



DATE: December 26, 2025

Behavioral Health Information Notice No: 25-044  
(Supersedes [BHIN 24-044](#))

TO: California Alliance of Child and Family Services  
California Association for Alcohol/Drug Educators  
California Association of Alcohol & Drug Program Executives, Inc.  
California Association of DUI Treatment Programs  
California Association of Social Rehabilitation Agencies  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Hospital Association  
California Opioid Maintenance Providers  
California State Association of Counties  
Coalition of Alcohol and Drug Associations  
County Behavioral Health Directors  
County Behavioral Health Directors Association of California  
County Drug & Alcohol Administrators

SUBJECT: Enforcement Actions: Monetary Sanctions for Failure to Meet Minimum Performance Levels (MPLs) for Behavioral Health Quality Measures

PURPOSE: This Behavioral Health Information Notice (BHIN) provides all Behavioral Health Plans with updated guidance on DHCS' policy regarding the imposition of sanctions for failure to meet MPLs for behavioral health quality measures.

REFERENCE: 42 U.S.C. § 438.330; California Welfare and Institutions (W&I) Code section 14197.7; Behavioral Health Information Notice (BHIN) 25-023; BHIN 24-004.

**BACKGROUND:**

The Department of Health Care Services (DHCS) is committed to promoting longer and healthier lives for Medi-Cal members by improving quality outcomes, reducing health disparities, and driving system transformation and innovation across both physical and

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**California Department of Health Care Services**

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**State of California**  
Gavin Newsom, Governor



California Health and Human Services Agency

behavioral health delivery systems through value-based initiatives. To support this vision, DHCS requires Medi-Cal managed care plans (MCPs) to report annually on a set of quality measures, known as the Managed Care Accountability Set (MCAS),<sup>1</sup> and has implemented enforcement actions on MCPs whose measure performance fails to meet and exceed the DHCS-established MPL since Measurement Year (MY) 2022.<sup>2</sup> DHCS aims to create consistency in quality monitoring between the physical health delivery system's MCAS quality enforcement program and the approach to the behavioral health delivery system's Behavioral Health Accountability Set (BHAS) quality enforcement program.

As such, DHCS published BHIN 24-004 in December 2023, outlining quality measures that Specialty Mental Health Services (SMHS) and Drug Medi-Cal Organized Delivery System (DMC-ODS) Plans (collectively referred to as "Behavioral Health Plans" or "BHPs") must report annually to DHCS. DHCS identified these quality measures, known as the BHAS,<sup>3</sup> as part of its Comprehensive Quality Strategy (CQS)<sup>4</sup> and in compliance with the CalAIM Section 1915(b) Waiver Special Terms and Conditions.<sup>5</sup>

DHCS is dedicated to maintaining consistency in rules, policies, and processes across state and federal levels in conducting continued oversight and enforcement.

#### POLICY:

##### Quality Measures

DHCS requires BHPs to annually calculate and report performance rates on a set of quality measures known as the BHAS.<sup>6</sup> DHCS publishes a new BHAS for each MY and

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<sup>1</sup> The Medi-Cal Managed Care Accountability Set (MCAS) is linked here:

<https://www.dhcs.ca.gov/dataandstats/reports/Pages/MgdCareQualPerfEAS.aspx>

<sup>2</sup> Managed Care All Plan Letters (APL): [APL 25-007](#), [APL 23-012](#), [APL 22-015](#)

<sup>3</sup> The Behavioral Health Accountability Set (BHAS) is linked here:

<https://www.dhcs.ca.gov/dataandstats/reports/Pages/MgdCareQualPerfEAS.aspx>.

<sup>4</sup> DHCS Comprehensive Quality Strategy website:

<https://www.dhcs.ca.gov/services/Pages/DHCS-Comprehensive-Quality-Strategy.aspx>

<sup>5</sup> [California Advancing & Innovating Medi-Cal \(CalAIM\) Waiver Special Terms and Conditions](#), #15 on page 5.

