# Flex Pool Academy
# DHCS Office Hours

June 5th, 2026

1:00 PM – 2:00 PM

DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

# Welcome

**Purpose**

- This is the second virtual "DHCS Office Hours" for Flex Pool Academy TA Recipient Teams.
- The goal is to discuss questions raised in the Academy which will shape how TA recipient teams launch and scale Flex Pools.
- Content shared here will be posted on DHCS Housing for Health website.

**Who is On this Call**

- Team Members participating in DHCS' Flex Pools TA Academy, including:
  - County Behavioral Health Staff
  - Other County staff working on housing-related issues
  - Managed Care Plans (MCPs) serving as a funder or Lead Entity of a Flex Pool
  - Operators

Please send any questions not covered today about Behavioral Health Transformation to BHTInfo@dhcs.ca.gov and/or about Transitional Rent to CalAIMECMILOS@dhcs.ca.gov!

# Today's Agenda

1. Key Priorities for Flex Pool Implementation
2. Behavioral Health Bridge Housing (BHBH) and Medi-Cal Sequencing
3. Behavioral Health Services Act (BHSA) and Medi-Cal Sequencing
4. Clarifications on Transitional Rent Payments
5. Out-of-County Placements

# 1. Key Priorities for Flex Pool Implementation

# Key Priorities for Flex Pool Implementation

1. Prioritize launching an initial model in Year 1 (e.g., building collaboration and coordination, developing referral pathways, serving a small number of individuals); scale and improve the housing model over time.
2. Build a program designed to rapidly and stably transition individuals into sustainable permanent housing; use interim setting placements as a bridge with clearly defined exit pathways.
3. Develop clear, usable documentation systems that are applied consistently.
4. We recognize that county behavioral health agencies are at different stages of integrating Medi-Cal housing-related Community Supports into their housing systems.
    i. *For counties in the early stages of integrating:* Implement practices to leverage Medi-Cal, which is federally matched spending, to the greatest extent possible.
    ii. *For counties further along in integration:* Ensure policies and procedures reflect and support integration of Medi-Cal housing-related Community Supports.

# 2. Behavioral Health Bridge Housing (BHBH) and Medi-Cal Sequencing

# Guidance on BHBH and Medi-Cal Sequencing

- DHCS has released the following guidance on sequencing BHBH and Medi-Cal funding:
  - January 2026 DHCS County Housing Office Hours
  - March 2026 BHSA Policy and Implementation FAQ (see Section 2, Part II, Question 2)
- **Today's objective is to review available DHCS guidance on:**
  1. Using remaining BHBH funds for Medi-Cal Members enrolled in MCPs who are eligible for housing-related Community Supports; and
  2. Options available to counties to use remaining BHBH funding to serve individuals in urgent need of short-term housing.

# DHCS' Guiding Principles for Sequencing BHBH and Medi-Cal Funding

1. Uphold the expectation to **leverage Medi-Cal, which is federally matched spending,** to the greatest extent possible.

