

INITIAL STATEMENT OF REASONS

**TITLE 2. ADMINISTRATION
DIVISION 2. FINANCIAL OPERATIONS
CHAPTER 1. CALIFORNIA VICTIM COMPENSATION BOARD
ARTICLE 5.6. INDEMNIFICATION OF VICTIMS OF CRIME
SECTIONS 649.26, 649.29.1 and 649.29.2**

January 15, 2026



California Victim Compensation Board

BACKGROUND AND SUMMARY

The California Victim Compensation Board (“CalVCB” or “Board”) was the first victim compensation program established in the nation and remains one of the largest. To be eligible for victim compensation, a victim or derivative victim must have suffered a pecuniary loss as a direct result of a qualifying crime. (Gov. Code, §§ 13955, 13957.) “Crime” is defined as a crime or public offense that would constitute a misdemeanor or felony offense. (Gov. Code, § 13951, subd. (b).) A crime is considered a “qualifying crime” for purposes of victim compensation from CalVCB if the victim is deceased or sustained physical injury or threat of physical injury as a direct result of the crime. (Gov. Code, § 13955, subd. (f)(1) & (2).) The Board may also find the existence of a qualifying crime based on an emotional injury alone when the crime is among a list of offenses enumerated in Government Code section 13955, subdivision (f)(3).

If CalVCB staff determine that a qualifying crime occurred and there are no bars to eligibility, CalVCB can pay certain expenses, as authorized by the Legislature, that are a direct result of the crime on which the application was based. (Gov. Code, § 13957.) Eligible expenses include medical and dental care, mental health services, income and support loss, funeral and burial expenses, relocation, and residential security, among others enumerated in statute. (Gov. Code, § 13957.) However, CalVCB is a payor of last resort, meaning that the CalVCB provides compensation for costs that are not covered by other reimbursement sources, including, but not limited to, private insurance, State Disability Insurance (SDI), Social Security Disability Insurance (SSDI), and civil lawsuits. (Gov. Code, §§ 13951, 13954.)

Conversely, the Board must deny an application for compensation or request for reimbursement of expenses if the applicant fails to demonstrate eligibility for either the application or the request for reimbursement of expenses. When CalVCB staff recommend that an application or a request for reimbursement be denied, applicants have a right to appeal the staff's recommendation. (Cal. Code Regs., tit. 2, § 647.20.) If an applicant appeals, CalVCB must provide the applicant with a hearing. (Gov. Code, § 13959.)

As the program has been administered, the need for clarification of existing regulations has become evident. In 2002, Government Code Section 13957.2(a) was added to statute by S.B. 1423. One of the stated purposes of S.B. 1423 was to extend the provisions authorizing compensation for losses incurred for mental health counseling services.¹ The expansion of services under S.B. 1423 put a significant strain on the Restitution Fund.² In February of 2003, the Board

¹ S.B. 1423 Chesbro. Victims of crime: Compensation, 2002 Leg. (2002)

² “Budget Paper for Board Discussion and Action”, January 10, 2003.

adopted emergency regulations implementing mental health service limitations to help restore stability to the Restitution Fund. Subsequently, the Board, via the formal rulemaking process, moved to adopt the emergency regulations as formal regulations. The Office of Administrative Law (OAL) added the emergency regulations to the California Code of Regulations (CCR) in 2004 as sections 649.23, 649.24, 649.25, 649.26, and 649.27.³

These regulations included a variety of different restrictions limiting the scope, duration, frequency, and type of services eligible for reimbursement, who was eligible to receive reimbursement, the types of documentation required for reimbursement and other various policies and procedures necessary for the Board's reimbursement of mental health related services.⁴

In 2006, CalVCB repealed Cal. Code Regs., tit. 2, sections 649.23 through 649.27 in what is presumed to be an effort to adopt a more flexible approach to managing maximum rates and service limitations, as permitted by Government Code § 13957.2 (a).⁵ The sections were removed from the CCR by the OAL and CalVCB concurrently filed its "Mental Health Guidelines", which included maximum rates and service limitations, along with other various requirements for the reimbursement of mental health services, with the Secretary of State.⁶ Since 2006, CalVCB has remained consistent in its practice of updating and filing new Mental Health Guidelines with the Secretary of State any time the Board approves changes to the maximum rates or service limitations. The most recent version of the Mental Health Guidelines was adopted by the Board at its November 2022 meeting and filed with the Secretary of State in December 2022.

