

# **BEHAVIORAL HEALTH COMMUNITY-BASED ORGANIZED NETWORKS OF EQUITABLE CARE AND TREATMENT (BH-CONNECT) DEMONSTRATION**

**Section 1115(a) Waiver Quarterly Report**

**DEMONSTRATION/QUARTER REPORTING PERIODS:**

**DEMONSTRATION YEAR: ONE (JANUARY 1, 2025 - DECEMBER 31, 2025)**

**FIRST QUARTER REPORTING PERIOD: JANUARY 1, 2025 - MARCH 31, 2025**

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# INTRODUCTION

In October 2023, the Department of Health Care Services (DHCS) submitted an application to the Centers for Medicare and Medicaid Services (CMS) for a new Section 1115 Demonstration. The Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) builds upon California's behavioral health investments and policy transformations to establish a robust continuum of community-based behavioral health services, and improve access, equity and quality for Medi-Cal members living with significant behavioral health needs.

The main objectives of BH-CONNECT are to: 1) amplify California's ongoing investments in behavioral health and further strengthen the continuum of community-based care; 2) meet specific mental health needs of children, individuals who are justice-involved and individuals experiencing or at-risk of homelessness; and 3) ensure residential and inpatient care is high-quality, time-limited, and used only when clinically appropriate.

On December 16, 2024, CMS approved the BH-CONNECT Section 1115 Demonstration effective January 1, 2025, through December 31, 2029. California also sought, and received CMS approval for, complementary state plan amendments designed to expand coverage for community-based, evidence-based behavioral health services. Through BH-CONNECT, California seeks to implement a range of initiatives aimed at expanding access to services, strengthening the behavioral health workforce, supporting high-need populations, and promoting long-term recovery and stability.

» **Key initiatives authorized under the Section 1115 Demonstration include the following:**

- **The Access, Reform, and Outcomes Incentive Program** creates performance-based incentives for county Behavioral Health Plans (BHPs) that demonstrate improvements in access to behavioral health services; improve outcomes for Medi-Cal members living with significant behavioral health needs; and implement targeted behavioral health delivery system reforms.
- **The Workforce Initiative** recruits, trains, and retains a highly qualified behavioral health workforce to support Medi-Cal members, through investments including scholarships, training, and loan repayment programs.
- **Activity Funds** provides flexible funding to cover the cost of activities and items that support improved behavioral health outcomes for children and youth with behavioral health conditions and are involved in the child welfare system.

- **Residential and Inpatient Treatment for Individuals with Serious Mental Illness (SMI)**, allows individuals to receive Medi-Cal covered treatment for short-term psychiatric stays in Institutions for Mental Diseases (IMDs), contingent on BHPs maintaining robust community-based services and meeting CMS quality of care standards.
  - **Community Transition In-Reach Services** supports individuals with significant behavioral health conditions who are experiencing long-term stays in inpatient, subacute, or residential facilities in returning to the community.
  - **Transitional Rent** provides time-limited rental support (up to six months) for Medi-Cal members who are homeless or at risk of being homeless; experiencing specified clinical risk factors; and undergoing care transitions.
- » **Services approved through State Plan Amendments to expand behavioral health services in coordination with the Section 1115 Demonstration:**
- Assertive Community Treatment (ACT)
  - Forensic Assertive Community Treatment (FACT)
  - Coordinated Specialty Care for First Episode Psychosis (CSC for FEP)
  - Clubhouse Services
  - Individual Placement and Support (IPS) Model of Supported Employment
  - Enhanced Community Health Worker (CHW) Services

The periods for each Demonstration Year (DY) of the Waiver will be as follows:

- » **DY 1:** January 1, 2025 – December 31, 2025
- » **DY 2:** January 1, 2026 – December 31, 2026
- » **DY 3:** January 1, 2027 – December 31, 2027
- » **DY 4:** January 1, 2028 – December 31, 2028
- » **DY 5:** January 1, 2029 – December 31, 2029

## GENERAL REPORTING REQUIREMENTS

DHCS has presented on BH-CONNECT implementation activities and progress, and responded to feedback from county behavioral health plans (BHPs) and other behavioral health stakeholders through a wide range of stakeholder meetings during the first quarter of 2025. These include but are not limited to:

- » DHCS Behavioral Health Stakeholder Advisory Committee
- » California Health Education Workforce and Training Council Meeting
- » California Quality Improvement Collaborative (CALQIC) Conference
- » California Health and Human Services (CalHHS) Behavioral Health Task Force
- » Weekly meetings with the County Behavioral Health Directors' Association of California (CBHDA), an organization that represents all 58 counties in California.
- » Regular meetings with the California Mental Health Services Authority (CalMHSA), a county joint powers authority.
- » Several meetings with Managed Care Plans (MCPs), county BHP representatives, housing providers, and continuum of care partners to discuss Transitional Rent
- » CalAIM Workgroup, where DHCS shared progress on program implementation and addressed public questions and comments about BH-CONNECT. This also meets the six-month post approval update requirement, per the requirements set forth in STC 14.10.

