

CALAIM ALL COMER WEBINAR: TRANSITIONAL RENT PAYMENT METHODOLOGY

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Duration: Thirty-five minutes and fifty seconds

Speakers:

- » Glenn Tsang
- » Brian Lewis
- » Enrique Zepeda

TRANSCRIPT:

0:00:28—Glenn Tsang—Slide 1

Hi everyone.

Hope everyone is well.

I'm still seeing plenty of folks joining, so I'm just going to give it an extra minute or two while folks join this webinar, so please hold while folks are still joining.

Alright, seeing that we're at 1003 right now, so I'm just going to kick us off.

Thank you everybody for joining the Transitional Rent payment methodology webinar. You know today we have.

You know, a walkthrough of our payment methodology that we recently released. Also, before we start, we just want to say happy Halloween to everyone. I know that this is a payment webinar, but I promise that this is not spooky at all.

Maybe just a little spooky.

Can hear all the laughs coming through all the mutes.



Pardon me.

All right. When we go ahead and go to the next slide, please, and I realize folks are still joining. So, I'll start walking through this a little slowly right now.

0:01:55—Glenn Tsang—Slide 2

So Transitional Rent, you know, DHCS, we're preparing to launch the newest community support Transitional Rent for the behavioral health population of focus in just two months.

As a reminder, Transitional Rent will cover up to six months of rental assistance for members we're experiencing or at risk of homelessness and meet additional eligibility criteria.

Notably, Transitional Rent will be the first mandatory community support.

Service with MCPS required to cover Transitional Rent for a specific population's beginning on January 1st, 2026, so hopefully folks have been following along closely, and this isn't new information for everyone.

Next slide please.

0:02:50—Glenn Tsang—Slide 3

So, the objective for our all Comer webinar today is to discuss the finalized Transitional Rent payment methodology that DHCS recently released.

We greatly appreciate stakeholder feedback that we received earlier this year and this really helped inform some of the refinements that we made that made it into this final version as well.

So thank you all again for those who provided us feedback.

As detailed on this slide, the Transitional Rent payment methodology document has been posted on a number of DHCS websites.

You know, there's several sites listed here, but I can I think one that folks are tracking closely is the housing for health web page. So listed there as well for easy access.

But noting that there's on these other pages as well.

Today, along with my colleagues from decapitated rates, development division within DHCS will provide an overview of the payment structure, the methodology that we use to construct the maximum reimbursement amounts or reimbursement ceilings, and we'll discuss what can be covered under Transitional Rent.



Next slide please.

0:04:06—Glenn Tsang—Slide 4

So before we get into the Transitional Rent payment methodology discussion, we first want to provide some more opening remarks.

And a brief overview of key Transitional Rent policies to set the foundation.

We'll hold some time at the end of the webinar for some Q&A that that will go over at the end.

Next slide please.

0:04:31—Glenn Tsang—Slide 5

So just noting little housekeeping item, if you have a question at any point in this presentation, please use the Q&A feature to submit it during the presentation.

Our team will be monitoring the questions throughout and we hope to address some of them at the end of the presentation.

See, our attendees are starting to slow down in terms of who's joining, so it's good timing right now.

So won't we go ahead and go into the next slide?

And next slide please.

0:05:06—Glenn Tsang—Slide 6

And for purposes of this discussion, I'm going to keep, I'm going to ask folks to keep hands down.

Don't. Don't raise your hands again. If you have questions, please put them in the Q&A chat.

OK.

0:05:23—Glenn Tsang—Slide 7

So as we get into this, I do want to do a brief level set on DHCS perspective and our role in addressing homelessness in California.

Comes as no surprise.

Homelessness is a major public health crisis in the United States, and especially here in California.



It is estimated that on a given day there are over 180,000 individuals experiencing homelessness in our state, and that's more than 1/4 of the nation's unhoused.

Population.

Medi-Cal members who experience homelessness have poor health, with a high prevalence of medical comorbidities, as well as behavioral health needs.