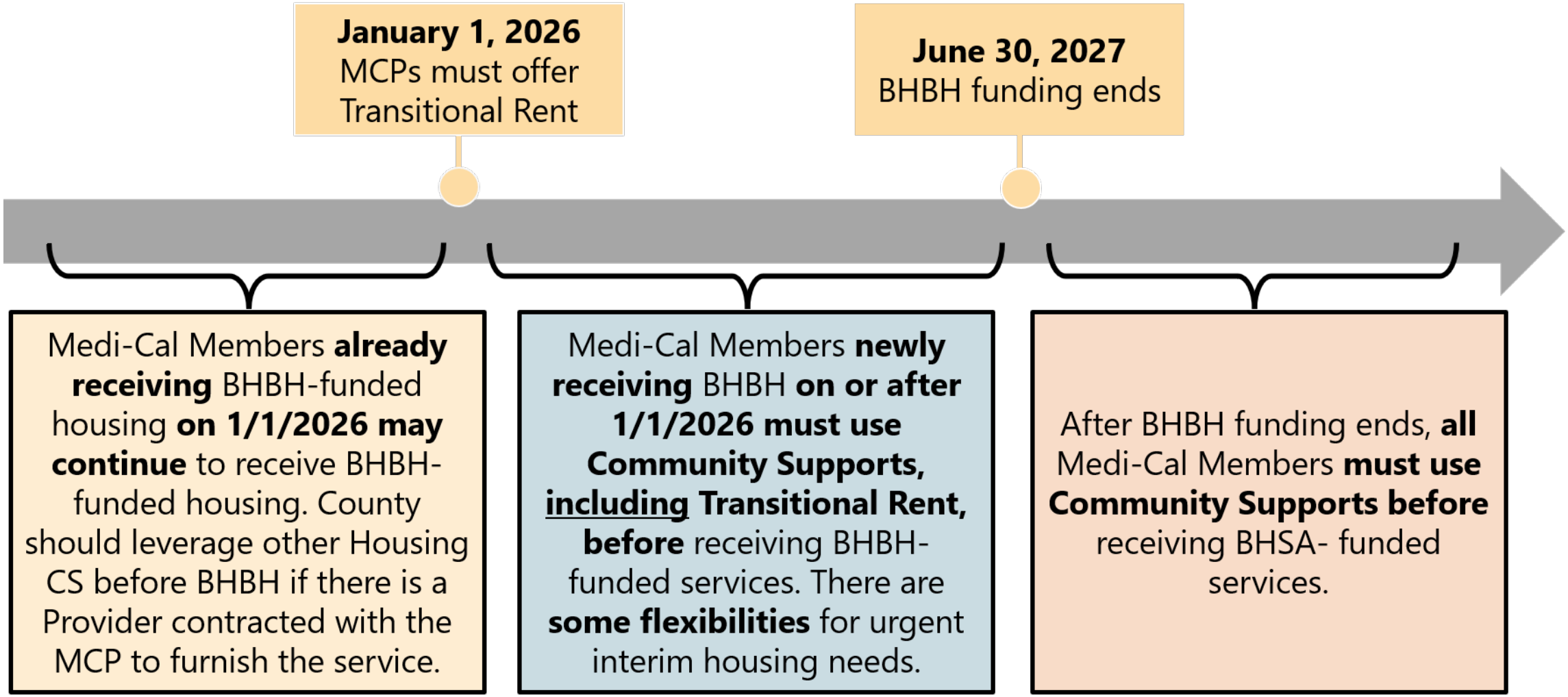
2. Acknowledge operational complexity and **provide flexibility for counties while contracting for Transitional Rent remains under way**.

3. Ensure Medi-Cal Members can **rapidly access housing in urgent situations**.

4. Continue to promote **close coordination** between counties and MCPs to serve their common clients.

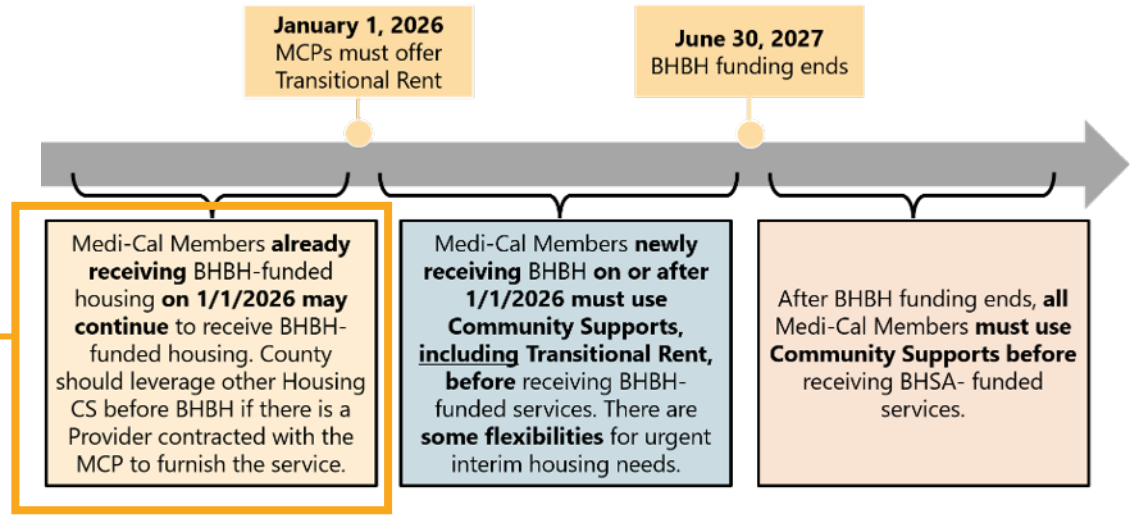
# **BHBH** and Medi-Cal Sequencing Overview