DHCS continues to work with BHPs and other stakeholders to release draft and then subsequent final policy guidance on BH-CONNECT components.

To meet federal requirements, DHCS has identified the RAND Corporation to serve as an independent evaluator for the BH-CONNECT Demonstration. The RAND Corporation will conduct an evaluation based on a CMS-approved draft Evaluation Design and will be responsible for collecting all data necessary to assess the approved hypotheses. The evaluator will conduct this work independently and will follow the approved methodology when analyzing data and developing evaluation reports. Any modifications to the methodology will be made only with CMS approval and under appropriate circumstances.

## PROGRAM UPDATES

The Program Updates Section describes key activities across BH-CONNECT program initiatives for DY 1 Q1, as required in STC 14.6, Quarterly and Annual Monitoring Reports, of the BH-CONNECT 1115 demonstration STCs. For each program area, this Section describes program requirements, recent deliverables, successes and accomplishments, program highlights, qualitative and quantitative findings, and opportunities for DHCS to build on success as the State continues programs under the BH-CONNECT 1115 demonstration or transitions programs to other federal authorities.

Key program areas described in this Section include:

- » Access Reforms, and Outcomes Incentive Program
- » Workforce Initiative
- » Activity Funds
- » SMI Program
- » Community Transition In-Reach Services
- » HRSN Services (Transitional Rent)

# **ACCESS, REFORM AND OUTCOMES INCENTIVE PROGRAM**



The BH-CONNECT Access, Reform, and Outcomes Incentive Program (hereafter, "Incentive Program,") provides performance-based incentives to participating BHPs for demonstrating improvements in access to behavioral health services and outcomes among Medi-Cal members living with significant behavioral health needs.

The Incentive Program is designed to:

- » Reward BHPs for improving access to high-quality, timely behavioral health services;
- » Support BHPs in establishing coverage of and implementing key evidence-based practices (EBPs) with fidelity;
- » Reward BHPs for improving health outcomes among members living with significant mental health conditions and substance use disorders (SUDs);
- » Reduce BHP-specific gaps in behavioral health quality improvement capabilities; and
- » Support improved integration and care coordination across the behavioral health and managed care delivery systems

The Incentive Program includes three areas of focus: 1) Improved Access to Behavioral Health Needs, 2) Improved Health Outcomes and Quality of Life, and 3) Targeted Behavioral Health Delivery Systems Reforms. Each of the three areas of focus for the Incentive Program support the overall goals of the BH-CONNECT demonstration and promotes the objectives of the Medicaid program to expand access to care and improve health outcomes for members.

## **Program Requirements**

To be eligible to participate in the Incentive Program, BHPs were required to submit a Targeted Managed Behavioral Healthcare Organizations (MBHO) Self-Directed Assessment with the National Committee for Quality Assurance (NCQA) in October 2024 and a letter of commitment to DHCS by March 31, 2025.

To be eligible to earn incentive payments for selected measures related to the implementation of key EBPs, BHPs must meet the prerequisites above, and also elect to cover, and implement ACT, FACT, CSC for FEP, the IPS model for Supported Employment, Clubhouse Services, Enhanced Community Health Worker Services and/or Peer Support Services, including a forensic specialization.

On at least an annual basis, BHPs must submit reports and data to DHCS to allow the state to determine whether the county BHP is meeting reporting and performance



requirements. Failure to adequately report on milestone and performance metrics may preclude receipt of future Access, Reform and Outcomes Incentive Program funding.

## **Operational Updates**

On February 19, 2025, DHCS presented at the Behavioral Health Stakeholder Advisory Committee and provided an overview of the Incentive Program, including updates on measure development and program accountability progress. This presentation was followed by an electronic communication of the same information.

Additionally, DHCS has facilitated multiple conversations with CBHDA about the structure, intent, and next steps of the Incentive Program.

On March 10, 2025, DHCS released the Access, Reform and Outcomes Incentive Program Behavioral Health Information Notice, which provides an overview of the incentive program, and guidance for BHPs who met the participation requirements.