As the Victim Compensation Program continues to expand, the segregation of the rates and service limitations is advisable and warranted to avoid confusion, ensure transparency to applicants and providers, and allow the full breadth of public participation in the rulemaking process. Accordingly, staff propose that any service limitations within the existing Mental Health Guidelines that meet the Administrative Procedure Act (APA) definition of a regulation be submitted to the Office of Administrative Law to undergo the formal APA rulemaking process. Specifically, it is recommended that the following regulations be revised and/or adopted:

³ California Regulatory Notice Register 2004, Volume No. 5-Z, p. 123. (2004)

⁴ Cal. Code Regs, tit 2, § 649.23, 649.24, 649.25, 649.26, 649.27, and 649.28 (2004)

⁵ January 20, 2006, letter from CalVCB staff counsel Kelly Loyer to OAL staff counsel Kathleen Eddy; see also Government Code, § 13957, subd. (a) (establishing the board's authority to set maximum rates and service limitations for reimbursement of medical and medical-related services and exempting the rates and service limitations from the rulemaking provisions of the Administrative Procedure Act.

⁶ California Regulatory Notice Register 2006, Volume No. 5-Z, p. 143-144. (2006)

Cal. Code Regs., tit. 2, § 649.26 Direct Payments to Providers
Cal. Code Regs., tit. 2, § 649.29.1 Mental Health Benefits
Cal. Code Regs., tit. 2, § 649.29.2 Dire or Exceptional Circumstances and
Specialized Mental Health Services

These proposed revisions are based on the issues that have arisen in implementing the program based on existing regulations/Mental Health Guidelines and are the result of extensive administrative consideration. The Board has determined that the proposed regulatory action is necessary for clarity and transparency, and the efficient and consistent administration of the program.

Each proposed revision is reasonably necessary to carry out the authority conferred by the statutes. Each proposed revision addresses an administrative requirement, condition, or circumstance that arises in connection with an application for victim compensation. The Board has determined that administration of the program in the manner proposed is consistent with, and promotes, the objectives underlying the statutes that guide the program.

**PROPOSED AMENDMENTS TO
ARTICLE 5.2 HEARINGS FOR INDEMNIFICATION OF CITIZENS BENEFITING THE PUBLIC
AND INDEMNIFICATION OF VICTIMS OF CRIME**

SECTION 649.26

PROBLEM TO BE ADDRESSED

Under Government Code section 13957.7, CalVCB has the authority to directly reimburse medical and mental health providers for services rendered to victims that were necessary as a direct result of a qualifying crime. California Code of Regulations, Title 2, section 649.26 outlines the CalVCB requirements for direct reimbursement to providers, including what is needed to authorize treatment that exceeds CalVCB maximum rates and service limitations. However, the existing regulation does not encompass additional CalVCB requirements for mental health providers that were previously included in the CalVCB Mental Health Guidelines, but not regulations. As such, the regulation must be updated to include the requirements from the Mental Health Guidelines so that the public and service providers will understand what is required of a mental health provider to submit a claim for direct reimbursement.

BENEFITS

The proposed regulation addresses the issue of having requirements for provider reimbursement in Board issued documents that are not reflected in the regulations. It clarifies what is required of providers, specifically mental health providers, when seeking reimbursement for services rendered to a victim. The proposed revisions accurately reflect what CalVCB requires from providers for reimbursement and how claims are processed. The benefit of the proposed regulation is to provide transparency by making processes and procedures clear to the public and by allowing public participation in the development of said processes and procedures. It will also streamline the process of direct reimbursement to mental health providers to ensure prompt payment of covered services.

PURPOSE

Section 649.26, subdivision (a): The purpose of the proposed subdivision is to make clear the information providers are required to submit to the Board before payment may be issued. The subdivision also identifies forms CalVCB will accept to satisfy the information requirements.

Section 649.26, subdivision (c): The purpose of the proposed subdivision is to make clear what is required of a provider when seeking reimbursement for

services rendered in excess of the Board maximum rates and service limitations. Specifically, the purpose of the proposed subdivision is to state that mental health providers must submit the information outlined in §649.29.1 (e)(1)-(13), within 90 days of submitting bills for services that exhaust the victim's previously authorized session limits.

Section 649.26, subdivision (d): The purpose of the proposed subdivision is to make clear what is required of a provider when seeking reimbursement for services rendered in excess of statutory maximums or for inpatient mental health treatment. Specifically, the purpose of the proposed subdivisions is to state that mental health providers must submit the information outlined in §649.29.2 (a)(1)-(10), within 90 days of submitting bills for services that exceed statutory maximums or qualify as inpatient treatment.