<sup>6</sup> SMHS and DMC-ODS Contracts at Exhibit A, Attachment 5, Section 1.D.1. For purposes of this BHIN, a BHP is the entity that contracts with DHCS to provide Specialty Mental Health Services (SMHS) or DMC-ODS services in the county and is referred to as the Contractor. A BHP may

posts the yearly updates on its website.<sup>7</sup> The year following a MY is then referred to as the reporting year (RY). In a RY, BHPs are required to calculate and report performance rates for quality measures for the preceding MY.

For MY25 onward, please refer to the [DHCS Accountability Sets webpage](#) for updated lists of BHAS quality measures for each MY. The BHAS consists of SMHS<sup>8</sup> and DMC-ODS measures. The annual BHAS quality measures list outlines which measures are held to MPL and provides information regarding the measure steward for each select quality performance measure.<sup>9</sup>

For BHAS quality measures, the MPL is defined by DHCS as the National Committee for Quality Assurance (NCQA) 50th percentile for NCQA-stewarded measures or the Centers for Medicare & Medicaid Services (CMS) national median for CMS-stewarded measures. The BHAS quality measure lists for future MYs/RYS will specify the required quality measures and their measure stewards.

For MY25, BHPs must meet the established MPL for measure performance by either exceeding the NCQA 50th percentile or CMS national median or by improving measure performance by at least five (5) percentage points from the previous year's performance rate if measure performance does not exceed the NCQA 50<sup>th</sup> percentile or CMS national median. Starting in MY26, only performance exceeding the NCQA 50th percentile or CMS national median will meet the MPL requirement; if performance does not exceed

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delegate calculating and reporting performance rates to a subcontractor; however, the Contractor is responsible for ensuring the reporting of Contractor-level performance rate data to DHCS.

<sup>7</sup> See Behavioral Health Accountability Sets (BHAS) on the DHCS Accountability Sets website: <https://www.dhcs.ca.gov/dataandstats/reports/Pages/MgdCareQualPerfEAS.aspx>

<sup>8</sup> Counties are required to combine the administration of Medi-Cal Specialty Mental Health (SMH) and substance use disorder (SUD) treatment services under one, integrated behavioral health contract by January 1, 2027. Before completion of Behavioral Health Administrative Integration, SMHS measures may be referred to as "MHP" (Mental Health Plan) measures in some of the referenced documents.

<sup>9</sup> A measure steward is an individual or organization that owns a quality measure and is responsible for maintaining the quality measure. Measure stewards develop, maintain, and update the technical specifications that provide instructions on how a given quality measure must be calculated.

the NCQA 50th percentile or CMS national median, achieving measure performance improvement by at least five (5) percentage points will no longer meet the MPL.

#### Performance Rate Calculation

As part of the annual External Quality Review (EQR) process, BHPs must undergo an annual performance measure validation (PMV) audit, in accordance with CMS EQR Protocol 2.<sup>10</sup> As part of PMV, BHPs are required to conduct their own performance rate calculations for each quality measure based on the specifications set by the measure stewards.

BHPs shall report their performance rates in accordance with the instructions and timelines communicated to them by DHCS' contracted External Quality Review Organization (EQRO) or DHCS. DHCS will utilize the BHP's reported performance rates that undergo EQRO PMV to determine whether to impose BHAS quality enforcement sanctions and the sanction amount.

Notwithstanding the requirement for BHPs to calculate their own performance rates and report them as part of the annual PMV audit process, DHCS reserves the right to use DHCS-calculated rates for the purpose of determining whether to impose monetary sanctions in the following circumstances:

- A BHP fails to report performance rates for one or more BHAS measures.
- A BHP's reported rates are deemed unreportable following the EQRO PMV process, such as when performance rates are designated "Do Not Report" (DNR).

If a DHCS-calculated performance rate is used and shows that the BHP did not meet MPL for a BHAS measure, DHCS will use that rate as the basis for determining whether to impose a monetary sanction and calculating the sanction amount for that measure.