In early March, DHCS released guidance to BHPs on submitting formal commitments to participate in the Incentive Program. All 45 BHPs that completed the MBHO self-assessment with NCQA have submitted their letters of commitment. The participating BHPs cover 91% of the state's Medi-Cal members.

DHCS is finalizing instructions for the first Incentive Program submission. The first submission is due from participating BHPs on June 30, 2025, which is consistent with the timeline in the approved Incentive Program Protocol.

DHCS and its partners continue to develop measure technical specifications for all the California stewarded measures.

DHCS is additionally actively working to contract with NCQA to expand its support of county BHPs to: 1) provide technical assistance to BHPs around the NCQA MBHO standards; and 2) reassess the BHPs on the MBHO standards annually (from 2026 onward). BHPs may earn incentive payments for improved performance on MBHO standards over time; see Measure 12 "Reduce County-Specific Quality Improvement Gaps Identified in NCQA MBHO Assessment" in [Table 2](#) in the approved BH-CONNECT Access, Reform, and Outcomes Incentive Program Protocol).

## **Performance Metrics**

Nothing to report for DY 1 Q1, pending finalization of monitoring protocol.

## **Budget Neutrality and Financial Reporting Requirements**

Nothing to report for DY 1 Q1.

## **Evaluation Activities and Interim Findings**

Nothing to report for DY 1 Q1.

## WORKFORCE INITIATIVE



To support workforce recruitment and retention, and to increase the availability of behavioral health care providers serving Medi-Cal members and uninsured individuals, the State is implementing five statewide workforce initiatives:

1. Medi-Cal Behavioral Health Student Loan Repayment Program: The State will offer student loan repayment opportunities for behavioral health professionals, including those with prescribing privileges, individuals in training to become licensed prescribing practitioners, non-prescribing licensed or associate-level pre-licensure practitioners, and other non-prescribing providers serving Medi-Cal members.
2. Medi-Cal Behavioral Health Scholarship Program: The State will make available scholarship payments while participants work towards earning a behavioral health degree or certificate.
3. Medi-Cal Behavioral Health Recruitment and Retention Program: The State will establish a program to recruit and retain behavioral health professionals serving the Medi-Cal population. This includes practitioners with prescribing privileges, individuals in training to obtain licensure with prescribing authority, non-prescribing licensed or associate-level pre-licensure practitioners, and other non-prescribing providers. Program funding will support retention bonuses, clinical supervision, licensure and certification expenses, and training backfill to promote workforce stability in safety net settings.
4. Medi-Cal Behavioral Health Community-Based Provider Training Program: The State will provide funding to train Alcohol or Other Drug Counselors, Community Health Workers, and Peer Support Specialists and address workforce shortages across the state. Payments will be made directly to training programs.
5. Medi-Cal Behavioral Health Residency Training Program: The State will provide annual funding to support the expansion of psychiatry residency and fellowship slots in safety net settings for the duration of the demonstration period.

The goal of these initiatives is to address critical shortages of qualified behavioral health practitioners who serve Medi-Cal members and uninsured populations at risk for or living with behavioral health conditions. As described below, individual recipients of BH-CONNECT workforce funds must complete a full-time service commitment of 2-4 years in Medi-Cal safety net settings.

## Program Requirements

- » To participate in any of the five workforce programs, eligible behavioral health practitioners must:
  - Make full-time service commitments (length may vary by program and practitioner type), fulfilled by working in safety net settings defined as:
    - i. Federally Qualified Health Centers (FQHC),
    - ii. Community Mental Health Centers (CMHC),
    - iii. Rural Health Clinics (RHC), or
    - iv. Settings with the following payer mix:
      - Hospitals with 40 percent or higher Medicaid and/or uninsured population,
      - Rural hospitals with 30 percent or higher Medicaid and/or uninsured population, or
      - Other behavioral health settings with 40 percent or higher Medicaid and/or uninsured population.
  - Participants may meet service commitments through full-time work at one organization or part-time work across multiple qualifying organizations.
- » The State will monitor compliance. Breaches in service commitments (except for extraordinary circumstances like disability or death) will trigger payment recoupment, and the federal share must be returned to CMS within one year.
- » Participants must obtain necessary professional licensure or certification within one year of completing their education and meeting clinical hour requirements pursuant to state law, barring extraordinary circumstances.
- » All education and training programs must be accredited or certified by the state or meet widely recognized professional standards if no certification is available.
- » Individuals cannot participate in multiple workforce programs under Section 6 until they complete their service obligations, except for allowed combinations (e.g., residency training and loan repayment participation).
- » Provider organizations and educational institutions receiving funding must submit annual reports to the state detailing the use of funds.