NECESSITY

Section 649.26, subdivision (a): The proposed subdivision is necessary to make clear the requirements of providers when seeking reimbursement for services rendered to victims. This provides transparency of Board processes and ensures streamlined practices for timely processing of claims.

Section 649.26, subdivision (c): This proposed subdivision is necessary to make sure the Board has all the information necessary to decide whether it is appropriate to grant reimbursement for additional treatment sessions in excess of the maximum service rates and limitations. It also provides transparency of Board requirements for providers seeking additional reimbursement.

Section 649.26, subdivision (d): This proposed subdivision is necessary to make sure the Board has all the information necessary to decide whether it is appropriate to grant reimbursement for treatment that exceeds statutory maximums or for inpatient treatment. It also provides transparency of Board requirements for providers seeking additional reimbursement.

SECTION 649.29.1

PROBLEM TO BE ADDRESSED

The existing regulations do not include the guidelines used by CalVCB when processing claims for mental health treatment. Previously, these guidelines were promulgated along with the maximum rates and service limitations in a document called the Mental Health Guidelines, but this created issues with transparency regarding CalVCB procedures. This newly proposed provision would codify the existing Mental Health Guidelines.

BENEFIT

The benefit of this proposed new regulation is to make clear to applicants and providers what is required by CalVCB when processing claims for mental health treatment. It will promote transparency, streamline the processing of claims, and allow for the public to participate in the development of said requirements.

PURPOSE

Section 649.29.1, subdivision (a): The purpose of this new subdivision is to define what types of outpatient mental health services may be reimbursed by the Board.

Section 649.29.1, subdivision (b): The purpose of this new subdivision is to clarify what type of information must be submitted to the Board with requests for reimbursement of mental health services.

Section 649.29.1, subdivision (c): The purpose of this new subdivision is to explain providers' obligation to complete a treatment plan at the outset of treating a CalVCB claimant that includes certain information required for the Board to determine if the treatment is necessary as a direct result of a qualifying crime.

Section 649.29.1, subdivision (d): The purpose of this new subdivision is to inform providers of their obligation to keep a treatment plan on file and to outline the circumstances when the treatment plan must be submitted to the Board with requests for reimbursement.

Section 649.29.1, subdivision (e): The purpose of this new subdivision is to inform providers and claimants of their obligation to submit a request for additional treatment when a claimant is eight (8) sessions away from reaching their statutorily authorized session limit. The subdivision explains what information providers or claimants need to submit to the Board, and when it needs to be submitted, before the Board will authorize additional treatment.

Section 649.29.1, subdivision (f): The purpose of this new subdivision is to inform providers and claimants of the circumstances under which they must submit a new treatment plan or request for additional treatment sessions to the Board before reimbursement is made. The circumstances specifically apply to changes in treating providers, their supervisors, or the provider agency or organization.

Section 649.29.1, subdivision (g): The purpose of this new subdivision is to inform providers and claimants of the exception to §649.29.1 (f) and to clarify that changes of providers within the same provider agency or organization do not require the provider to complete a new treatment plan. Further, it clarifies that when a claimant's treating provider changes within the same provider agency or organization, the claimant shall be evaluated from the date they started treating with the provider agency or organization, not the new treating provider. This allows for continuity of assessment of claimant's treatment progress.

NECESSITY

Section 649.29.1, subdivision (a): This proposed subdivision is necessary to inform the public of what type of mental health services will be reimbursed by the Board.

Section 649.29.1, subdivision (b): This proposed subdivision is necessary to inform applicants and providers of the information the Board requires before it reimburses mental health services.

Section 649.29.1, subdivision (c): This proposed subdivision is necessary to inform providers of their obligation to complete a treatment plan at the outset of treating a CalVCB claimant that includes certain information required for the Board to determine if the treatment is necessary as a direct result of a qualifying crime.

Section 649.29.1, subdivision (d): This proposed subdivision is necessary to inform providers of their obligation to keep a treatment plan on file and to inform them of when the treatment plan must be submitted to the Board with requests for reimbursement.

Section 649.29.1, subdivision (e): This proposed subdivision is necessary to inform providers and claimants of their obligation to submit a request for additional treatment, what information providers or claimants need to submit to the Board with their request, and when the request needs to be submitted, before the Board will authorize additional treatment.