Members of homelessness makes it extremely difficult for them to receive appropriate care and treatment, which leads to an overuse of emergency departments, inpatient hospitalizations, which leads inpatient hospitalizations and other acute care services.

Unhoused people also have a mortality risk that is 3 1/2 times higher than people with similar conditions who are housed.

As a result, we see higher costs with poor health outcomes among unhealthy Medi-Cal members.

At the same time, numerous studies have found that interventions that combine care management with housing assistance can increase participation in appropriate treatment, improve medication adherence, improve health outcomes, and reduce mortality risk.

These facts have led us to leverage Medicaid authorities that cover housing related services and bring these services upstream to reach members experiencing homelessness with frequent utilization of institutions and inpatient settings.

Next slide please.

0:07:17—Glenn Tsang—Slide 8

So as a little context setting, you know DHCS we have to recognize and work to address this critical connection between stable housing and health for Medi-Cal members.

But the 2022 launch of our Enhanced Care management benefit ECM for short and community supports DHCS deepened its focus on members experiencing homelessness, one of the highest risk and highest need populations in the state.

Transitional Rent builds on these efforts.

By providing a targeted time limited benefit designed to prevent adverse health outcomes and to serve as the first step in connecting an individual with long term housing.

Next slide please.

0:08:01—Glenn Tsang—Slide 9



So this graphic here. It's really meant to show how Transitional Rent is part of a broader package of housing related services for members of the serves as a an example here on this slide is a journey for one hypothetical member that illustrates how DHCS envisions ECM connects with housing.

Community supports to work together and be combined to support that member in establishing a pathway to long term housing stability and affording an opportunity to connect to needed healthcare services that improve the individual's physical and behavioral health, behavioral health and well-being.

Next slide please.

0:08:51—Glenn Tsang—Slide 10

DHCS is also broadening its housing related services and supports with the implementation of its Behavioral Health Transformation.

The Behavioral Health Services Act Housing interventions, you'll hear me, refer to as BHSA Housing Interventions operated by county behavioral health agencies will play and sustain individuals with significant behavioral health needs in housing.

In brief, for members who have significant behavioral health needs, who meet the eligibility criteria, they can first receive up to six months of rental assistance via Transitional Rent offered through their Medi-Cal Managed care plan.

Following this, DHCS expects many Members will transition to the subsidies provided under the BHSA Housing interventions for eligible members. This will be a viable pathway to long term housing stability following receipt of Transitional Rent.

Next slide please.

0:09:54—Glenn Tsang—Slide 11

Again, I'm going to go into a little bit more background on Transitional Rent. I know many of you are tracking. So for folks who are not as closely tracking this, this will serve as also as a refresh for some of our transition ramp policy design.

Next slide please.

0:10:17—Glenn Tsang—Slide 12

As alluded to on the previous slide, DHCS has strategically decided to launch Transitional Rent for the Behavioral Health Population of Focus beginning on January 1st, 2026.



However, on this slide I do want to illustrate the broader eligibility framework for Transitional Rent, Medi-Cal managed care members will be eligible if they meet one or more of the following clinical risk factors that are listed here in bucket one.

Are and are also meeting bucket 2 experience and are at risk of homelessness as defined by HUD and then also bucket 3.

Here are part of a specified transitioning population or meeting the high risk, unsheltered homelessness, or those eligible for full service partnerships.

I know this is a very dense slide, but another way to look at this is an equation in January.

Anyone who meets the top bullets under Criteria 1, the clinical risk factor, plus criteria 2 plus any of the criteria listed under 3 will be eligible for Transitional Rent.

Next slide please.

0:11:35—Glenn Tsang—Slide 13

OK.

So how Transitional Rent will be delivered?

This slide is a depiction of those involved in the delivery of Transitional Rent. That account managed care plans you'll hear call it MCPs for short, must contract with Transitional Rent Providers to administer Transitional Rent.