***As stated in the BHSA Housing Interventions Policy and Implementation FAQ (Section 2, Part II, Question 2, Page 25-26):***



# Use of BHBH Funds for Medi-Cal Members **Already Receiving** BHBH Services on 1/1/2026

- BHBH funds may continue to be used for **housing**, even if the Medi-Cal Member is eligible for Transitional Rent.
- BHBH funds may not be used for any other **Housing-Related Community Support** if there is at least one provider (county or otherwise) contracted with the Medi-Cal Member's MCP to furnish that service and the Member is eligible for the service.[1] This policy applies to the following Housing-Related Community Supports:
  - Housing Transition Navigation Services (HTNS)
  - Housing Deposits
  - Recuperative Care (Medical Respite)
  - Short-Term Post-Hospitalization Housing (STPHH)




[1] See the BHSA Housing Interventions Policy and Implementation FAQ (Section 2, Part II, Question 2) for more details.

# **BHBH** and Medi-Cal Sequencing Summary

| Scenario | BHBH Sequencing Rules | Policies to support Medi-Cal Members who need *urgent* interim housing:[1] |
|---|---|---|
| 1 County **is** contracted with the MCP to deliver the Housing Community Supports Service | **County is required to utilize Community Supports funding, before BHBH.** | » ***Streamlined Provisional Authorization*** — County preliminarily authorizes Transitional Rent.<br>» ***BHBH Funds as an "advance"*** — County and Flex Pools use BHBH funds as a cash advance for Transitional Rent/Housing Community Supports. |
| 2 County **is not** contracted with the MCP to deliver the Housing Community Supports service, but there is **another** Community Supports Provider contracted with the MCP. | **County must refer the Medi-Cal Member to the Member's MCP for use of Community Supports before BHBH.** | » County may use BHBH funds for **up to 21 calendar days** to cover immediate interim housing and any related navigation support costs.<br>» County must develop a **Housing Support Plan** and **submit a Transitional Rent referral** to the Medi-Cal Member's MCP **within 7** calendar days. |
| 3 County **is not** contracted with the MCP to deliver the Housing Community Supports service and there is **no other** contracted Community Supports Provider. | **County may use BHBH.**<br>**DHCS expects counties to continue to build arrangements with MCPs to deliver services through Medi-Cal.** | |

[1] See the BHSA Housing Interventions Policy and Implementation FAQ (Section 2, Part II, Question 5, Page 27-28) for more details.

# 3. Behavioral Health Services Act (BHSA) and Medi-Cal Sequencing

# **BHSA** Housing Interventions and Medi-Cal Sequencing

**BHSA has even more specific statutory requirements than BHBH about using Medi-Cal. Per BHSA statute, *"[BHSA] funds shall not be used for housing interventions covered by a Medi-Cal managed care plan (MCP)."*[1]**

This means that when BHSA goes live this year:

- Counties **may not use BHSA Housing Interventions** to cover housing Community Supports that a Medi-Cal Member is eligible to receive from their MCP. *See BHSA Housing Interventions Policy and Implementation FAQ (Section 1, Introduction, Question 1, Page 4) for more details.*
- BHSA-eligible Medi-Cal Members who are receiving housing Community Supports from their MCP **can concurrently receive** BHSA Housing Interventions, so long as those services are not coverable by the Member's MCP. *See BHSA Housing Interventions Policy and Implementation FAQ (Section 1, Part III, Question 2, Page 12) for more details.*
  - Examples of housing-related services **not** covered by MCPs: pet deposits, damage reimbursement, non-landlord paid utilities.