The population of Medi-Cal members that must be included in BHP-calculated rates is not limited to members who have received services covered by the BHP. To calculate

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<sup>10</sup> For more information regarding CMS EQR protocols see: [Quality of Care External Quality Review | Medicaid](#)

performance rates<sup>11</sup> on BHAS quality measures, BHPs must utilize an initial population that consists of all Medi-Cal members within the BHP's County of Responsibility.<sup>12</sup> BHPs may refer to the NCQA and CMS measure specifications for information about the initial population's role in rate calculation. Because the initial population for each measure may include members not served by the BHP, BHPs shall obtain the necessary data to report all measures in a manner consistent with DHCS guidance. To accurately report on the relevant population, BHPs should refer to DHCS guidance on exchanging data with Managed Care Plans and other Medi-Cal partners.<sup>13</sup>

#### Enforcement Methodology

Welfare and Institutions (W&I) Code section 14197.7(e) and [BHIN 25-023](#) authorize DHCS to impose monetary sanctions on BHPs with performance rates on BHAS quality measures that fail to meet established MPLs.

DHCS will determine whether to impose a monetary sanction based on the enforcement tier assignments described below.

Enforcement Tiers	Tier 1	Tier 2
Triggers	Performance rate for one (1) quality measure does not meet the MPL.	Performance rates for two (2) or more measures do not meet the MPL.

DHCS will impose monetary sanctions on BHPs for measure performance that meets the criteria for Tier 2. DHCS will not impose monetary sanctions for quality performance that meets the criteria for Tier 1. SMHS and DMC-ODS quality measures are considered

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<sup>11</sup> A performance rate for a quality measure is generally calculated by dividing the numerator population by the denominator population. Numerator and denominator populations are determined by applying numerator and denominator criteria to the initial population, which is the universe of members for each measure. Please refer to the measure steward's measure specifications for specific criteria for each quality measure.

<sup>12</sup> County of Responsibility is the field in the Medi-Cal Eligibility Data System (MEDS/MEDSLITE) that determines which county's BHP is responsible to pay claims for medically necessary SMHS or DMC-ODS services provided to a Medi-Cal member, regardless of where the member is located or resides, subject to specified exceptions. (See [BHIN 24-008](#) at p. 2.)

<sup>13</sup> [CalAIM Data Sharing Authorization Guidance](#)

separately. Tiers are determined separately for SMHS quality measures and DMC-ODS quality measures.

#### Monetary Sanction Calculation Methodology

If BHP measure performance falls within Tier 2, DHCS will calculate the sanction amount for each quality performance measure that has a performance rate that does not meet the MPL.

DHCS will base sanction amount calculations for each quality measure with a performance rate that does not meet the MPL on the following factors related to the out-of-compliance quality measure:

- Population not served – number of members who met criteria to receive the service, but did not receive it, based on the numerators and denominators submitted with BHAS reporting.
- Severity – percentage point difference between BHP's performance rate and the MPL for the BHAS quality measure.
- Trending – percentage point difference between the BHP's performance rate in the current MY compared to the previous MY.
- Healthy Places Index (HPI) impact – sanction reduction accounting for BHPs serving members in underserved zip codes.<sup>14</sup>

To determine the monetary sanction amount associated with a quality measure with a performance rate below MPL, the population not served is multiplied by the severity violation factor and trending factor and then reduced by the HPI impact reduction percentage, if applicable, for the specific county.

Consistent with the MCAS quality enforcement program,<sup>15</sup> all BHPs subject to monetary sanctions will receive a minimum sanction amount based on County Size Categories by Population.<sup>16</sup>

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<sup>14</sup> Healthy Places Index <https://map.healthyplacesindex.org/>

<sup>15</sup> [Managed Care All Plan Letter 25-007](#)

<sup>16</sup> For BHAS, county size categorization aligns with DHCS's Annual Network Certification (ANC) requirements for BHPs (Table 7 in [BHIN 25-013](#)).

For each BHP, the sanction amount calculated per measure with a performance rate below MPL will be summed for an initial total. If the initial total is lower than the minimum sanction amount, the final sanction total will be set to the minimum sanction amount. If the initial total is higher than the minimum, then that total will be rounded to the nearest thousand dollars to determine the final sanction amount.

