

DATE: December 4, 2025

Behavioral Health Information Notice No: 25-XXX
(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

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),¹ and has implemented enforcement actions on MCPs whose measure performance fails to meet the DHCS-established minimum performance level (MPL) since Measurement Year (MY) 2022.² DHCS aims to create consistency in quality monitoring, between physical health delivery system's MCAS quality enforcement program and the approach to the behavioral health delivery system's BHAS quality enforcement program.

As such, DHCS published BHIN 24-004 in December 2023, outlining quality measures that MHPs and 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 Behavioral Health Accountability Set (BHAS),³ as part of its Comprehensive Quality Strategy (CQS) 2022⁴ and in compliance with the CalAIM Section 1915(b) Waiver Special Terms and Conditions.⁵

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 Behavioral Health Accountability Set (BHAS).⁶ DHCS

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

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

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

³ The Behavioral Health Accountability Set (BHAS) is linked here:

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

⁴ [Comprehensive Quality Strategy 2022](#), Table 4 and Table 5 on pages 75-77.

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

⁶ 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 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.

publishes a new BHAS for each MY and posts the yearly updates on its website.⁷ 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 measurement year 2025 (MY25) onward, please refer to the [DHCS Accountability Sets webpage](#) for updated lists of BHAS quality measures for each MY. The BHAS consists of mental health plan (MHP) and Drug Medi-Cal Organized Delivery System (DMC-ODS) Plan measures. These annual BHAS quality measure lists outline which measures are held to MPL and provide information regarding the measure steward for each select quality performance measure.⁸

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 50th percentile or CMS national median. Starting in MY26, only performance exceeding the NCQA 50th percentile or CMS national median will meet MPL requirement; if performance does not exceed the NCQA 50th percentile or CMS national median, achieving measure performance improvement by at least five (5) percentage points will no longer meet 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

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

⁸ 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.

Protocol 2.⁹ 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.

BHPs must calculate performance rates ¹⁰ on BHAS quality measures utilizing an initial population that consists of all Medi-Cal members within the County of Responsibility that the BHP serves who meet measure criteria, and not just Medi-Cal members who have received BHP assessments or services; consistent with the No Wrong Door policies set forth in W&I Code section 14184.402, the DHCS-BHP contract, and direction

⁹ For more information regarding CMS EQR protocols see: [Quality of Care External Quality Review | Medicaid](#)

¹⁰ 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.

provided regarding County of Responsibility set forth in BHIN 24-008. BHPs shall still apply the denominator and numerator criteria towards this initial population in accordance with the measure specifications set by the given measure steward.

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.

MHP and DMC-ODS quality measures are considered separately. Tiers are determined separately for MHP 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 off of 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 in the previous MY.
- Healthy Places Index (HPI) impact – sanction reduction accounting for BHPs serving members in underserved zip codes.¹¹

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,¹² all BHPs subject to monetary sanctions will receive a minimum sanction amount based on County Size Categories by Population.¹³

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.

Minimum Sanction Amount based on County Size Categories by Population		
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

¹¹ Healthy Places Index <https://map.healthypacesindex.org/>

¹² [Managed Care All Plan Letter 25-007](#)

¹³ For BHAS, county size categorization aligns with DHCS’s Annual Network Certification (ANC) requirements for BHPs (Table 7 in [BHIN 25-013](#)).

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

Violation and Beneficiary Impact (W&I section 14197.7(g)(1))		
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.

Trending Factor (W&I section 14197.7(g)(6)) ¹⁴		
Degrees of Change	Trending Difference per Measure	Trending Factor
Significant Worsening	≤(-)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	≥15.01%	0.0

¹⁴ For MY 2024 and MY 2025, if any BHP that achieves at least 5% points increase over the baseline, DHCS will use the trending factor of "0.0" to calculate the sanction amount. Starting in MY 2026, DHCS will use the scale shown in the table.

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. Sanction reduction is based on a low HPI percentile as illustrated in the table below:

Severity of HPI (per BHP per county)	HPI Percentile	HPI Impact Reduction
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.

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.