



# NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: AUGUST 1, 2023

## PROPOSED CALAIM SECTION 1115 DEMONSTRATION AMENDMENT TO AUTHORIZE TRANSITIONAL RENT SERVICES AS A NEW COMMUNITY SUPPORT IN MEDI-CAL MANAGED CARE

### Background

The California Department of Health Care Services (DHCS) is providing public notice of its intent to (1) submit to the federal Centers for Medicare & Medicaid Services (CMS) an amendment to the California Advancing and Innovating Medi-Cal (CalAIM) Section 1115 demonstration that requests transitional rent services as a new Community Support for qualifying individuals in the Medi-Cal Managed Care (MCMC) delivery system; and (2) hold two public hearings to receive public comments on this request.

Through the CalAIM Section 1115 demonstration and Section 1915(b) waiver approvals in December 2021, California received authority to implement a range of new population health and whole-person care initiatives and transitioned authority for California's managed care delivery systems — MCMC, Dental Managed Care, Specialty Mental Health Services (SMHS), and Drug Medi-Cal Organized Delivery System (DMC-ODS) — from the State's longstanding Section 1115 demonstration to authority under the CalAIM 1915(b) waiver. The approvals included authority to implement a menu of 14 "Community Supports," which are services that can be covered by managed care plans and offered by local community-based providers as appropriate, cost-effective alternatives to traditional medical services or settings. Twelve of the Community Supports are approved under managed care regulatory authority as "in lieu of services," effectuated through the Section 1915(b) waiver. The remaining two Community Supports are approved under Section 1115 demonstration authority.

To further improve the well-being and health outcomes of Medi-Cal members during critical transitions or who meet high-risk criteria, DHCS is seeking an amendment to the CalAIM Section 1115 demonstration to provide up to six months of transitional rent services as a new Community Support in MCMC for eligible individuals who are homeless or at risk of homelessness and experiencing critical transitions, as well as those

who meet the criteria for unsheltered homelessness or for a Full Service Partnership (FSP) program. To ensure a “no wrong door” approach to accessing key housing services for high need enrollees who are homeless or at risk of homelessness and experiencing transitions, as well as those who meet the criteria for unsheltered homelessness or for a FSP program, DHCS is requesting authority to provide transitional rent services for qualifying individuals enrolled in the SMHS and DMC-ODS delivery systems through the proposed California Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) demonstration.

## **I. Program Description, Goals, and Objectives of the Demonstration**

To improve the well-being and health outcomes of Medi-Cal members during critical transitions or who meet high-risk criteria, DHCS is seeking an amendment to the CalAIM Section 1115 demonstration to provide up to six months of transitional rent services as a new Community Support in MCMC 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 FSP program.<sup>1</sup> Transitional rent services will be provided only if it is determined to be medically appropriate using clinical and other health-related social needs (HRSN) criteria. Transitional rent services will be voluntary for the Medi-Cal managed care plans to offer and for Medi-Cal members to use.

California’s goals for the demonstration amendment align with CMS’ [guidance](#) related to demonstrations that authorize HRSN services and the existing goals for Community Supports authorized under the CalAIM Section 1115 demonstration, including the following for Medi-Cal members:

- Addressing unmet housing needs;
- Reducing long-term homelessness;
- Increasing utilization of preventive and routine care;

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<sup>1</sup> FSP is a comprehensive and intensive mental health program for individuals with persistent mental illness that have demonstrated a need for an intensive FSP program, including individuals who are experiencing or at risk of homelessness, those who are justice-involved, and high-utilizers of emergency or high-acuity mental health services. An estimated 71,000 individuals are currently enrolled FSP programs (.5% of the Medi-Cal population).

- Reducing utilization of and costs associated with potentially avoidable, high acuity health care services; and
- Improving physical and behavioral health outcomes.

## **II. Demonstration Approach**

To achieve these goals, DHCS is seeking expenditure authority up to an aggregate cap of \$764,860,000 over the final two years of the CalAIM demonstration period (January 1, 2025 – December 31, 2026) to cover transitional rent services in the MCMC delivery system. The California BH-CONNECT demonstration would cover these transitional rent services for qualifying individuals in the SMHS, DMC, and DMC-ODS delivery systems.