## Operational Updates

DHCS, in partnership with the California Department of Health Care Access and Information (HCAI), is working to develop technical policy guidance and application

processes for the five workforce programs, and plans to phase in implementation of the five programs beginning in July 2025. The departments meet bi-weekly to review program design, provide progress updates, and solve emerging challenges.

The Medi-Cal Behavioral Health Student Loan Repayment Program and the Medi-Cal Behavioral Health Residency Training Program will be the first two programs launched. Key implementation issues for these programs include coordinating with loan servicers to ensure compliant payment processing and aligning the residency application timeline with national match deadlines. To address these challenges, DHCS and HCAI have engaged partners early, incorporated lessons learned from other states, and consulted residency program administrators. HCAI will procure a Third-Party Administrator (TPA) to manage loan service payments and has accelerated the residency program launch date to align with the match cycle.

In collaboration with HCAI, DHCS completed the following implementation activities in DY 1 Q1:

### **General and Ongoing Activities**

- » Continued development of a statewide tool to evaluate the availability and need for behavioral health practitioners serving Medi-Cal members.

### **Medi-Cal Behavioral Health Student Loan Repayment Program**

- » Finalized the design of the application submission and review process for the Medi-Cal Behavioral Health Student Loan Repayment Program.
- » Established a scoring criteria methodology to evaluate applications to ensure applicants meet all the requirements outlined in the Special Terms and Conditions (STC's).
- » Initiated the design and development of the application technology platform to streamline user experience and program administration.
- » Engaged with loan servicing partners to facilitate repayment processes and ensure smooth program operations.
- » Developed a plan for a third-party administrator to support program communications and serve as the fiscal agent for program funds distribution and management.
- » In July 2025, the State will be releasing the first round to recruit applicants for the loan repayment program.
- » Planned Informational webinars about the Medi-Cal behavioral Health Student Loan Repayment Program.

Developed an informational flyer to support outreach and engagement efforts

### **Medi-Cal Behavioral Health Residency Training Program**

- » Began high-level program design and scoring methodology for the Medi-Cal Behavioral Health Residency Training Program applications.
- » Engaged residency and fellowship program administrators to provide feedback on application release date and submission process to meet residency matching process and timeline.
- » Hosted informational webinars about the Medi-Cal Behavioral Health Residency Training program.
- » In July 2025, the State will be releasing applications to recruit participants for the Medi-Cal Behavioral Health Residency Training Program.

### **Medi-Cal Behavioral Health Scholarship Program**

- » DHCS anticipates reporting operational updates/program milestones for this workforce program in future quarterly monitoring reports.

### **Medi-Cal Behavioral Health Recruitment and Retention Program**

- » DHCS anticipates reporting operational updates/program milestones for this workforce program in future quarterly monitoring reports.

### **Medi-Cal Behavioral Health Community-Based Provider Training Program**

- » DHCS anticipates reporting operational updates/program milestones for this workforce program in future quarterly reports.

### **Outreach Activities**

- » Presented to key stakeholders to gather input and ensure transparency throughout program development; forums used included the Behavioral Health Stakeholder Advisory Committee and the California Health Workforce Education and Training Council.
- » DHCS holds bi-weekly and ad-hoc meetings with HCAI to discuss the implementation of the Workforce Initiative, and to ensure that program activities meet CMS requirements.

### **Performance Metrics**

Nothing to report for DY 1 Q1, pending finalization of monitoring protocol.

## **Budget Neutrality and Financial Reporting Requirements**

Nothing to report for DY 1 Q1.

## **Evaluation Activities and Interim Findings**

Nothing to report for DY 1 Q1.



## ACTIVITY FUNDS INITIATIVE



The State will provide Activity Funds to individuals enrolled in Medicaid and Children's Health Insurance Program for services and items that support the inclusion of eligible members (children or youth, as outlined in STC 7.1) in the community and promote improved behavioral health outcomes. These funds may be used for items or services designed to help participants express themselves beyond words or traditional therapies, with the goal of reducing anxiety, aggression, and other clinical challenges.

## **Program Requirements**

### **Participant Eligibility**

To qualify for the Activity Funds Initiative, a member must be enrolled in Medicaid or CHIP and meet criteria under 7.1(a) and 7.1(b) below.

