

Transitional Rent Payment Methodology

October 31, 2025
All Comer Webinar

The Newest Community Supports Service: Transitional Rent

Transitional Rent goes live for the Behavioral Health Population of Focus (POF) on 1/1/2026.

Transitional Rent is the newest Community Support that covers up to six months of rental assistance or temporary housing to Medi-Cal Members who are experiencing or at risk of homelessness and meet certain additional eligibility criteria



Introducing the Transitional Rent Payment Methodology

The Department of Health Care Services (DHCS) has released the [Transitional Rent Payment Methodology](#) available on:

- » [Community Supports Resources webpage](#)
- » [Housing for Health webpage](#)
- » [BH-CONNECT Resources webpage](#)
- » [Medi-Cal Managed Care Financial Reports webpage](#)

This document contains information on the:

- » Maximum reimbursable amounts (“reimbursable ceilings”).
- » Fees to cover the administration of Transitional Rent.



Today's Agenda

1. Context & Opening Remarks
2. Recap – Transitional Rent Overview
3. Overview of Transitional Rent Payment Structure
4. Payment for Cost of Rent or Temporary Housing
5. Administrative Fee
6. Q&A

Questions?



- » Please use the Q&A feature to send your questions and comments.
- » We will also hold a brief Q&A session at the end of our presentation.

A recording of today's webinar will be posted on the DHCS Community Supports webpage in the coming weeks.

Context & Opening Remarks

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Homelessness in California

California accounts for more than a quarter of all homeless people in the U.S., with more than 180,000 Californians facing homelessness each night.¹

Who is Experiencing Homelessness in California (2023)¹

- » **38%** of all people experiencing homelessness are chronically homelessness
- » **66%** are unsheltered homeless
- » **37%** identify as Latino/x
- » **Higher proportions of people identifying as Black or Native American** are homeless compared to the overall California population

Homelessness is a Health Care Issue²

- » **35%** are individuals experiencing chronic substance use
- » **66%** are individuals experiencing untreated mental health conditions, including serious depression, anxiety, memory problems, and hallucinations
- » **60%** have at least one chronic condition, like hypertension, asthma or COPD
- » Experience more **frequent and longer hospital stays**

1. Data from [U.S. HUD 2024 Point-in-Time Estimates](#).

2. Data from [UCSF - California Statewide Study of People Experiencing Homelessness Report \(June 2023\)](#).

Housing Efforts as Part of DHCS' Medi-Cal Transformation

California is transforming Medi-Cal to improve health care quality, access, and outcomes for Medi-Cal Members.

» In 2022, California Advancing and Innovating Medi-Cal (CalAIM) introduced:

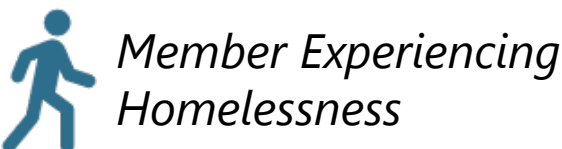
- The **Enhanced Care Management (ECM) benefit**, for the highest-risk, highest-need Members; and
- A menu of **14 Community Supports**, which are services that help improve the health and well-being of Medi-Cal managed care plan (MCP) Members by addressing their health-related social needs, supporting healthier lives, and avoiding higher, costlier levels of care.

» **Transitional Rent is the newest Community Support and will go live across California in 2026.** Transitional Rent was authorized under the BH-CONNECT* Section 1115 demonstration waiver. With this launch, California joins a number of other states in offering up to 6 months of rental assistance through Medicaid.



How Medi-Cal Can Support the Journey to Stable Housing

Multiple Medi-Cal services can be combined to support Members including temporary room and board.



- 1** Community Supports – Housing Trio Services
- 2** Community Supports – Room and Board Services

Connecting Medi-Cal and BHSA Transformation

DHCS will soon broaden its housing-related services and supports, both within Medi-Cal, through Transitional Rent, and beyond Medi-Cal, with the implementation of BH Transformation.