MCPs cannot administer payments directly to landlords themselves.

This'll be done through contracted providers.

As noted, a Transitional Rent Provider is the entity that issues payments for housing for members receiving Transitional Rent.

Or will directly provide housing for members in similar position, right?

Next slide please.

I'm sorry. Go back. Sorry.

Let's skip the slide.

In addition to issuing timely payments to landlord and other housing providers, the Transitional Rent Provider plays a key role in ensuring the Members safely and stably housed in an appropriate inhabitable setting, and that the member is connected to supportive service providers.



Many types of entities can serve as a Transitional Rent Provider. Notably, this includes county agencies such as county behavioral health, which are well positioned to serve as Transitional Rent Providers and help seamlessly coordinate stay eligible members, switch to beach and stay housing interventions.

We're seeing a lot of hands pop up again.

I'm just going to do a quick reminder if you have questions, please put them in the Q&A function.

We will not be taking questions live throughout this presentation.

Next slide please.

0:13:19—Glenn Tsang—Slide 14

Allowable settings. The list on this slide is a full list of allowable settings.

DHCS will cover for Transitional Rent.

You may immediately notice that some of the settings are featured as both permanent and allowable settings.

DHCS defines a permanent setting as one where the member has a renewable lease agreement with a term of at least one month.

So, for example, a tiny home that does not have a renewable lease agreement would be considered an interim setting.

While a tiny home, likewise, does have renewable lease agreement with a term of at least one month would be considered a permanent setting.

So Transitional Rent can cover members, housing and permanent interim settings, or provide for some months and interim setting and the remainder in a permanent setting.

So Transitional Rent doesn't have to be solely dedicated to just one setting, just recognizing that member may go into an interim and move to a permanent setting.

Permanent housing is DHCS goal for members.

However, we understand that housing in an interim setting may be appropriate to provide a member with the refuge from the risks of unsheltered homelessness and the Launchpad to connect with needed health care and social services and work on long term housing solutions.

Next slide please.



0:14:51—Glenn Tsang—Slide 15

Authorization requirements in addition to meeting the eligibility requirement, a member must have a housing support plan in place. An order for an MCP to authorize a member to receive Transitional Rent.

When a member is placed in a permanent setting through Transitional Rent, a member must have a comprehensive housing support plan containing all of the required elements, which I'll go over in a moment.

When a member is placed in an interim setting, a housing support plan must also be in place, though we recognize maybe less complete given where Member is on their housing journey.

However, the authorized placement is in an interim setting.

The MCP must confirm the Member is BHSA-eligible and coordinate with the county Behavioral Health Agency to confirm that the Member will be able to transition to BHSA housing interventions at the expiration of Transitional Rent. If the Member is otherwise not able to secure long term rent subsidies.

Next slide please.

0:16:00—Glenn Tsang—Slide 16

A member's housing Support plan acts as a personalized road map to help a member on their journey from homelessness or housing instability into long term housing stability. With upcoming addition of Transitional Rent.

DHCS is further emphasizing the importance of the housing support plan and across services. As a reminder, the development and maintenance of a housing support plan has always been the expectation for Members receiving the housing trio.

Of services.

Now DHCS is doubling down on this importance by requiring a members housing support plan to be in place to authorize Transitional Rent.

This ensures that Members receiving this time limited benefit have a clear, coordinated path toward long term housing.

The required housing support plan can be developed by community supports provider and non-Medi-Cal funded supportive services provider or another type of provider.

Whoever develops housing support plan, it must include key required elements.



Finally, the housing support plan must include the permanent housing strategy and solution for members. A full range of permanent housing supports that will support the member in sustaining tenancy.

Be informed by member preferences and needs as and revised as a Member's circumstances change.

Additionally, it must be based on housing assessment that addresses identified barriers and be developed in a way that is culturally appropriate and trauma informed.

Next slide please.

0:17:32—Glenn Tsang—Slide 17

And next slide.