[1] California Welfare & Institutions (W&I) Code section 5830, subdivision (c)(2).

# **BHSA** and Medi-Cal Sequencing Summary

| Scenario | BHSA Sequencing Rules | Policies to support Medi-Cal Members who need *urgent* interim housing[1]: |
|---|---|---|
| County **is** contracted with the MCP to deliver the Housing Community Supports Service | **County is required to utilize Community Supports funding, before BHSA.** | » ***Streamlined Provisional Authorization*** — County preliminarily authorizes Transitional Rent.<br>» ***BHSA Funds as an "advance"*** — County and Flex Pools use BHSA funds as a cash advance for Transitional Rent/Housing Community Supports. |
| County **is not** contracted with the MCP to deliver the Housing Community Supports service, but there is **another** Community Supports Provider contracted with the MCP. | **County must refer the Medi-Cal Member to the Member's MCP for use of Community Supports before BHSA.** | » County may use BHSA funds for **up to 21 calendar days** to cover immediate interim housing and any related navigation support costs.<br>» County must develop a **Housing Support Plan** and **submit a Transitional Rent referral** to the Medi-Cal Member's MCP **within 7** calendar days. |

**Same policies as BHBH**

[1] See the BHSA Housing Interventions Policy and Implementation FAQ (Section 2, Part II, Question 5) for more details.

# Questions?

# 4. Clarifications on Transitional Rent Payments

# What Does Transitional Rent Cover in **Permanent** Settings?

- The Transitional Rent payment for permanent settings is designed to cover the full cost of rent.
- MCPs and Transitional Rent Providers must not require Members receiving Transitional Rent to cover a share of the rent.
- **Transitional Rent may only be used to cover rental assistance costs**, which in addition to the cost of rent or temporary housing, may include storage fees, amenity fees, and landlord-paid utilities that are charged as part of the rent payment.
- Other funding sources may be used to cover additional housing-related costs not provided through Transitional Rent. For example, BHSA-eligible Medi-Cal Members receiving Transitional Rent can simultaneously use BHSA Housing Interventions for non-MCP-covered expenses, including pet deposits, tenant paid utilities, and other eligible services outlined in the BHSA Policy Manual.

# What Does Transitional Rent Cover in **Interim** Settings?

- DHCS recognizes that county agencies and other housing providers typically pay for interim settings using a bundled, per-diem rate approach that, in addition to including the cost of housing the Member, may also include case management services, meals, and other operating expenses.
- In alignment with the Community Supports Policy Guide and as authorized by BH-CONNECT, **Transitional Rent can only cover the cost of housing the Member** in the interim setting.
  - Food is not coverable under Transitional Rent.
  - Supportive services are not coverable under Transitional Rent and, in many cases, are separately billable Medi-Cal services (e.g., Housing Tenancy Navigation Services (HTNS), Enhanced Care Management (ECM), others).
- The other cost components of interim settings that are not considered the "cost of housing the Member" are not covered by Transitional Rent, and can be funded by BHSA Housing Interventions, BHBH, as an MCP value-added service, or other funding sources (if those costs are not separately billable Medi-Cal services).[1]

[1] As a reminder, per the BHSA Housing Interventions Policy and Implementation FAQ (Section 1, Part III, Question 2): "BHSA eligible Medi-Cal members who are receiving Transitional Rent from their MCP can receive simultaneous BHSA Housing Interventions, so long as those services are not covered by the member's Medi-Cal MCP."