Transitional Rent ***(Medi-Cal Community Support)***

- » Mandatory MCP coverage of **up to six months** of rent for the Behavioral health Population of Focus
- » Optional coverage for other Transitional Rent Populations of Focus



Behavioral Health Service Act (BHSA) **Housing Interventions** ***(Non Medi-Cal Program)***

- » Counties will place and sustain individuals with significant behavioral health needs in permanent and interim housing settings

1. Recap – Transitional Rent Overview



Transitional Rent Eligibility Criteria

Eligible high-need Members enrolled in a MCP may be eligible for Transitional Rent if they meet the following criteria:



MEET CLINICAL RISK FACTORS

- Meet the access criteria for Medi-Cal SMHS¹, *or*
- Meet the access criteria for DMC² or DMC-ODS³ services, *or*
- One or more serious chronic physical health conditions, *or*
- One or more physical, intellectual, or developmental disabilities; *or*
- Individuals who are pregnant up through 12-months postpartum



EXPERIENCING OR AT RISK OF HOMELESSNESS

- As defined by US Department of Housing and Urban Development (HUD) with certain modifications



PART OF SPECIFIED "TRANSITIONING POPULATIONS" *or* UNSHELTERED HOMELESS *or* FSP ELIGIBLE

- Transitioning out of an institutional or congregate residential setting, *or*
- Transitioning out of a carceral setting, *or*
- Transitioning out of interim housing, *or*
- Transitioning out of recuperative care or short-term post-hospitalization housing, *or*
- Transitioning out of foster care, *or*
- Experiencing unsheltered homelessness, *or*
- Eligible for FSP⁴

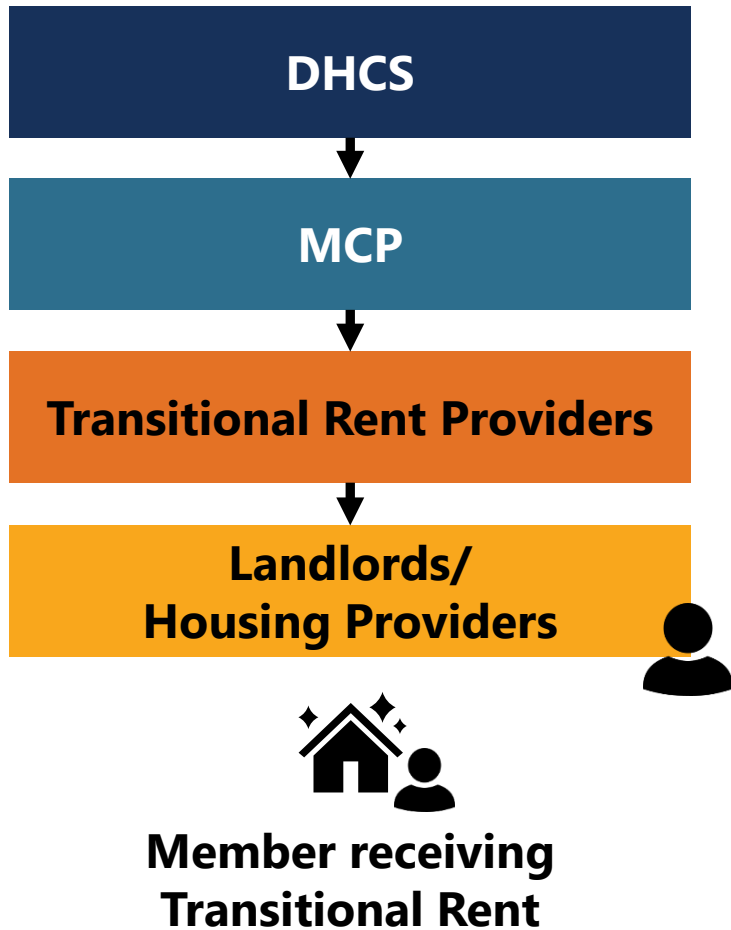
1. SMHS: Specialty Mental Health Services