0:17:43—Glenn Tsang—Slide 18

OK so.

Some more background on the Transitional Rent payment structure for someone to provide that DHCS will reimburse the MCPS for the actual cost of rent or temporary housing up to the reimbursable ceiling established in the payment model. As mentioned previously, the reimbursable ceilings are not fixed rates of pay.

And the actual costs of rent or temporary housing will vary case by case.

Transitional Rent is designed to cover the cost of rent or temporary housing for the member for the full time in which the member is receiving Transitional Rent, which may be up to six months.

MCPS and providers should prioritize placing members in settings where the Transitional Rent payment is sufficient and Members must not be required to cover a share of rent. Next slide, please.

0:18:38—Glenn Tsang—Slide 19

Another note on the payment structure, Transitional Rent will be paid outside of in addition to the usual capitation payments.

There are two components to the Transitional Rent payment.

We'll dig deeper into each component of the Transitional Rent payment in greater detail in the next section of the presentation. At a high level, there is one payment for the cost of rent for temporary housing, which can include coverage for certain fees charged as part of the rent.

Payment, specifically the cost of storage fees, amenity fees.



And landlord paid utilities and two, the administrative fee to cover reasonable costs. Associated with delivering the service.

Next slide please.

0:19:23—Glenn Tsang—Slide 20

Alright, now we're going to step through more information about what Transitional Rent covers in each setting type.

For permanent settings, the Transitional Rent payment is designed to cover the full cost of rent and may only be used to cover rental assistance costs, which as mentioned may include storage fees, amenity fees and landlord paid utilities that are charged as part of the rent payment.

Next slide.

0:19:49—Glenn Tsang—Slide 21

Now we'll discuss Transitional Rent.

What Transitional Rent covers an interim settings?

First, I want to acknowledge that since the final Transitional Rent payment methodology was published, counties have raised questions about what exactly the Transitional Rent payment covers for interim settings. I'll note that DHCS we will attempt to provide some clarity during this webinar today and we also intend to.

Provide more clarity and follow up to today's webinar.

Part of the issue stems from the way counties and other housing providers pay for.

Interim housing, which typically involves a comprehensive, all in bundled per diem rate. That includes room, board, and other services such as supportive services like education, programming and other clinical services, to name a few.

Want to note that payments for Transitional Rent in interim settings covers the cost of the members occupancy in the interim setting.

Another way of saying this is that the payment can cover the room only.

Board or food is not included in the Transitional Rent payment.

Similarly, supportive services are not coverable under Transitional Rent, but in many cases these can also be billed to Medi-Cal.

Alright, so is with this overview of Transitional Rent that I'm now going to pass it to my colleague Brian Lewis to describe more about how payments for Transitional Rent should work.

0:21:28—Brian Lewis—Slide 22

Thanks, Glenn.

We received some notes that the Q&A is not working, so we're trying to address that and get that turned on before the end of the meeting. So you don't consume your questions, but Please be patient as we work to get that resolved.

Alright, now we'll take a closer look at the reimbursable ceilings that DHCS is established for Transitional Rent.

Next slide please.

0:21:56—Brian Lewis—Slide 23

The reimbursable ceilings have been designed to reflect local rental or occupancy costs of permanent and interim settings across the state. The department believes the most effective approach to achieve this is by tying the reimbursable ceilings to HUD's Small Area Fair Market Rent or SAFMR.

Doing this aligns with the payment standards for HUD-administered voucher programs and the Small Area Fair Market Rent is established at the ZIP code level.

And takes into account different unit sizes, so you'll see on the fee schedule the efficiency of one bedroom, 2 bedroom and so on.

The methodology ultimately allows for access to housing and higher opportunity areas.

And the final model for the Transitional Rent ties.

The reimbursable ceilings for all settings to SAFMR.

One more important note about the reimbursable ceilings is that they are not a fixed rate of payment. We expect that the actual rent or temporary housing costs will vary and that many will fall at or below the reimbursable ceiling amounts that we've set.