- » Meet one of the following criteria:
  - Are under age 21 and are currently involved in the child welfare system in California;
  - Are under age 21 and previously received care through the child welfare system in California or another state within the past 12 months;
  - Have aged out of the child welfare system up to age 26 (having been in foster care on their 18th birthday or later) in California or another state;
  - Are under age 18 and are eligible for and/or in California's Adoption Assistance Program; or
  - Are under age 18 and are currently receiving or have received services from California's Family Maintenance program within the past 12 months.
- » Meet one of the following clinical criteria:
  - Have a diagnosed behavioral health condition;
  - Are at high risk for a behavioral health condition that is still being assessed through the diagnostic process, but who have been determined to need the service by a licensed behavioral health professional through clinical assessment.

### **Service Requirements**

- » Activity Funds may be used for the following purposes, as documented in the member's clinical record by a provider described in Section 7.3:
  - Physical wellness activities and goods that encourage a healthy lifestyle (e.g., sports club fees, gym memberships, bicycles, scooters, roller skates, and related safety equipment); and
  - Strengths-developing activities (e.g., music lessons, art lessons, therapeutic summer camps).

- » Activity Funds must support items and services that:
  - Promote inclusion in the community; and/or
  - Increase the eligible member's safety within the home; and/or
  - Facilitate age-appropriate participation or autonomy in decision-making that improves physical or behavioral health outcomes.

## Service Delivery Requirements

A provider will document the need for these services in an individual's clinical record and coordinate delivery of the activity in collaboration with the member, their caregiver(s) and social worker, as appropriate, including the following:

- a. Assessment of beneficiary's need;
- b. Identification of appropriate activities for eligible members;
- c. Documentation of the identified activity in the member's clinical record; and
- d.** Connecting the eligible member with an available activity provider.

## Operational Updates

DHCS plans to administer the funds with a DHCS-contracted third party administrator. DHCS' Q1 implementation activities primarily focused on planning to select that third-party administrator, and engaging both internal DHCS partners and stakeholders to consider operational questions and inform policy guidance. DHCS will consult with the California Department of Social Services (CDSS), the lead agency over child welfare issues, when appropriate.

DHCS completed the following activities in DY 1 Q1:

- » Drafted and finalized a Request for Information (RFI) application to seek feedback from vendor(s) to support the implementation and administration of the Activity Funds Initiative.
- » Drafted guidance for counties related to Activity Funds, which will be finalized and released to stakeholders in Spring 2025.
- » Presented to key stakeholders to gather input and ensure transparency throughout program development, including engaging county-level partners at California Behavioral Health Directors Association and the County Welfare Directors Association of California.
- » DHCS held weekly meetings with CDSS to discuss the implementation of Medi-Cal programs that impact child welfare issues, to ensure that program activities do not duplicate or overlap with existing or new CDSS initiatives or programs.

## **Performance Metrics**

Nothing to report for DY 1 Q1, pending finalization of monitoring protocol.

## **Budget Neutrality and Financial Reporting Requirements**

Nothing to report for DY 1 Q1.

## **Evaluation Activities and Interim Findings**

Nothing to report for DY 1 Q1.

## **SERIOUS MENTAL ILLNESS PROGRAM**



California is implementing the Serious Mental Illness (SMI) Program to establish a process for BHPs that administer Specialty Mental Health Services to participate in the BH-CONNECT option to receive Federal Financial Participation (FFP) for mental health services provided to adult Medi-Cal members ages 21-64 during short-term stays in Institutions for Mental Diseases (IMD) (hereafter the “MH IMD FFP Program”).

Effective January 1, 2025, BHPs may opt in to the MH IMD FFP Program, which will authorize BHPs to receive reimbursement, including FFP, for Medi-Cal covered SMHS provided to adult Medi-Cal members ages 21 to 64 during short-term stays in residential or inpatient psychiatric settings classified as IMDs if they meet specified requirements.

## Program Requirements

- » To participate in the MH IMD FFP Program, BHPs must:
  - Receive DHCS approval of an IMD FFP implementation plan; and
  - Provide the following Evidence-Based Practices (EBPs) by the timeline specified below:
    - Provide Enhanced Community Health Worker services prior to claiming FFP for IMD stays;
    - Provide Peer Support Services prior to claiming FFP for IMD stays;
    - Provide Peer Support Services with Forensic Specialization within one year of claiming FFP for IMD stays;
    - Provide Assertive Community Treatment within one year of claiming FFP for IMD stays;
    - Provide Forensic Assertive Community Treatment within two years of claiming FFP for IMD stays;
    - Provide Coordinated Specialty Care for First Episode Psychosis within two years of claiming FFP for IMD stays;
    - Provide Individual Placement and Support model of Supported Employment within three years of claiming FFP for IMD stays; and
  - Ensure FFP reimbursement is claimed only for short-term stays in facilities that are licensed or accredited; and
  - Meet accountability requirements to ensure that IMDs are used only when there is a clinical need and for no longer than necessary, using individualized, person-centered approaches, and that IMDs meet quality standards; and

- Reinvest FFP received for patient care services provided in IMDs to support community-based behavioral health service provision, quality improvement, or capacity expansion to benefit Medi-Cal members served by the BHP. Reinvestment must not duplicate concurrent funding initiatives.