<b>Minimum Sanction Amount based on County Size Categories by Population</b>		
County Size	Population Density	Minimum Sanction Amount
Rural Counties	≤ 50 people per square mile	At least \$1,000 and rounded to the nearest \$1,000
Small Counties	51 to 200 people per square mile	At least \$2,000 and rounded to the nearest \$1,000
Medium Counties	201 to 599 people per square mile	At least \$6,000 and rounded to the nearest \$1,000
Dense Counties	≥ 600 people per square mile	At least \$20,000 and rounded to the nearest \$1,000

The severity violation factor is determined by the percentage point difference between the BHP's measure performance and the MPL for each measure.

<b>Violation and Beneficiary Impact (W&amp;I section 14197.7(g)(1))</b>		
Severity/Beneficiary Impact	Violation per Measure	Severity Violation Factor
Slight Violation	<1.00% below MPL	1.0
Minimal Violation	1.00% - 2.99% below MPL	1.1
Minor Violation	3.00% - 5.99% below MPL	1.2
Moderate Violation	6.00% - 10.99% below MPL	1.4
Moderately Severe Violation	11.00% - 15.99% below MPL	1.6
Severe Violation	16.00% - 20.99% below MPL	1.8
Extremely Severe Violation	≥21.00% below MPL	2.0

The trending factor is based on the percentage point difference between the BHP's current MY rate compared to the rate achieved in the previous MY for each measure.

<b>Trending Factor (W&amp;I section 14197.7(g)(6))</b>		
Degrees of Change	Trending Difference per Measure	Trending Factor
Significant Worsening	$\leq (-)15.01\%$	2.0
Moderately Significant Worsening	$(-)15.00\% - (-)11.01\%$	1.8
Moderate Worsening	$(-)11.00\% - (-)7.01\%$	1.6
Minimal Worsening	$(-)7.00\% - (-) 4.01\%$	1.4
Slight Worsening	$(-)4.00\% - (-) 0.01\%$	1.2
No Improvement	0.00% - 1.00%	1.0
Slight Improvement	1.01% - 4.00%	0.8
Minimal Improvement	4.01% - 7.00%	0.6
Moderate Improvement	7.01% - 11.00%	0.4
Moderately Significant Improvement	11.01% - 15.00%	0.2
Significant Improvement	$\geq 15.01\%$	0.0

HPI values will be determined at the county level by averaging the HPI percentiles across all Medi-Cal Members within the county using zip code data.<sup>17</sup> Sanction reduction is based on a low HPI percentile as illustrated in the table below:

<b>Severity of HPI (per BHP per county)</b>	<b>HPI Percentile</b>	<b>HPI Impact Reduction</b>
Very High	0-9%ile	50%
High	10-19%ile	40%
Moderate	20-29%ile	30%
Low Moderate	30-39%ile	20%
Low	40-49%ile	10%

### Corrective Action Plans

In accordance with W&I Code section 14197.7, DHCS may impose a Corrective Action Plan (CAP) on a BHP that fails to comply with the requirements set forth in this BHIN, including failing to meet the MPL for BHAS performance measures. DHCS may impose a CAP in lieu of, or in conjunction with, monetary sanctions.

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<sup>17</sup> The HPI factor is not representative of the general population of a given county but is specific to the Medi-Cal members within a given county.



Behavioral Health Information Notice No. 25-044

December 26, 2025

Page 9

Supplemental Information

For information regarding the sanction notification and appeal rights, please refer to [BHIN 25-023](#) or subsequent guidance issued by DHCS.

If you have any questions regarding this BHIN, please contact

[QualityMonitoring@dhcs.ca.gov](mailto:QualityMonitoring@dhcs.ca.gov).

Sincerely,

Original signed by Pamela Riley

Pamela Riley

Chief Health Equity Officer & Assistant Deputy Director

Quality and Population Health Management

Department of Health Care Services