

CALIFORNIA TAKES KEY STEP IN BEHAVIORAL HEALTH TRANSFORMATION TO SUPPORT THE MOST VULNERABLE

State Requests Federal Approval to Provide Rental Assistance to Medi-Cal Members, Among Additional Supports and Services

SACRAMENTO — The Department of Health Care Services (DHCS) today submitted to the Centers for Medicare & Medicaid Services (CMS) a [proposed amendment](#) to the California Advancing and Innovating Medi-Cal (CalAIM) Section 1115 demonstration related to transitional rent services and the new Section 1115 demonstration request, entitled the California Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) demonstration.

In a [letter](#) to U.S. Department of Health & Human Services Secretary Xavier Becerra, **Governor Newsom** wrote: The BH-CONNECT demonstration is integral to the state's broader efforts to transform and strengthen the Medi-Cal program, offering Californians a more equitable, coordinated, and person-centered approach to maximizing their health and life trajectories. BH-CONNECT is a key component of my Administration's broader, multi-year behavioral health agenda and historic transformation of behavioral health services in California."

Said **DHCS Director Michelle Baass**, "We are seeking approval to expand access to and strengthen the continuum of community-based behavioral health services for Medi-Cal members living with significant behavioral health needs. BH-CONNECT will further advance the Governor's ongoing behavioral health initiatives."

WHY THIS IS IMPORTANT: The BH-CONNECT demonstration builds upon unprecedented investments and policy transformations currently underway in California that are designed to expand access to community-based behavioral health care and improve outcomes for Medi-Cal members living with the most significant mental health and substance use needs. California has invested more than \$10 billion and is implementing [landmark policy reforms](#) to strengthen the behavioral health care continuum through initiatives like the [Children and Youth Behavioral Health Initiative](#), [Behavioral Health Continuum Infrastructure Program](#), [Behavioral Health Bridge Housing Program](#), [CalAIM Justice-Involved Initiative](#), [Behavioral Health Payment Reform](#), [mobile crisis](#) and [988 expansion](#), and more.

SUPPORTING CALIFORNIANS WITH RENTAL ASSISTANCE: In addition to offering six months of transitional rent services as a county opt-in benefit through BH-CONNECT beginning in 2024-25, DHCS is seeking to provide up to six months of transitional rent services through an amendment to the CalAIM Section 1115 demonstration. It is anticipated that Medi-Cal managed care plans can begin to elect to cover the benefit in calendar year 2025 for eligible individuals who are homeless or at risk of homelessness and transitioning out of institutional levels of care, congregate residential settings, correctional facilities, the child welfare system, recuperative care facilities, short-term post-hospitalization housing, transitional housing, homeless shelters or interim housing, as well as those who meet the criteria for unsheltered homelessness or for a Full Service Partnership (FSP) program.

Transitional rent services must be cost-effective and will be provided only if it is determined to be medically appropriate using clinical and other health-related social needs criteria. Transitional rent services will be voluntary for Medi-Cal managed care plans to offer and for Medi-Cal members to use.

“The goal is to improve the well-being and health outcomes of Medi-Cal members during critical transitions or who meet high-risk criteria,” said **Baass**.

ADDITIONAL SUPPORTS: Features of BH-CONNECT that DHCS is requesting as part of the Section 1115 demonstration include a workforce initiative to invest in a robust, diverse behavioral health workforce to support Medi-Cal members living with significant behavioral health needs, including mental health and substance use disorders; activity stipends to ensure children and youth involved in child welfare have access to extracurricular activities that support health and well-being; incentive program to support children and youth involved in child welfare who are also receiving specialty mental health services; and statewide incentive program to support behavioral health delivery systems in strengthening quality infrastructure, improving performance on quality measures, and reducing disparities in behavioral health access and outcomes.

GOAL OF BH-CONNECT: “The BH-CONNECT demonstration aims to increase access to and improve mental health services for Medi-Cal members living with significant behavioral health needs,” said **State Medicaid Director Jacey Cooper**. The demonstration builds upon California's historic commitment to creating a full continuum of care for substance use disorder treatment and recovery services; in 2015, California launched the Drug Medi-Cal Organized Delivery System (DMC-ODS), a first-in-the-nation model that has been emulated in many other states.

“Like DMC-ODS, this opportunity allows California to make historic investments in building out the full continuum of care for behavioral health, with a special focus on the populations most at risk,” said **Cooper**.

The BH-CONNECT demonstration will standardize and scale evidence-based models so Medi-Cal members with the greatest needs receive upstream, field-based care delivered in the community; avoid unnecessary emergency department visits, hospitalizations, and stays in inpatient and residential facilities; reduce involvement with the justice system; and report improved status. To achieve these goals, the BH-CONNECT demonstration includes some components that will be implemented on a statewide basis and other components that will be implemented on a county opt-in basis.

“California’s proposed goal for the BH-CONNECT demonstration is to complement and advance these major behavioral health initiatives to establish a robust continuum of community-based behavioral health care services and improve access, equity, and quality for Medi-Cal members in need, particularly individuals experiencing disparities in behavioral health care and outcomes,” said **Tyler Sadwith, Deputy Director of DHCS Behavioral Health**.

BIGGER PICTURE: BH-CONNECT aligns with the [Governor’s transformation of the behavioral health system](#) in key ways, including a focus on expanding access to housing for Californians with significant behavioral health needs, a commitment to scale evidence-based service models proven to improve outcomes for Californians experiencing the greatest inequities, a \$2.4 billion initiative for long- and short-term investments in a robust, diverse behavioral health workforce, and more. Together, these initiatives will help to modernize the state’s behavioral health system.

#

NUMBER: 23-41 | **DATE:** October 20, 2023
CONTACT: [Office of Communications](#), (916) 440-7660

www.dhcs.ca.gov