2. DMC: Drug Medi-Cal

3. DMC-ODS: Drug Medi-Cal Organized Delivery System

4. FSP: Full Service Partnership

How Transitional Rent Will Be Delivered



- » MCPs are required to contract with a network of Transitional Rent Providers that will issue payments for housing for Members receiving Transitional Rent or will directly provide housing for Members receiving Transitional Rent.
- » Allowable Transitional Rent Providers include:
 - County agencies, including county behavioral health agencies
 - Flex Pools
 - Affordable housing providers
 - Supportive housing providers
 - CoC-affiliated entities
 - Social services agencies
 - Public Housing Authorities
 - Other providers of services for individuals experiencing homelessness

Allowable Settings

Transitional Rent includes both interim and permanent settings; MCPs must place Members in permanent and interim settings and may not exclude coverage of any specific setting type.

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

- SRO units*
- Tiny homes*
- Hotels/motels when serving as the Member's primary residence
- Interim settings with a small # of individuals per room
- 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.

Authorization Requirements

In addition to determining that the Member is eligible for Transitional Rent, the MCP must take the following steps before authorizing Transitional Rent.



Authorization

Requirement For Permanent Settings

1. Housing Support Plan

MCPs must require a comprehensive **housing support plan** as a condition for authorizing Transitional Rent in a permanent setting.

Requirement For Interim Settings

1. Housing Support Plan

MCPs must require a **housing support plan**, though DHCS recognizes it may be less complete, given that identifying a Member's permanent housing strategy/solution and payment source(s) and mechanism(s) can take time.



2. Coordination with County BH Agency

Confirm the Member is BHSA-eligible and will be able to transition to BHSA Housing Interventions at the expiration of Transitional Rent. Confirmation must be documented in the housing support plan.

Housing Support Plan

With the addition of Transitional Rent, DHCS is further emphasizing the key role the housing support plan plays across services.

When is a housing support plan required?

- MCPs must ensure that a Member has a housing support plan in place as a condition for authorizing a Member for **Transitional Rent**.

Who can develop it?

- Provided it meets the **requirements elements**, it may be developed by a Community Supports Provider, a flex pool or hub organization that coordinates supportive services, or other Housing Providers, including county behavioral health agencies, regardless of their participation in Medi-Cal or as a contracted Provider.



Required Elements?

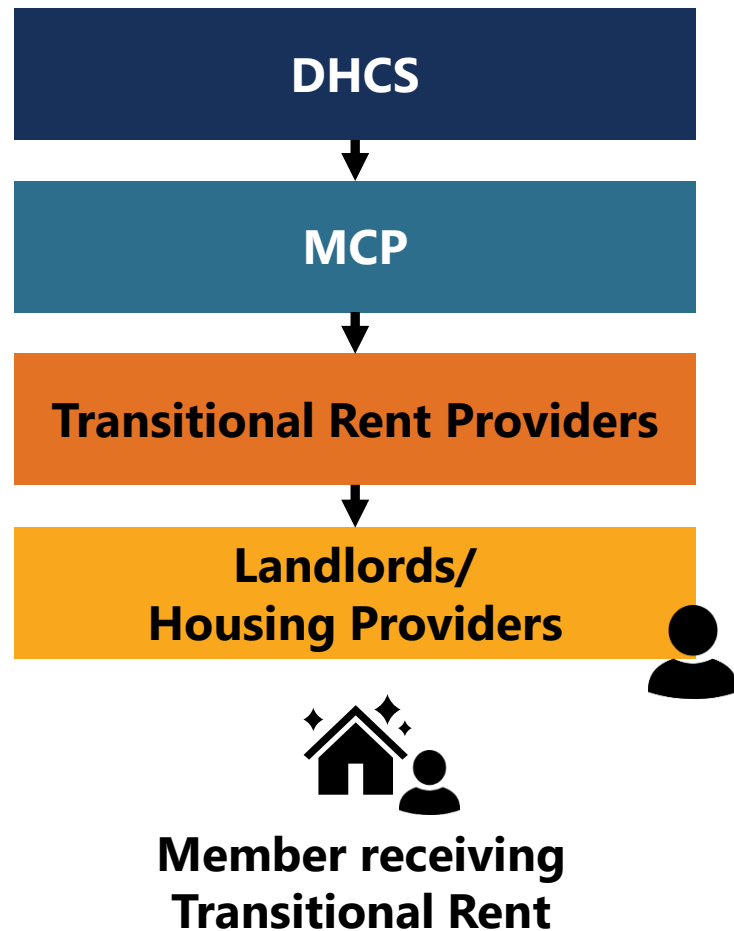
- ✓ The permanent housing strategy and solution for the Member.
- ✓ The full range of permanent housing supports that will support the Member in sustaining tenancy.
- ✓ Be informed by Member preferences and needs and revised as a Member's circumstances change.
- ✓ Be based on a housing assessment that addresses identified barriers.
- ✓ Be developed in a way that is culturally appropriate and trauma-informed.