### **A. Eligibility, Delivery System, Benefits, and Cost Sharing**

The proposed demonstration amendment would not modify the parameters for Medi-Cal eligibility, care delivery systems, or cost-sharing. The amendment would add transitional rent services as an optional benefit for MCMC plans to offer and for eligible MCMC members to take up.

The State anticipates approximately 135,000 Medi-Cal members are homeless or at risk of homelessness and experience critical transitions or meet the criteria for unsheltered homelessness or for a FSP program in a given year, and will be potentially eligible for the transitional rent services in MCMC.

### **B. Financing and Budget Neutrality**

DHCS requests expenditure authority up to an aggregate cap of \$764,860,000 (total computable) over the final two years of the CalAIM demonstration period (January 1, 2025 – December 31, 2026). Consistent with CMS' budget neutrality framework for HRSN services and the approved budget neutrality approach for recuperative care and short-term post hospitalization housing, California is seeking capped hypothetical budget neutrality treatment for the transitional rent services.

Through the CalAIM Section 1115 amendment request, the State is not proposing any changes to Medicaid eligibility requirements. As such, the amendment is not expected to affect enrollment trends, which will continue to be determined largely by demographic changes and economic conditions.

The following table shows the proposed expenditure authority cap across the two Demonstration Years (DYs).

**Table 1. Proposed Expenditure Authority Cap**

| Proposed Expenditure Authority Cap | Demonstration Years (DYs) |                |               |
|------------------------------------|---------------------------|----------------|---------------|
|                                    | DY 5 (CY 2025)            | DY 6 (CY 2026) | Total         |
| Transitional Rent Services in MCMC | \$372,624,000             | \$392,236,000  | \$764,860,000 |
| Total                              | \$372,624,000             | \$392,236,000  | \$764,860,000 |

### III. Demonstration Waiver and Expenditure Authorities

DHCS is requesting expenditure authority up to an aggregate cap of \$764,860,000 over the final two years of the CalAIM demonstration period (January 1, 2025 – December 31, 2026) to cover up to six months of transitional rent services for qualifying individuals enrolled in a Medi-Cal managed care plan that elects to provide the services. DHCS is also seeking waivers of statewideness, comparability and amount, duration and scope for optional coverage of transitional rent services during this same two-year period.

To the extent that CMS advises the State that additional authorities are necessary to implement the programmatic vision and operational details described in this amendment, the State is requesting such waiver or expenditure authority, as applicable. California’s negotiations with the federal government, as well as State legislative/budget changes, could lead to refinements in these lists as we work with CMS to move CalAIM transitional rent services forward.

#### A. Waiver Authorities

Under the authority of Section 1115(a)(1) of the act, the following waivers shall enable California to implement this CalAIM Section 1115 amendment to cover transitional rent services from January 1, 2025 through December 31, 2026.

**Table 2. Proposed Waiver Authorities**

| Waiver Authority                   | Use for Waiver  |
|------------------------------------|---|
| § 1902(a)(1)<br>Statewideness      | To enable the State to provide transitional rent services only in certain geographic areas where Medi-Cal managed care plans elect to offer these services. |
| § 1902(a)(10)(B) and § 1902(a)(17) | To enable the state to provide transitional rent services that are not otherwise available to all beneficiaries in the same eligibility group.              |

| Waiver Authority                              | Use for Waiver |
|---|----------------|
| Amount, Duration, and Scope and Comparability |                |

## B. Expenditure Authority

Under the authority of Section 1115(a)(2) of the act, California is requesting the following expenditure authority through December 31, 2026:

Expenditures to provide transitional rent services to Medi-Cal managed care enrollees who meet the eligibility criteria specified in the STCs and any related requirements.

## IV. Section 1115 Demonstration Hypotheses and Evaluation Approach

The table below provides a preliminary plan to evaluate the amendment. The hypotheses are aligned with the existing hypotheses for recuperative care and short-term post-hospitalization housing, the two Community Supports/HRSN services currently approved under the CalAIM demonstration. Across all HRSN services, DHCS will evaluate whether the services achieve the following objectives among Medi-Cal members:

- Address unmet housing needs;
- Reduce long-term homelessness;
- Increase utilization of preventive and routine care;
- Reduce utilization of and costs associated with potentially avoidable, high acuity health care services; and
- Improve physical and behavioral health outcomes.