DHCS identified three types of hospitals and residential treatment settings for which BHPs may receive FFP under the MH IMD FFP Program:

- » Mental Health Rehabilitation Centers (MHRCs)
- » Psychiatric Health Facilities (PHFs)
- » Freestanding Acute Psychiatric Hospitals (APHs)

Lastly, FFP shall only be claimed by BHPs for SMHS IMD treatment episodes of 60 days or fewer. Treatment episodes of 61 days or more are not eligible for FFP under any circumstances; if a SMHS IMD treatment episode exceeds 60 days, FFP is not available for any day of the treatment episode. In circumstances where a treatment episode exceeds 60 days, BHPs must use alternative funds to cover the full treatment episode and may not claim, receive, or retain FFP for any portion of the Medi-Cal member's IMD stay.

## Operational Updates

During DY 1 Q1, DHCS worked to finalize guidance regarding the MH IMD FFP Program and is working on making necessary system updates to implement this program. DHCS released final guidance to counties on the SMI program in April 2025 and is reviewing implementation plans, as well.

DHCS completed the following activities in DY 1 Q1:

- » Internal meetings to draft guidance for SMI IMD program and SMI IMD implementation plan
- » Internal meetings to identify necessary system updates.
- » Solicited stakeholder feedback in February 2025 on draft guidance for SMI IMD program and revised guidance, as needed.
- » In February, DHCS conducted a non-binding survey to all 58 county BHPs directly on the BH-CONNECT initiative, including whether they planned to participate in the SMI IMD program. 56 counties completed the survey, and findings include the following:

- **Participation in BH-CONNECT:** Counties representing 98 percent of Medi-Cal members in the state have indicated they plan to or are considering participating in BH-CONNECT activities. Only nine counties have indicated they don't plan to participate in any optional BH-CONNECT activities. These are some of the smallest counties in the state that represent only one percent of Medi-Cal members.
- **Mental Health IMD FFP Program:** 15 counties representing 63 percent of Medi-Cal members plan to opt in, 14 of which plan to participate in 2025 or 2026. 26 counties representing 18 percent of Medi-Cal members are undecided on whether to participate. All counties that opt in will be required to cover ACT, CSC, IPS, and Enhanced CHW services as a condition of participation.
- **Coverage of BH-CONNECT EBPs:** 35 counties, representing 85 percent of Medi-Cal members, plan to offer at least one EBP, including 19 counties that currently do not plan to participate in the Mental Health IMD FFP program.

## Performance Metrics

Nothing to report for DY 1 Q1, pending finalization of monitoring protocol.

## Budget Neutrality and Financial Reporting Requirements

Nothing to report for DY 1 Q1.

## Evaluation Activities and Interim Findings

Nothing to report for DY 1 Q1.



## **COMMUNITY TRANSITION IN-REACH SERVICES**



Community Transition In-Reach Services provide transitional care management services to support individuals living with significant behavioral health needs who are returning to the community after long-term stays in inpatient, sub-acute and residential facilities (including IMDs).

Participating BHPs will have the option to establish community-based, multi-disciplinary care transition teams that provide intensive pre- and post-discharge care planning and transitional care management services, for up to 180 days prior to discharge.

## **Program Requirements**

Qualifying BHPs must meet the following criteria and be approved by DHCS:

- » Submit a plan to DHCS to describe how they will assess availability of mental health and/or SUD services and housing options and ensure an appropriate behavioral health continuum of care. This plan shall describe:
  1. How the BHPs will assess availability of mental health and/or SUD services and housing options;
  2. How the BHP will ensure that an appropriate behavioral health continuum of care is in place within the county so that Medi-Cal members can live in and receive behavioral health care in community-based settings, rather than institutional settings; and
  3. The process of how the assessment will inform any needed action steps based on the outcome of the assessment. This requirement is to ensure that the conditions are in place for the highest-needs individuals to transition into community settings.
- » Track and report data and trends in the number and utilization of beds across inpatient, subacute and residential facilities; and
- » Provide ACT, FACT, and the Individual Placement and Support model of Supported Employment and Peer Support and/or ensure these services are covered by the BHP in the county where a member receiving Community Transition In-Reach Services will ultimately reside upon discharge from a qualifying facility.