2. Overview of the Transitional Rent Payment Structure

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Background on Transitional Rent Payment Structure (1/2)

DHCS will reimburse 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 Transitional Rent payment is designed to cover the cost of rent or temporary housing (i.e., within interim settings) for the Member for the full time in which the Member is receiving Transitional Rent (which may be up to six months).
- » 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.
- » The reimbursable ceilings are **not** the fixed rates of payment; DHCS expects that actual cost of rent or temporary housing will vary from case to case.
- » MCPs and Transitional Rent Providers must not require Members receiving Transitional Rent to cover a share of the rent.

Background on Transitional Rent Payment Structure (2/2)

DHCS will reimburse 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.

DHCS payments to MCPs for Transitional Rent will consist of two separate components:

1

Cost of rent or temporary housing

(which may include cost of storage fees, amenity fees, and landlord-paid utilities that are charged as part of the rent payment) up to the applicable reimbursable ceiling.

2

Administrative fee to cover the reasonable costs associated with delivering the Transitional Rent service.

What Does Transitional Rent Cover for Permanent Settings?

- » The Transitional Rent payment for permanent settings is designed to cover the full cost of 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.

What Does Transitional Rent Cover for Interim Settings?

- » DHCS recognizes that county agencies and other housing providers may use various methods to pay for interim settings (e.g., bundled rates). **In alignment with the Community Supports Policy Guide, Transitional Rent will only cover the cost of housing the Member in the interim setting.**
 - Board (i.e., food) is not included as a coverable service under Transitional Rent and cannot be reimbursed through the Transitional Rent payment.
 - Supportive services are not coverable and, in many cases, are separately billable Medi-Cal services (e.g., Housing Tenancy Navigation Services (HTNS), Enhanced Care Management (ECM), others).

3. Payment for Cost of Rent or Temporary Housing



Payment for the Cost of Rent or Temporary Housing

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 the fixed rates of payment.**
- » DHCS expects that actual rent or temporary housing costs will vary from case to case and, typically, will be below the reimbursable ceilings.

What is SAFMR?

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

Reimbursable Ceilings for Permanent Settings

Permanent Settings	<u>Per-Month</u> 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-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.	

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., $75\% \times 110\% = 82.5\%$).

Reimbursable Ceilings for Interim Settings

Interim Settings	<u>Per-Month</u> 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-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.	

4. Administrative Fee



Administrative Fee

DHCS will pay MCPs administrative fees to cover the reasonable costs associated with delivering the Transitional Rent service.