These hypotheses and plan are subject to change and will be further defined as California works with CMS to develop an evaluation design consistent with the STCs and CMS policy.

**Table 3. Proposed Evaluation Hypotheses, Approach, and Data Sources**

| Hypotheses   | Evaluation Approach   | Data Sources   |
|--|---|--|
| Unmet transitional housing needs among individuals in MCMC who are homeless or at-risk of homelessness and transitioning out of institutional levels of care, congregate residential | <ul style="list-style-type: none"> <li>• Housing status among eligible Medi-Cal members following transition from institutional levels of care, congregate residential settings,</li> </ul> | <ul style="list-style-type: none"> <li>• MCP reporting on housing status, and Community Supports service utilization, including Transitional Rent</li> </ul> |

| Hypotheses   | Evaluation Approach  | Data Sources   |
|--|--|--|
| <p>settings, correctional facilities, the child welfare system, recuperative care facilities, short-term post-hospitalization housing, transitional housing, homeless shelters or interim housing, or meet the criteria for unsheltered homelessness or for a FSP program, will be addressed over the course of the demonstration.</p>   | <p>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 FSP program.</p> <ul style="list-style-type: none"> <li>• Number and proportion of Medi-Cal members who have utilized transitional rent services in the MCMC delivery system.</li> </ul>             |  |
| <p>Reduce long-term homelessness among individuals in MCMC 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, or meet the criteria for unsheltered homelessness or for a FSP program.</p> | <ul style="list-style-type: none"> <li>• Change in housing status pre-/post-demonstration among eligible Medi-Cal members following transition from 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</li> </ul> | <ul style="list-style-type: none"> <li>• Surveys of Medi-Cal members 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, or meet the criteria for unsheltered</li> </ul> |

| Hypotheses   | Evaluation Approach   | Data Sources   |
|--|---|--|
|  | homelessness or for a FSP program.  | homelessness or for a FSP program <ul style="list-style-type: none"> <li>• Pre- and post-implementation surveys to track changes and progress over time</li> </ul> |
| Utilization of preventive and routine care will increase among individuals in MCMC 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, or meet the criteria for unsheltered homelessness or for a FSP program. | <ul style="list-style-type: none"> <li>• Analyze the number and percentage individuals who are homeless or at-risk of homelessness and experiencing transitions who are utilizing preventive, routine, and behavioral health care services before and after the demonstration.</li> </ul> | <ul style="list-style-type: none"> <li>• Medi-Cal encounter data</li> </ul>  |
| Utilization of potentially avoidable, high acuity care will decrease among individuals in MCMC 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-   | <ul style="list-style-type: none"> <li>• Analyze the number of emergency department and inpatient visits and skilled nursing facility (SNF) stays for individuals who are homeless or at-risk of homelessness and experiencing transitions before and after the demonstration.</li> </ul> | <ul style="list-style-type: none"> <li>• Medi-Cal encounter data</li> </ul>  |

| Hypotheses   | Evaluation Approach  | Data Sources   |
|--|--|--|
| hospitalization housing, transitional housing, homeless shelters or interim housing, or meet the criteria for unsheltered homelessness or for a FSP program.   |  |  |
| Physical and behavioral health outcomes will improve among individuals in MCMC 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, or meet the criteria for unsheltered homelessness or for a FSP program. | <ul style="list-style-type: none"> <li>Analyze physical and behavioral health outcomes, as reported through the CMS Core Measures set, for individuals who are homeless or at-risk of homelessness and experiencing transitions before and after the demonstration.</li> </ul> | <ul style="list-style-type: none"> <li>Medi-Cal encounter data</li> <li>CMS Core Set Measures</li> </ul> |

Consistent with CMS guidance and the current CalAIM STCs for HRSN services, the State will report on a slate of health equity metrics to be defined by CMS, stratified by race/ethnicity, language, geography, disability status, sexual orientation, and/or gender identity. The State also will examine whether and how state and local investments in housing change over time in concert with new Medicaid funding toward those services and will conduct a cost analysis to help develop comprehensive and accurate cost estimates of covering these services.

## V. Public Review and Comment Process

The 30-day public comment period for the CalAIM Section 1115 amendment for transitional rent services is from August 1, 2023 through August 31, 2023. All comments must be received no later than 11:59 PM (Pacific Time) on August 31, 2023.