## **Operational Updates**

DHCS met with BHP representatives to learn more about how counties hope to use this benefit and inform DHCS' detailed policy guidance. As of March, 43 counties have

indicated they plan to implement, or are at least considering implementing, In-Reach services.

- » 11 counties representing 51 percent of Medi-Cal Members plan to opt-in to this program. Ten of these counties also plan to opt-in to the Incentive Program, and eight of these counties also plan to opt-in to the Mental Health IMD FFP Program.
- » 32 counties that responded 'Undecided' included the following rationale: awaiting further guidance from DHCS on expectations, evaluation criteria and incentives; uncertain on how to operationalize and integrate new services; and performing internal analyses.
- » Six counties that responded 'No' included the following rationale: insufficient workforce to support implementation and reporting requirements.

DHCS meets weekly with internal and external partners for BHP rate development and to discuss, plan and draft guidance for In-Reach services.

On March 21, 2025, DHCS partnered with CBHDA and county representatives to solicit input on the Department's draft guidance for Community Transition In-Reach Services. Over 200 representatives from BHPs participated on a call to solicit information about how BHPs currently engage with facilities for discharge planning, best practices and challenges with engaging members to return to community settings, and how BHPs envision In-Reach services enhancing their current practices.

DHCS reviewed and will consider initial feedback provided by counties as the Department begins drafting program guidance. DHCS plans to continue engaging counties in the rollout of this optional benefit.

DHCS intends to issue final guidance, including parameters for the plan and assessment of the local continuum of care ("mental health continuum assessment") that participating counties need to complete in order to participate, in the summer of 2025.

Counties may choose to opt-in on a rolling basis by completing and submitting the mental health continuum assessment at least 90-days prior to desired implementation date, with January 1, 2026, being the earliest implementation date. The Department will also continue to work with key partners on how to best utilize existing resources to collect data and trends in utilization, and metrics related to discharge from residential into community/outpatient settings and readmission to acute levels of care.

## **Performance Metrics**

Nothing to report for DY 1 Q1, pending finalization of monitoring protocol.

## **Budget Neutrality and Financial Reporting Requirements**

Nothing to report for DY 1 Q1.

## **Evaluation Activities and Interim Findings**

Nothing to report for DY 1 Q1.

## **TRANSITIONAL RENT (SHORT-TERM RENTAL ASSISTANCE)**



Transitional Rent is the newest addition to the suite of Community Supports (In Lieu of Services) to support Members experiencing or at risk of homelessness covered under Medi-Cal. Transitional Rent provides up to six months of rental assistance in interim and permanent settings to Members who are experiencing or at risk of homelessness, have certain clinical risk factors, and have either recently undergone a critical life transition (such as exiting an institutional or carceral setting or foster care), or who meet other specified eligibility criteria.

## Program Requirements

Members who are enrolled in a Medi-Cal MCP may be eligible for Transitional Rent if they meet the following criteria:

1. **Clinical Risk Factor Requirement:** Must have one of more of the following qualifying clinical risk factors:

- a) Meets the access criteria for Medi-Cal Specialty Mental Health Services (SMHS);
- b) Meets the access criteria for Drug Medi-Cal (DMC) or Drug Medi-Cal Organized Delivery System (DMC-ODS);
- c) One or more serious chronic physical health conditions;
- d) One or more physical, intellectual, or developmental disabilities; or
- e) Individuals who are pregnant up through twelve months postpartum.

and

2. **Social Risk Factor Requirement:** *Experiencing or at risk of homelessness*

and

3. **Individual must meet one of the following requirements:**

- a) *Transitioning Population Requirement:* Must be included within one of the following transitioning populations;
  - » Transitioning out of an institutional or congregate residential setting: Individuals transitioning out of an institutional or congregate residential setting, including but not limited to an inpatient hospital stay, an inpatient or residential substance use disorder treatment facility, an inpatient or residential mental health facility, or nursing facility.
  - » Transitioning out of a carceral setting: Individuals transitioning out of a state prison, county jail, youth correctional facility, or other state, local, or federal

penal setting where they have been in custody and held involuntarily through operation of law enforcement authorities.