- » The fee is intended to cover the costs associated with delivering the Transitional Rent service across **both** the MCP and the Transitional Rent Provider.
- » DHCS is not specifying a fixed, targeted amount or percentage of this fee that MCPs should allocate to the Transitional Rent Provider, recognizing that the respective allocation of activities between the MCP and the Provider will vary by MCP and Provider.
- » DHCS expects MCPs and Transitional Rent Providers to negotiate rates that reasonably reflect the overall division of responsibilities borne by each of the parties.

List of Administrative Activities Associated with Transitional Rent

The activities that this administrative fee is designed to cover include, but are not limited to:

1. Confirming an appropriate setting/unit.
2. Ensuring the housing unit is habitable (e.g., coordinating a housing quality inspection).
3. Helping the Member to review, understand, and execute the lease agreement, ensuring the lease agreement is compliant, legal, and reflects the needs of the Member, and confirming the rent payment due date.
4. Structuring rent payment agreement with landlord or property owner.
5. Issuing timely payments to the landlord or other housing provider.
6. Coordinating with the supportive services providers, which may include HTNS Provider, Housing Deposits Provider, HTSS Provider, ECM Provider, and/or other Medi-Cal or non-Medi-Cal funded providers who may be involved in service delivery for the Member.

Distinction from HTNS/HTSS

The activities associated in the delivery of Transitional Rent are landlord- or property owner-facing functions, whereas HTNS or HTSS service delivery are Member-facing functions

A provider may receive payment for HTNS or HTSS and Transitional Rent as these are distinct and not duplicative services.

Administrative Fee Structure

There are two types of administrative fees for Transitional Rent.

1. Standard administrative fee

- This is paid on a per-month or per-diem basis (depending on how the cost of rent or temporary housing is reimbursed). The per-diem administrative fee is equal to the applicable monthly rate divided by 28.

2. The administrative fee for the first month for when a Member is placed in a permanent setting, which is higher than the standard administrative fee.

- This higher payment is in alignment with DHCS' goal of advancing Members' long-term housing stability and seeking out placements in permanent housing—and to account for the higher administrative costs associated with these placements.
- This is paid on a per-month basis.
- The administrative fee will apply to the first month a Member receives Transitional Rent in a permanent setting, regardless of whether they previously received Transitional Rent in an interim setting. This higher administrative fee may only be claimed once per Member.

Administrative Fee Schedule

Fee by Region	Standard administrative fee, per month	Administrative fee for the <u>first month of Member placement in a permanent setting</u>
Region A	\$167.86	\$1,153.22
Region B	\$175.31	\$1,225.71
Region C	\$205.40	\$1,443.61
Region D	\$209.08	\$1,471.00
Region E	\$224.04	\$1,587.44
Region F	\$229.21	\$1,657.57
Region G	\$243.55	\$1,749.51
Region H	\$266.60	\$1,969.76
Region I	\$279.25	\$2,042.48

- **Region A:** Colusa, Del Norte, Glenn, Lake, Lassen, Modoc, Plumas, Siskiyou, Tehama, Trinity, Calaveras, Imperial, Kern, Tulare
- **Region B:** Butte, Humboldt, Mendocino, Nevada, Shasta, Sierra, Sutter, Yuba, Alpine, Amador, Fresno, Inyo, Kings, Madera, Mariposa, Merced, Mono, San Joaquin, Stanislaus, Tuolumne
- **Region C:** El Dorado, Placer, Sacramento, San Luis Obispo, Sonoma, Yolo
- **Region D:** San Benito, Solano, Riverside, San Bernardino
- **Region E:** Los Angeles
- **Region F:** Napa, Alameda, Contra Costa, Ventura
- **Region G:** Orange, San Diego, Monterey, Santa Barbara
- **Region H:** Marin, San Francisco, San Mateo
- **Region I:** Santa Clara, Santa Cruz

Q&A

Thank you!

- » DHCS thanks all stakeholders for their valuable input and partnership in contributing to the refinement & design of Transitional Rent Payment Methodology.