Next slide please.

0:23:08—Brian Lewis—Slide 24

So now I'll take you through the reimbursable ceilings for permanent settings on this table here on the left, you can see we have each of our three setting types. And then on the right the per month reimbursable ceiling amounts.



So, first there is going to be permanent settings and we've set that ceiling at 110% of Small Area Fair Market Rent for the applicable unit size. The number of bedrooms during the public comment period.

For the transitional payment model, we received a lot of feedback around this, along with a wide range of feedback. So, some housing providers thought.

110% was too low given the local housing market conditions and others thought it might be too high were their local PHA rent payment standards are only set to 100% of the FMR.

The concern there was that this misalignment may complicate housing search or router transitions. However, there was a camp of respondents who indicated that 110% was a sufficient and appropriate ceiling.

Next, the reimbursable ceiling is set to 82.5 percent of Small Area Fair Market Rent for permanent SROs and when tiny homes, recovery housing, or license exempt room and board resemble an SRO or what we are calling an SRO like the lower ceiling for SRO or SRO like ceilings or settings was.

Applied to align with HUD's lower standards for SROs, and while the reimbursable ceiling is set at less than 100% for these settings.

We are still paying above the Small Area Fair Market Rent .

Rent standard for the setting type.

And then last for the permanent settings is shared housing, which is defined as where two or more people live in one rental unit.

The ceiling here is calculated as a prorated share of 110% of small area FMR for the applicable unit size, with a share determined by the number of bedrooms occupied by the Member's household relative to the total bed bedrooms in the unit.

So as an example, here, let's consider 3 individuals share a three bedroom.

Unit the 110% Small Area Fair Market Rent for that unit as a whole is equal to \$2000.

Then the prorated share for one individual occupying one bedroom would be \$666.

Also, I want to note that even though the reimbursable ceilings have been constructed on a per month basis, the payments can be made on a per diem basis if the stay is less than a full month.

And the per diem reimbursable ceiling for any given setting is equal to the monthly rate divided by 28.



Next slide please.

0:26:01—Brian Lewis—Slide 25

All right. Now we'll talk about the reimbursable ceilings for the interim settings.

So same table here.

Settings right on the left, the percentage of Small Area Fair Market Rent is going to be on the right.

First, setting is allowable settings where a member has their own room, including converted hotel motels that are now serving individuals experiencing homelessness.

For this setting, we've set the reimbursable ceiling at 110% of Small Area Fair Market Rent.

And then for interim settings with a small number of individuals per room, the ceiling is calculated on a pro-rated share of 110% of Small Area Fair Market Rent for an efficiency unit with a share being 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.

And then finally, for hotel motels that are considered commercial lodging and when they are serving as a Member's primary residence.

DHCS to set the reimbursable ceiling at 150% of small area for market rent for inefficiency units.

And then now I'll pass it over to Enrique to talk more about the administrative fee component for transitional.

0:27:20—Enrique Zepeda—Slide 26

Thanks Brian.

Next slide please.

0:27:24—Enrique Zepeda—Slide 27

So now we'll discuss more details about the administrative fee component of the Transitional Rent payment.

The administrative fee is meant to cover the reasonable costs associated with delivering Transitional Rent.

Across the MCP and the transitional Rep provider, DHCS is not prescribing how this fee should be allocated given that the division of administrative activities between the MCP



and the provider will vary. The department expects MCPS and transitional Rep providers to negotiate rates that reflect the overall division of.

Responsibilities.

For each of the parties.

Next slide please.

0:28:11—Enrique Zepeda—Slide 28

So, this slide includes a list of the administrative activities that are meant to be covered through the administrative fee, a key distinction of the Transitional Rent administrative activities is that they are landlord facing functions compared to the member facing activities that are covered under housing transition navigation SERV.

And housing tenancy and sustaining services.

Next slide please.

