DHCS-approved Youth Trauma Screening tools, please reference [Enclosure 1](#).
- Members who do not meet access criteria may receive clinically appropriate non-specialty mental health services (NSMHS) through their Medi-Cal managed care plan, or through the Fee for Service Medi-Cal program for members not enrolled in a managed care plan.

» **Step 2:** Determine Medical Necessity

- All covered Medi-Cal services must be medically necessary and clinically appropriate to address the member's condition.

How Medi-Cal Members Access SMHS (continued)

» **Step 2:** Determine Medical Necessity (continued)

- These criteria help ensure inpatient care is provided only when a member's condition cannot be safely and effectively treated in a less restrictive setting.
- For SMHS, the treating clinician typically determines whether the services is medically necessary based on their clinical judgement per [BHIN 26-002](#).
- DHCS establishes additional criteria clinicians must consider when determining medical necessity for certain services, including inpatient SMHS, which is found in BHIN 26-001.

Questions

Thank you for attending

- » Today's webinar recording and materials, along with forthcoming Frequently Asked Questions (FAQs) on SB 1238 Medi-Cal reimbursement, will be posted on the [DHCS website](#).
- » Please submit additional questions following the webinar to CountySupport@dhcs.ca.gov and include "**SB 1238 Medi-Cal Reimbursement**" in the subject line.

Webinar Resources

» SB 43

- FAQs: [DHCS website](#)

» SB 1238 Medi-Cal Reimbursement Guidance

- [BHIN 26-005](#)
- FAQs, Webinar Recording and Materials: [DHCS website](#)

» Inpatient SMHS Criteria

- [BHIN 26-001](#)
- FAQs: [DHCS website](#)

» Access Criteria to SMHS

- [BHIN 26-002](#)
- FAQs: [DHCS website](#)

» SMHS Billing Guidance:

- [SMHS Billing Manual](#)
- [SMHS Service Tables](#)

» LPS facility designation interim regulations

- [BHIN 26-009](#)