

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850



State Demonstrations Group

January 13, 2025

Tyler Sadwith
State Medicaid Director
1501 Capitol Avenue, 6th Floor, MS 0000
Sacramento, CA 95814

Dear Director Sadwith,

The Centers for Medicare & Medicaid Services (CMS) is approving the Health-Related Social Needs (HRSN) methodology document that the state submitted November 27, 2024, in accordance with special term and condition (STC) 10.17. This document reflects the payment methodologies California will use for covering the state's short-term rental assistance HRSN benefits, as authorized by the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Section 1115 Demonstration (Project Numbers 11-W-00472/9 and 21-W-00080/9).

This approval is conditioned upon compliance with the previously approved STCs, which set forth in detail the nature, character, and extent of anticipated federal involvement in the project.

We look forward to our continued partnership on the BH-CONNECT demonstration. If you have any questions, please contact your CMS project officer, Diona Kristian, at Diona.Kristian@cms.hhs.gov.

Sincerely,

Angela D. Garner
Director
Division of System Reform Demonstrations

Enclosure

cc: Ambrosia Watts, State Monitoring Lead, CMS Medicaid & CHIP Operations Group

California Transitional Rent (Short-term rental assistance) Fee Schedule¹

Service	Unit of Service ²	Service Rate ³	Methodology
Short-Term Rental Assistance – Single-family and multi-family homes (e.g., apartments, duplexes)	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area Fair Market Rent (FMR) (available by zip code) as set by the U.S. Department of Housing and Urban Development (HUD)
Short-Term Rental Assistance – Housing in mobile home communities	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area FMR (available by zip code) as set by HUD.
Short-Term Rental Assistance – Accessory dwelling units (ADUs)	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area FMR (available by zip code) as set by HUD.
Short-Term Rental Assistance – Project-based or scattered site supportive housing	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area FMR (available by zip code) as set by HUD.
Short-Term Rental Assistance – Shared housing	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area FMR (available by zip code) as set by HUD.
Short-Term Rental Assistance – Single room occupancy units	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area FMR (available by zip code) as set by HUD.
Short-Term Rental Assistance – Recovery housing	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area FMR (available by zip code) as set by HUD.

¹ All rates and methodologies are subject to change based on initial public notice and review consistent with 42 CFR § 447.205, and based on periodic review and revision—also subject to public notice and review consistent with 42 CFR § 447.205.

² Per-diem rates will be equal to monthly rates divided by 28. Weekly rates will be equal to monthly rates divided by 4, or per-diem rates multiplied by 7.

³ Reimbursable maximum may vary based on number of bedrooms.

Short-Term Rental Assistance – Hotels/motels when it is serving as the member’s primary residence	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area FMR (available by zip code) as set by HUD.
Short-Term Rental Assistance – Interim settings with a small # of individuals per room (e.g., not large dormitory sleeping halls)	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area FMR (available by zip code) as set by HUD.
Short-Term Rental Assistance – Transitional and recovery housing including bridge, site-based, population-specific, and community living programs that may or may not offer supportive services and programming	Per Month, Per Week, or Per Day	Actual cost, up to reimbursable maximum	Reimbursable maximum is based on Small-Area FMR (available by zip code) as set by HUD.
Short-Term Rental Assistance – Administration, permanent setting	Per Month, Per Week, or Per Day	Fee schedule rates differentiated for: ⁴ <ul style="list-style-type: none"> • Month 1 • Months 2-6 	Fee schedule rates developed by the state to capture a variety of MCP and community-based provider arrangements. Rates may vary by county to account for differences in wages and unique costs and challenges in rural environments, including travel of field-based providers and scarcity.
Short-Term Rental Assistance – Administration, interim setting	Per Month, Per Week, or Per Day	Fee schedule rates for Months 1-6	Fee schedule rates developed by the state to capture a variety of MCP and community-based provider arrangements. Rates may vary by county to account for differences in wages and unique

⁴ The enhanced payment for Month 1 will apply to the first month a Medi-Cal member receives Transitional Rent services in a permanent setting, regardless of whether they previously received Transitional Rent in an interim setting. Total reimbursement for Transitional Rent services across all settings may not exceed 6 months per household per demonstration period, and may not exceed duration and frequency limits described in STC 10.3 of the BH-CONNECT waiver special terms and conditions (STC), available at: <https://www.dhcs.ca.gov/CalAIM/Documents/BH-CONNECT/BH-Connect-STCs.pdf>.

			costs and challenges in rural environments, including travel of field-based providers and scarcity.
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Methodology:

The state will reimburse Medi-Cal managed care plans (MCPs) for Transitional Rent under a non-risk payment methodology. MCPs will receive payment for each utilizer and defined service period, e.g., each month and/or day of service delivery to an individual member. Payment will consist of two separate components: (1) reimbursement of the actual cost of rent or temporary housing paid to the landlord or property owner, not to exceed a schedule of reimbursable maximums; and (2) a fee schedule amount that provides for the reasonable costs of arranging for the provision of Transitional Rent.

- For the portion of the payment methodology associated with arranging for Transitional Rent, the state will establish and pay MCPs in accordance with a fee schedule that provides for the reasonable costs of arranging for the provision of Transitional Rent. In estimating the reasonable costs, the state will consider costs of directly arranging for the provision of Transitional Rent and costs of contracting with a Transitional Rent provider (including provider-level reasonable administrative costs). The state will not reconcile fee schedule payments to the actual costs incurred by MCPs for arranging for the provision of Transitional Rent.
- For the portion of the payment methodology associated with the payment of rent, the state will reimburse MCPs the actual cost of rent or temporary housing paid to the landlords or property owners, not to exceed a schedule of reimbursable maximums. MCPs' reporting of the actual costs of rent or temporary housing paid to the landlord or property owner will be subject to review, oversight, and/or audit.

The state may establish and pay interim reimbursement amounts to provide flow of funds as services are being provided. The interim reimbursement amounts will not exceed the reimbursable maximum amounts and will be subject to a periodic (not less frequently than annual) final reconciliation at the lesser of the actual cost of rent or temporary housing paid to the landlord or property owner or the reimbursable maximum amounts, either in aggregate for the reconciliation period or individually for each utilizer and defined service period.

The state will publish details of its rate determination process, including the schedule of reimbursable maximums and the fee schedule amounts providing for the reasonable costs of arranging for the provision of Transitional Rent, on its public website prior to the effective date of coverage for Transitional Rent. The state will review the schedule of reimbursable maximums and the fee schedule that provides for the reasonable costs of arranging for the provision of Transitional Rent at least annually and may revise the schedule based on additional considerations or more current or otherwise improved data.