# Oversight of Interim Settings Payments: MCP Responsibilities

- **It is very high priority for DHCS to ensure that Transitional Rent payments stay within permitted uses defined by the federal STCs.**
- **MCPs must ensure that Transitional Rent Providers, including county behavioral health agencies, isolate the cost of housing Members, to the extent that cost may have otherwise been bundled in rates with other costs.**

- MCPs' contracts with Transitional Rent Providers must include language acknowledging that reimbursement for Transitional Rent in interim settings will be limited to the costs of housing the Member and must not include other services or costs.
- MCPs must require documentation that claims only include coverable housing costs.
  - MCPs have discretion on the form of assurance and documentation that contracted providers must submit.
  - Example of such documentation could include an Excel that breaks out the housing component of a bundled rate.
- MCPs must make it known to providers that they can request this assurance and documentation at any time, but are required to receive it at a minimum during the following instances:
  - Upon contract execution with interim setting providers.
  - Whenever the interim housing provider changes its rate.
- As part of MCPs' routine monitoring and auditing[1], MCPs must conduct sample audits of detailed documentation to validate the cost of housing reported by Transitional Rent Providers. The assurance/documentation and results of audit sampling must also be available to DHCS upon request for review at any time.

[1] As set forth in the MCP Boilerplate Contract, Exhibit A, Attachment III, Section 1.3 (Program Integrity and Compliance Program).

# What if a Setting's Costs Exceed the Reimbursable Ceiling?

- **DHCS encourages MCPs and Transitional Rent Providers to negotiate the cost of rent or temporary housing paid to landlords or property managers** that align with the payment standards used by PHAs and county behavioral health delivery systems, subject to the reimbursable ceilings, to support a seamless transition to other housing supports after the expiration of Transitional Rent.

- DHCS reminds MCPs and Transitional Rent Providers that some costs of bundled interim housing per diem rates are not covered by Transitional Rent and may be covered by other funding sources (if eligible under the requirements of those sources). **DHCS encourages MCPs and Transitional Rent Providers to analyze and map interim settings' cost structures against this funding guidance. Flex Pool TA Academy Faculty can support if needed.**

# Questions?

# 5. Out-of-County Placements

# Out-of-County Placements

- **DHCS recognizes that certain circumstances may necessitate placement of an individual receiving BHSA Housing Interventions and/or Transitional Rent in housing in another county.**
- **In addition to individual choice, reasons for out-of-county placements** may include limited permanent housing stock, family reunification, and access to specialized treatment/services.
- There are no specific restrictions on out-of-county placements for individuals receiving BHSA Housing Interventions and/or Transitional Rent. Flex Pools should ensure out-of-county placements are consistent with existing MCP and county policies governing temporary and permanent moves across county lines.
- Out-of-county placements have **administrative, funding, and care coordination implications,** and should only be used when in the best interest of the individual.

# Questions?

# Additional Resources

- **Resources**
  - BHSA Policy Manual Section 7.C. Housing Interventions Volume 3
  - Community Supports Policy Guide Volume 2
  - Transitional Rent Payment Methodology
  - BHSA Housing Interventions Policy and Implementation FAQ (Updated March 2026)
  - Housing for Health webpage
    - DHCS strategies to assist members experiencing Homelessness
  - Behavioral Health Transformation
    - Discover additional information and access resources including the January and February 2026 DHCS County Housing Office Hours
    - Sign up on the DHCS website to receive monthly Behavioral Health Transformation updates

- **Questions and Feedback**
  - Please send any other questions or feedback about Behavioral Health Transformation to BHTInfo@dhcs.ca.gov and/or about Transitional Rent to CalAIMECMILOS@dhcs.ca.gov

# Thank you!

# Appendix

# Transitional Rent Payment for the Cost of Rent or Temporary Housing

***As stated in the Transitional Rent Payment Methodology:***

- **DHCS is reimbursing MCPs the actual cost of rent or temporary housing (i.e., within interim settings) paid to the landlords or property owners up to a specified reimbursable ceiling**.
- The reimbursable ceilings have been designed to reflect local rental or occupancy costs of permanent and interim settings across California.
- They are tied to a percentage of the U.S. Housing and Urban Development (HUD) Small Area Fair Market Rents (SAFMR). DHCS has chosen to establish the reimbursable ceiling above SAFMR.
- **The reimbursable ceilings are not fixed rates of payment;** DHCS expects that actual rent or temporary housing costs will vary from case to case.
- MCPs and Transitional Rent Providers should place Members in settings where the payment provided by the Transitional Rent Provider to the landlord or property owner is sufficient to cover the cost of housing.