0:28:42—Enrique Zepeda—Slide 29

So, there are two types of administrative fees for Transitional Rent, the first being the standard administrative fee that is paid on a per month or per diem basis in alignment with how the cost of rent or temporary housing is being reimbursed.

The second administrative fee is for the first month for which a member is placed in a permanent setting. This payment is consistent.

With DHCS goal of advancing long term housing sustainability.

This fee is paid on a per month basis and is only applied in the first month. A member receives Transitional Rent in a permanent setting.

This higher fee can only be claimed once per member.

Next slide please.

0:29:36—Enrique Zepeda—Slide 30

So here you can see both the standard administrative fee and the administrative fee for the first month a member is placed in a permanent setting by region.

The fees are listed per month and the per diem administrative fee is equal to the applicable monthly rate divided by 28.

So, this concludes the section on administrative fees. And with this, I'll hand it back over to you, Glenn.

Thank you.



0:31:08—Glenn Tsang—Slide 31

Hi everyone.

Sorry I'm having a little technical glitch on our end.

Just wanting to note that our Q&A function is not working on this webinar, so apologies for that.

We will.

I'm going to ask for folks.

To submit questions to our CommunitySupports@dhcs.ca.gov inbox. Again, that's CommunitySupports@dhcs.ca.gov.

Again, apologies that the Q&A function is not working properly.

What I'll do here is, you know, I'll go through a few questions and answers that we had developed prior to this webinar and then we'll look at the CommunitySupports@dhcs.ca.gov inbox and then look into revisiting another webinar where we go through.

Those questions and answers and revisit this information as well.

So again, apologies for the technical issues on that.

So that said, I will go through some questions that we had prepared in advance of this webinar that we've been receiving.

So these are commonly asked questions.

So the first question we have is reversible sealing a fixed rate of payment.

Again, the question is, is the reimbursable sealing a fixed rate of payment?

The answer is no.

The reimbursable sealing is not a fixed rate.

The reimbursable sealing represents the maximum amount.

That can be reimbursed for rent or temporary housing.

But it is not a set or guaranteed payment amount.

The actual cost for rent or temporary housing will vary from case to case in DHCS expects that most payments will be at or below the reimbursable ceiling.

The second question we have, how does DHCS ensure equitable access to Transitional Rent across diverse regions including rural and high cost urban areas?



So.

DHCS sets reimbursable ceilings based on HUD Small Area Fair Market Rent, which vary by ZIP code and unit size to reflect local housing costs.

Administrative fees are also regionally adjusted to account for differences in service delivery costs.

Question 3.

How does what is covered by the administrative fee differ from what is covered under other housing related community supports?

As a reminder, the administrative fee is paid to cover reasonable costs associated with delivering the Transitional Rent service, such as confirming housing settings, coordinating payments and supporting lease agreements.

Activities that are intended to be covered through the administrative fee in the Rio Transitional Rent or landlord or property owner facing function.

Where is housing transition, navigation services provider or a housing services service delivery? Are member facing functions?

The question for Will DHCS establish a fixed targeted amount or percentage of the fee that MCPS should allocate to the transitional provider?

DHCS expects MCPS and providers to negotiate rates that reflect their respective responsibilities.

The DHCS is not specifying a fixed targeted amount or percentage of this fee that MCPS should allocate to the transitional provider to allow for flexibility based on the unique arrangements between MCPS and Transitional Rent Providers.

Again, just want to apologize for the technical glitch with the Q&A function.

I'm going to share the e-mail address that I would point folks to for additional questions is CommunitySupports@dhcs.ca.gov.

We'll huddle back internally to discuss how we'll handle those incoming questions and revisit with this group or perhaps another webinar, for example, to provide this information again and get into the questions.

0:35:40—Glenn Tsang—Slide 32

So that's it.

Thank you all for joining us today and we want to sincerely thank you all for your ongoing input and collaboration.



We're excited for the launch of Transitional Rent in just a few short months. So thank you all and have a great rest of your day.