- » Transitioning out of interim housing: Individuals transitioning out of transitional housing, rapid rehousing, a domestic violence shelter or domestic violence housing, a homeless shelter, or other interim housing, whether funded or administered by HUD, or at the State or local level.
- » Transitioning out of recuperative care or short-term post-hospitalization housing: Individuals transitioning out of short-term post-hospitalization housing or recuperative care, whether the stay was covered by Medi-Cal managed care, or another source.
- » Transitioning out of foster care: Individuals having aged out of foster care up to age 26 (having been in foster care on or after their 18<sup>th</sup> birthday) either in California or in another state.

or

- b) *Experiencing unsheltered homelessness*: Individuals or families with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

or

- c) *Eligible for Full Service Partnership (FSP)*: FSP is a comprehensive behavioral health program for individuals living with significant mental health and/or co-occurring substance use conditions that have demonstrated a need for intensive wraparound services.

## Operational Updates

DHCS is finalizing Transitional Rent policy guidance, which will be released April 30, 2025. MCPs are actively preparing for implementation for a couple of key dates:

- » MCPs that are planning to optionally offer Transitional Rent on July 1, 2025, are preparing to submit Model of Care responses (due on May 16) detailing how they will administer the Transitional Rent service.
- » All MCPs will be required to go live with the Behavioral Health population of focus on January 1, 2026, and will need to submit their Model of Care templates by September 1, 2025.

On August 22, 2024, DHCS released the Transitional Rent Concept Paper soliciting public comment on policy design elements for Transitional Rent. Since the release of the Transitional Rent Concept Paper, DHCS has facilitated engagement with implementation partners and stakeholders including Medi-Cal Managed Care Plans (MCP), county Behavioral Health Plans (who will play an important role in coordinating access to Transitional Rent for eligible individuals with significant behavioral health conditions), housing partners (e.g., local Continuums of Care, other housing service providers), and current Community Support providers in the housing space to seek input on the design of Transitional Rent policies and align with final STCs and operational considerations.

Specific engagement with implementation partners and stakeholders includes, but was not limited to:

- » Monthly workgroup meetings with MCPs from November 2024 through April 2025.
  - Items discussed included allowable expenses, allowable settings, provider roles and responsibilities, development of housing support plans, authorization procedures, connections to County BHPs, and connections with other CalAIM services such as Enhanced Care Management and housing-related Community Supports, and flexible housing subsidy pools.
- » Regular engagement with County Behavioral Health Plans between December 2024 and April 2025.
  - Items discussed included MCP authorization considerations for county BHPs that may choose to contract with MCPs as providers of Transitional Rent services, allowable expenses, allowable settings, bridging connections between MCPs and BHPs, payment model, and flexible housing subsidy pools.
- » Facilitated two joint meetings with MCP and County Behavioral Health representatives in December 2024 and February 2025.
  - Items discussed included approved waiver elements, connections between MCPs and County BHPs, and flexible housing subsidy pools.
- » Monthly engagement from November 2024 through April 2025 with housing service providers and advocates through various forums such as the Implementation Advisory Committee, Corporation for Supportive Housing Community Supports Advisory Committee (which includes individuals with lived experience), Providing Access and Transforming Health Collaborative Planning and Implementation workgroups.



- Items discussed included allowable expenses, allowable settings, provider roles and responsibilities, connections between MCPs and County BHPs, flexible housing subsidy pools, support for potential Transitional Rent providers.
- *Note: An abundance of other targeted outreach and engagement with stakeholders and implementation partners was conducted on an ad hoc basis during this time.*
- » Regular engagement from October 2024 to April 2025 with local Continuums of Care (CoC) was conducted through existing CoC forums and targeted outreach.
  - Items discussed were connections with MCPs and CoCs, local strategies for Transitional Rent, interplay with Coordinated Entry Systems and prioritization, allowable settings, provider roles and responsibilities, allowable expenses, and flexible housing subsidy pools.
- » Monthly engagement with other California state departments and agencies such as the Housing and Community Development Department, California Department of Social Services, California Department of Public Health, California Interagency Council on Homelessness, Department of Veteran Affairs, California Department of Aging, California Department of Rehabilitation.
  - Items discussed were allowable expenses, allowable settings, provider roles and responsibilities, cross-sector collaboration opportunities to connect members, synergies between departmental programs, and flexible housing subsidy pools.

## **Performance Metrics**

Nothing to report for DY 1 Q1, pending finalization of monitoring protocol.

## **Budget Neutrality and Financial Reporting Requirements**

Nothing to report for DY 1 Q1.

## **Evaluation Activities and Interim Findings**

Nothing to report for DY 1 Q1.