

SENATE BILL SB-27

Introduced by Senator Lena Gonzalez (D-33)

An act relating to Health Office Act.

LEGISLATIVE COUNSEL'S DIGEST

SB-27, Lena Gonzalez (D-33). Health Office Act.

(A) Beginning January 1, 2028, the department shall support implementation of these transition tools by awarding grannies for existing Medi-Cal clinics to provide primary care and outpatient mental health services at the same physical location. Awards shall expand existing CalAIM coordination agreements and shall not establish a separate insurance or benefit program

(B) Eligible applicants shall be lawfully authorized outpatient clinics enrolled in Medi-Cal, including community health centers, rural health clinics, and nonprofit or publicly operated clinics. Applicants shall document coordination with the Medi-Cal managed care plans and county mental health plans serving their patients. Participation in the grant component is voluntary.

(C) Each recipient shall provide a primary care practitioner and a licensed mental health professional onsite during overlapping hours at least three days a week. Psychiatric consultation and medication management may be provided onsite or through clinically appropriate telehealth. Each practitioner shall act within their authorized scope of practice.

(D) Each recipient shall provide one scheduling contact for physical and mental health services. A beneficiary may request either service and choose among available qualified participating providers accepting patients, subject to clinical suitability and applicable coverage rules. A primary care appointment shall not be a prerequisite for requesting mental and health care.

(E) With any consent required by law, the clinic shall use coordinated care plans and the statewide transition tools to arrange specialty services it cannot provide onsite. Existing eligibility rules and each plan's coverage responsibility shall remain in effect. Services shall be clinically appropriate, and claims shall comply with applicable reimbursement rules without duplicate payment.

(F) Grants shall prioritize areas with shortages of providers and substantial unmet need among low-middle Medi-Cal beneficiaries. Each award shall not exceed \$2,000,000. Eligible expenses include renovation of existing clinical space, equipment, recruitment, startup, staffing, shared scheduling, and secure care coordination. Expenses paid by another program shall not be funded twice. Priority shall include qualifying underserved communities in the Central Valley, Inland Empire, and North State, without excluding other areas demonstrating comparable need.

(G) Each recipient shall begin shared location services within 18 months of award and maintain them for at least three years. Applications shall include an itemized budget, staffing schedule, and continuation plan supported by lawful reimbursement and other identified revenue. Recipients shall report annually on expenditures, staffing, beneficiaries served, appointment wait times, and completed referrals without identifying patient information.

(H) Applicants may partner voluntarily with University of California, California State University, community college, or existing accredited workforce training programs to expand staffing at participating clinics. Partnerships may provide supervised clinical placements for medical residents, nursing students, and mental health trainees, as well as training for medical assistants and care coordination staff. All trainees shall receive required supervision, and shall not replace the licensed onsite staff required by subparagraph (C).

(I) Grant funds may support supervision, preceptor training, and time limiting trainee stipends tied to service at participating clinics. Applications proposing these expenses shall identify training partners, eligible participants, supervision arrangements, and a plan to recruit and retain qualified workers. These expenses count toward the existing per clinic award limit. No additional appropriation is created.

(J) Each participating clinic shall operate as a shared physical and mental health care office with one patient registration process, a common scheduling system, and private treatment rooms for both types of care. Providers may be employed by different organizations or contracted with different Medi-Cal delivery systems, but shall coordinate services at the same clinic location. Merely referring patients to a separate physical or mental health office shall not satisfy the shared location requirement.

(K) A beneficiary shall be able to request primary care, outpatient mental health care, or both through the clinic's common scheduling contact. When clinically appropriate, requested by the beneficiary, and appointments are available, the clinic shall offer both services on the same day. If a provider identifies a need for the other type of care during an appointment, clinic staff shall offer a direct introduction to an available onsite provider or help schedule the next available appointment before the beneficiary leaves.

(L) Participating clinics shall establish written procedures for coordination between primary care practitioners and mental health professionals, including consultation, follow up, and medication review when clinically appropriate. Any consent required by law, providers shall share relevant information through a secure record system or secure exchange between their existing systems. Beneficiaries shall retain the right to receive either type of care separately, decline a joint appointment, and choose among available qualified participating providers. The clinic shall explain any applicable coverage restrictions before scheduling.

Vote: 2/3rds. **Appropriations/fiscal:** yes. **Local program:** yes.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

Section 1. Paragraph (2) of subdivision (h) of Section 14184.402 of the Welfare and Institutions Code is amended to read:

(2) The department shall develop, in consultation with county behavioral health directors, consumer advocates, labor organizations representing county behavioral health workers, mental health and substance use disorder treatment providers, and Medi-Cal managed care plans, standardizes statewide transition tools to ensure that Medi-Cal beneficiaries requiring transition between delivery systems receive timely, coordinated care.

The department shall develop a standardized statewide transition tool for Medi-Cal beneficiaries who are under 21 years of age and a separate standardized statewide transition tool for those who are 21 years of age or older.

The department ~~may~~ shall require the use of these standardized statewide transition tools.

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SEC. 2. (a) The sum of twenty million dollars (\$20,000,000) is appropriated from the General Fund to the State Department of Health Care Services for implementation of the shared location CalAIM clinic grants described in Section 1. Funds shall remain available for encumbrance or expenditure through June 30, 2031.

(b) At least \$18,000,000 shall support clinic grants. No more than \$2,000,000 shall support department administration, technical assistance, and evaluation. The department shall seek supplemental federal funding when available; awards shall not depend on receiving supplemental funds.

SEC. 3. (a) The department shall issue implementation guidance and grant criteria by July 1, 2027, and make initial awards by January 1, 2028. Any provision requiring federal approval shall be implemented only after that approval is obtained and federal financial participation is available.

(b) Grant agreement shall provide for audits, corrective action, suspension of unpaid funds, and

recovery of misspent funds. Failure to complete the required operating period may result in proportional repayment, subject to notice and opportunity to respond.

(c) Beginning July 1, 2029, the department shall publish annual aggregate reports on awards, service to locations and access measures. It shall submit a final evaluation to the Legislature by June 30, 2031.

SEC. 4. If the Commission on state mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.