**What is SAFMR?**

- SAFMRs serve as a basis for establishing payment standards for HUD administered voucher programs.
- SAFMR is established at the zip code level and vary by unit size.
- SAFMR is designed to allow access to housing in higher-opportunity areas.
- HUD updates SAFMR annually.

# *Reminder:* Transitional Rent Allowable Settings

**Transitional Rent includes both interim and permanent settings; MCPs must offer both permanent and interim settings and may not exclude coverage of any specific setting type.[1]**

## Permanent Settings

- Single-family and multi-family homes
- Apartments
- Housing in mobile home communities
- Accessory dwelling units (ADUs)
- Shared housing
- Project-based or scattered site supportive housing
- Single room occupancy (SRO) units*
- Tiny homes*
- Recovery housing*
- License-exempt room and board*

## Interim Settings

- Tiny homes*
- Hotels/motels when serving as the Member's primary residence
- Interim settings with a small # of individuals per room
- SRO units*
- Transitional and recovery housing* with no lease agreement including:
  - Bridge, site-based, population-specific, and community living programs that may or may not offer supportive services and programming
  - License-exempt room and board*
  - Peer respite

* Indicates that a setting can be permanent or interim. **Permanent settings are those with a renewable lease agreement with a term of at least one month.**

[1] The specific settings allowable for Transitional Rent are authorized under California's BH-CONNECT Special Terms and Conditions (STCs). *(See the CMS Approval Letter and BH-CONNECT STCs Technical Corrections and Protocols (January 2025), Attachment G.)*

# Reimbursable Ceiling for **Permanent** Settings

***Per the Transitional Rent Payment Methodology:***

| Permanent Settings | Per-Month Reimbursable Ceiling |
|---|---|
| Allowable permanent setting (not single room occupancy (SRO) unit) | 110% of SAFMR for the applicable unit size (i.e., efficiency, one-bedroom, two-bedroom, three-bedroom, or four-bedroom) |
| Allowable permanent setting meeting the definition of an SRO unit[1] | 82.5% of SAFMR for an efficiency unit[2] |
| Shared housing—where two or more people live in one rental unit | Prorated share of 110% of SAFMR for the applicable unit size, with the share determined by the number of bedrooms occupied by the Member's household relative to the total bedrooms in the unit |
| Payments can be made on a per-month or per-diem basis. The per-diem reimbursable ceiling for a given setting is equal to the monthly rate divided by 28. Per-diem payments will be reserved for stays of less than a full month. Month-long stays will be required to be paid on a per-month basis. | |

[1] As defined in 24 CFR section 982.4(b), an SRO is a "unit that contains no sanitary facilities or food preparation facilities [for the exclusive use of the occupant], or contains either, but not both, types of facilities."
[2] HUD defines SROs as a "special housing type" and sets the payment standard at 75% of the efficiency unit payment standard (see 24 CFR section 982.604). The reimbursable ceiling of 82.5% of SAFMR reflects the application to HUD's SRO methodology (i.e., 75% x 110% = 82.5%).

# Reimbursable Ceiling for **Interim** Settings

***Per the Transitional Rent Payment Methodology:***

| **Interim Settings** | **Per-Month Reimbursable Ceiling** |
|---|---|
| Allowable interim setting when Member has their own room (including converted hotels/motels now serving individuals experiencing homelessness) | 110% of SAFMR for the applicable unit size |
| Interim setting with a small number of individuals per room | Prorated share of 110% of SAFMR for an efficiency unit, with the share determined by the number of beds in the room occupied by the Member's household relative to the total number of beds in the room |
| Hotels/motels (i.e., commercial lodging) when serving as the Member's primary residence | 150% of SAFMR for an efficiency unit |
| Payments can be made on a per-month or per-diem basis. The per-diem reimbursable ceiling for a given setting is equal to the monthly rate divided by 28. Per-diem payments will be reserved for stays of less than a full month. Month-long stays will be required to be paid on a per-month basis. | |