All information regarding the CalAIM Section 1115 Transitional Rent Services Amendment can be found on the DHCS website at <https://www.dhcs.ca.gov/provgovpart/Pages/CalAIM-1115-and-1915b-Waiver-Renewals.aspx>. DHCS will update this website throughout the public comment and submission process.

DHCS will host two public hearings to solicit stakeholder comments. The meetings will take place in-person and have online video streaming and telephonic conference capabilities to ensure accessibility.

- Friday, August 11, 2023 – First Public Hearing
  - 10:00 – 11:30 AM PT
  - Department of General Services
    - 1500 Capitol Ave. (Building 172), EEC Training Rooms, Sacramento, CA 95814
  - Register for Zoom conference link:  
[https://manatt.zoom.us/webinar/register/WN\\_6XzvB4XsSD2MRHnKMYdMGw#/registration](https://manatt.zoom.us/webinar/register/WN_6XzvB4XsSD2MRHnKMYdMGw#/registration)
    - Please register in advance if you plan to attend in-person or if you plan to attend by Zoom to receive your unique login details and a link to add the hearing to your calendar
  - Call-in information 646-931-3860
    - Webinar ID: 939 8473 0250
    - Passcode: 081123
    - Callers do not need an email address to use the phone option and do not need to register in advance
- Thursday, August 24, 2023 – Second Public Hearing
  - 9:30 – 11:30 AM PT
  - Department of Health Care Services
    - 1700 K Street, Room 1014, Sacramento, CA 95814
  - Register for Zoom conference link:  
[https://zoom.us/webinar/register/WN\\_eqqbAdsGRVuCilmQGc-Y-g](https://zoom.us/webinar/register/WN_eqqbAdsGRVuCilmQGc-Y-g)

- Please register in advance if you plan to attend in-person or if you plan to attend by Zoom to receive your unique login details and a link to add the hearing to your calendar
- Call-in information: 646-558-8656
  - Webinar ID: 913 8468 8826
  - Passcode: 478151
  - Callers do not need an email address to use the phone option and do not need to register in advance

The complete version of the draft of the CalAIM Section 1115 Transitional Rent Services Amendment is available for public review at:

<https://www.dhcs.ca.gov/provgovpart/Pages/CalAIM-1115-and-1915b-Waiver-Renewals.aspx>.

If you would like to view the CalAIM Section 1115 Transitional Rent Services Amendment or notices in person, you may visit your local county welfare department (addresses and contact information available at: <https://www.dhcs.ca.gov/services/medical/Pages/CountyOffices.aspx>). You may also request a copy of the proposed CalAIM Section 1115 amendment, notices, and/or a copy of submitted public comments, once available, related to the CalAIM Section 1115 amendment for transitional rent services by requesting it in writing to the mailing or email addresses listed below.

Written comments may be sent to the following address; please indicate “CalAIM Section 1115 Transitional Rent Services Amendment” in the written message:

Department of Health Care Services  
Director’s Office  
Attn: Jacey Cooper and Susan Philip  
P.O. Box 997413, MS 0000  
Sacramento, California 95899-7413

Comments may also be emailed to [1115waiver@dhcs.ca.gov](mailto:1115waiver@dhcs.ca.gov). Please indicate “CalAIM Section 1115 Transitional Rent Services Amendment” in the subject line of the email message.

To be assured consideration prior to submission of the CalAIM Section 1115 Transitional Rent Services Amendment to CMS, comments must be received no later than **11:59 PM (Pacific Time) on August 31, 2023**. Please note that comments will continue to be accepted after August 31, 2023, but DHCS may not be able to consider those comments

prior to the initial submission of the CalAIM Section 1115 Transitional Rent Services Amendment to CMS.

Upon submission to CMS, a copy of the proposed CalAIM Section 1115 Transitional Rent Services Amendment will be published at the following DHCS website at:

<https://www.dhcs.ca.gov/provgovpart/Pages/CalAIM-1115-and-1915b-Waiver-Renewals.aspx>.

After DHCS reviews comments submitted during this State public comment period, the CalAIM Section 1115 Transitional Rent Services Amendment will be submitted to CMS. Interested parties will also have opportunity to officially comment on the CalAIM Section 1115 Transitional Rent Services Amendment during the federal public comment period; the submitted amendment will be available for comment on the CMS website at:

<https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/index.html>.