Section 649.29.1, subdivision (f): This proposed subdivision is necessary to inform providers and claimants of the circumstances under which they must submit a new treatment plan or request for additional treatment sessions to the Board before reimbursement is made.

Section 649.29.1, subdivision (g): This proposed subdivision is necessary to inform providers and claimants of the exception to §649.29.1(f) and to clarify that when a claimant's treating provider changes within the same provider agency or organization, the claimant shall be evaluated from the date they started treating with the provider agency or organization, not the new treating provider.

SECTION 649.29.2

PROBLEM TO BE ADDRESSED

The existing regulations do not include guidelines for when CalVCB may authorize treatment that is considered dire or exceptional under Government Code § 13957(a)(2)(C). This newly proposed provision would clarify the circumstances under which the Board may authorize reimbursement for outpatient mental health treatment that exceeds statutory maximums or for inpatient mental health treatment.

BENEFIT

The benefit of this proposed new regulation is to make clear to applicants and providers what is required by CalVCB when processing claims for outpatient mental health treatment that exceeds statutory maximums or requires inpatient care. It will promote transparency, streamline the processing of claims, and allow for the public to participate in the development of said requirements.

PURPOSE

Section 649.29.2, subdivision (a): The purpose of this new subdivision is to clarify what type of information the Board may require when determining whether dire or exceptional circumstances necessitate the authorization of reimbursement for outpatient mental health treatment in excess of statutory maximums or for inpatient mental health treatment.

NECESSITY

Section 649.29.2, subdivision (a): This proposed subdivision is necessary to inform claimants and providers of what information they are required to submit to the Board when making a request for reimbursement of treatment in excess of statutory maximums as a result of dire or exceptional circumstances.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Board did not rely upon any technical, theoretical or empirical studies, reports or documents in proposing the adoption of these regulations. Rather, the Board relied upon the expertise and experience of the CalVCB employees responsible for the administration of the program.

ECONOMIC IMPACT ANALYSIS/ASSESSMENT

The purpose of the proposed regulations is to revise, interpret, and implement the current law governing victim compensation. When an application for compensation is approved, victims can submit bills for reimbursement of losses. Compensation is awarded after the bill is verified. In fiscal year 2024-2025, CalVCB received 34,892 applications and provided \$44.9 million in compensation to victims; in fiscal year 2023-2024, CalVCB received 40,560 applications and provided \$47.36 million in compensation to victims; in fiscal year 2022-2023, CalVCB received 39,003 applications and provided \$46.73 million in compensation to victims; and in fiscal year 2021-2022, CalVCB received 39,015 applications and provided \$40.35 million in compensation to victims. The amount paid in compensation has remained relatively stable over the past four years and CalVCB does not anticipate a significant change in future payouts. Accordingly, the proposed regulations will not directly impact jobs or the wider economy.

The Board has determined that the selected alternative will not affect:

(A) The creation or elimination of jobs within the State of California,

The proposed regulations do not impact jobs because they apply to a limited group of individuals seeking compensation as a result of being victimized during a crime.

(B) The creation of new businesses or the elimination of existing businesses within the State of California, and

The proposed regulations do not impact the creation of new businesses or elimination of existing businesses in California because they apply to a limited group of individuals seeking compensation as a result of being victimized during a crime.

(C) The expansion of businesses currently doing business within the State of California.

The proposed regulations do not impact the expansion of businesses currently doing business within the State of California because they apply to a limited group of individuals seeking compensation as a result of being victimized during a crime.

The benefits of the regulation to the health and welfare of California residents, worker safety, and the state's environment:

CalVCB has determined that the proposed regulations do not impact worker safety or the state's environment because they apply to a limited group of individuals seeking compensation as a result of being victimized during a crime.

EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY AFFECTING BUSINESS

The Board has no evidence indicating any potential significant adverse impact on business as a result of this proposed action. The Board has determined that the proposed regulations do not affect business because they apply to a limited group of individuals seeking compensation as a result of being victimized during a crime.

REASONABLE ALTERNATIVES TO THE REGULATION AND THE AGENCY'S REASONS FOR REJECTING THOSE ALTERNATIVES

The Board has determined that there are no other reasonable alternatives to this rulemaking action.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS

The Board has no evidence indicating any potential adverse impacts to small business are expected as a result of this proposed action. The Board has determined that the proposed regulations do not affect small businesses because they apply to a limited group of individuals seeking compensation as a result of being victimized during a crime.