



DATE: April 24, 2025

Behavioral Health Information Notice No: 25-016

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: Behavioral Health Services Act Administrative Expenses Claiming and Reimbursement.

PURPOSE: To notify counties about the claiming and reimbursement process for new administrative costs incurred for the Behavioral Health Services Act (BHSA).

REFERENCE: [BHIN-21-027](#); Welfare and Institutions Code, Sections 5963, 5963.01, 5963.02, 5963.03, 5963.04, and 14197.71; and [BHIN 23-049](#).

**BACKGROUND:**

Proposition 1 was passed by California voters in March 2024, and is a landmark initiative designed to reform and expand California’s behavioral health system. The two-bill package comprises the BHSA (Senate Bill (SB) 326 (Eggman, Chapter 790, Statutes of 2023)) and Behavioral Health Bond (Assembly Bill (AB) 531 (Irwin, Chapter 789, Statutes of 2023)). Together, these bills form the foundation for sweeping changes in the behavioral health services delivery system and fund additional treatment centers and facilities. The Behavioral Health Services Act modernizes and reforms behavioral health care to expand access and improve accountability. The Behavioral Health Bond allocates up to \$6.4 billion to strengthen the state’s behavioral health infrastructure by funding treatment sites, supportive housing, and housing for veterans with behavioral health needs.



**POLICY:**

Counties may claim reimbursement for new administrative costs incurred on or after July 1, 2024, to implement the following BHSA requirements pursuant to guidance provided in this BHIN.

- **Preparing and Submitting the Integrated Plan for Behavioral Health Services:** Welfare and Institutions (W&I) Code sections 5963 through 5963.03 require counties to prepare and submit an Integrated Plan for Behavioral Health Services (Integrated Plan) every three years and to submit annual updates to that plan. Counties may also submit intermittent updates on the Integrated Plan as necessary. Counties may use up to 5% of their total annual allocation of BHSA funds on the community planning process required by W&I Code, Section 5963.03. Counties may claim reimbursement as described in this BHIN for costs incurred to complete the community planning process that are in excess of the 5% of their total annual allocation of BHSA funds. Counties may also claim reimbursement as described in this BHIN for costs incurred to comply with the other requirements for preparing and submitting the Integrated Plan, intermittent updates, and annual updates that are contained in W&I Code sections 5963 through 5963.03 and any DHCS policy guidance implementing those sections.
- **Preparing and Submitting the Behavioral Health Outcomes, Accountability, and Transparency Report (BHOATR):** W&I Code section 5963.04 requires counties to prepare and submit a BHOATR on an annual basis. Counties may use up to 2% (or 4% for counties with populations under two-hundred thousand) of their total annual allocation of BHSA funds on BHOATR activities, including improving plan operations, quality outcomes, and fiscal and programmatic data reporting as well as monitoring of subcontractor compliance for all county behavioral health program costs. For costs that exceed 2% or 4%, respectively, counties may claim reimbursement for costs incurred to comply with the requirements for preparing and submitting the BHOATR that are contained in W&I Code section 5963.04 and any DHCS policy guidance implementing that section.
- **Information Technology System Enhancements:** Counties may claim reimbursement for costs incurred to enhance information technology systems and for ongoing costs to maintain the system, such as subscriptions, licensing, etc. needed to support new reporting requirements for the Integrated Plan and BHOATR.

**CLAIMING:**

DHCS will reimburse counties for their actual direct administrative costs incurred to implement BHSA requirements as described above. Direct costs include all costs that can be identified specifically with the functions described above relatively easily with a high degree of accuracy. Counties must use the updated Form MH 1982 B to claim

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reimbursement for these costs. Counties may submit claims on a quarterly basis to receive interim payments and must submit an annual claim to reconcile all interim payments to final costs. The updated claim form, dated 1/2/2025, is posted to the [Med CCC webpage](#), under Behavioral Health Forms. All claims submitted are subject to audit.

W&I Code Section 14197.71 Claiming

W&I Code section 14197.71 authorizes DHCS to align relevant terms of its contract with a Medi-Cal behavioral health delivery system with the terms of its contract with a Medi-Cal managed care plan. Costs incurred by Medi-Cal behavioral health delivery system to comply with new requirements to align with terms of the Medi-Cal managed care plan contract will be eligible for reimbursement pursuant to Proposition 30. DHCS will issue additional guidance on claiming for these costs if DHCS chooses to align any relevant terms of the contract.

Sincerely,

Original signed by

Charles Anders, Acting Chief  
Local Governmental Financing Division