



OFFICE OF THE GOVERNOR

July 26, 2024

The Honorable Xavier Becerra
Secretary of the U.S. Department of Health & Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

BEHAVIORAL HEALTH COMMUNITY-BASED ORGANIZED NETWORKS OF EQUITABLE
CARE AND TREATMENT (BH-CONNECT) SECTION 1115 DEMONSTRATION
ADDENDUM REQUEST

Dear Secretary Becerra:

I am pleased to submit the enclosed addendum to California's pending Section 1115 demonstration, entitled the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) demonstration.

With this addendum, California seeks to expand on the pending BH-CONNECT demonstration submitted to the Centers for Medicare & Medicaid Services (CMS) in October 2023, which aims to establish a robust continuum of evidence-based community services for people with significant mental health conditions and/or substance use disorders. Through ongoing work with stakeholders and individuals with lived experience, California identified additional opportunities to expand the continuum of care for Medi-Cal members with significant behavioral health needs who are experiencing long stays in an institutional setting, who are homeless or who are at risk of experiencing homelessness, or who need recovery-oriented residential care. These individuals have historically faced expansive challenges when leaving institutional settings or while experiencing homelessness, and are exactly the members who stand most to gain in terms of recovery and community-stabilization by accessing services provided through BH-CONNECT, including those envisioned in the enclosed addendum. Through the BH-CONNECT addendum, California will further strengthen the continuum of behavioral health care for Medi-Cal members. The BH-CONNECT application and addendum are key components of my Administration's broader, multi-year behavioral health agenda and historic transformation of behavioral health services in California.

The enclosed includes all information and content required for a demonstration request under Section 431.412 of Title 42 of the Code of Federal Regulations, including a description of the public and Tribal stakeholder processes that the California Department of Health Care Services has conducted as we developed this request.

California's BH-CONNECT application and enclosed addendum align with the Biden Administration's priorities to advance health equity and to expand access to and strengthen the continuum of behavioral health services in Medicaid. We look forward to working with CMS to realize these goals.

Thank you for your consideration. If you have any questions, please contact Tyler Sadwith, California's State Medicaid Director, at Tyler.Sadwith@dhcs.ca.gov.



Governor of California

Enclosures

cc:

Chiquita Brooks-LaSure, Administrator
Centers for Medicare & Medicaid Services
Chiquita.Brooks-LaSure@cms.hhs.gov

Daniel Tsai
Deputy Administrator and Director
Center for Medicaid and CHIP Services
Centers for Medicare & Medicaid Services
Daniel.Tsai@cms.hhs.gov

Anne Marie Costello
Deputy Director
Center for Medicaid and CHIP Services Centers for
Medicare & Medicaid Services
AnneMarie.Costello@cms.hhs.gov

Mehreen Rashid
Deputy Group Director, State Demonstrations Group
Center for Medicaid and CHIP Services
Centers for Medicare & Medicaid Services
Mehreen.Rashid@cms.hhs.gov

Mark Ghaly, MD, MPH
Secretary
California Health and Human Services Agency
Mark.Ghaly@chhs.ca.gov

Michelle Baass
Director
California Department of Health Care Services
Michelle.Baass@dhcs.ca.gov

Tyler Sadwith
State Medicaid Director
California Department of Health Care Services
Tyler.Sadwith@dhcs.ca.gov

Sarah Brooks
Chief Deputy Director
Health Care Programs
California Department of Health Care Services
Sarah.Brooks@dhcs.ca.gov

Lindy Harrington
Assistant State Medicaid Director
California Department of Health Care Services
Lindy.Harrington@dhcs.ca.gov

Paula Wilhelm
Deputy Director, Behavioral Health
California Department of Health Care Services
Paula.Wilhelm@dhcs.ca.gov

The Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Section 1115 Addendum Request

JULY 26, 2024



The Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Addendum Request

Medicaid Section 1115 Addendum

July 2024

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SECTION 1 | INTRODUCTION

The California Department of Health Care Services (DHCS) is submitting to the Centers for Medicare & Medicaid Services (CMS) an addendum to the pending [Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment \(BH-CONNECT\) demonstration](#) to further strengthen the continuum of care for Medi-Cal members with significant behavioral health conditions.

In October 2023, California submitted the pending BH-CONNECT demonstration application, which seeks to establish a robust continuum of evidence-based community services for people with significant mental health conditions and/or substance use disorders, with key supports for fidelity monitoring and implementation of treatment interventions. Through ongoing work with stakeholders and individuals with lived experience in late 2023 and through 2024, California identified additional opportunities to expand the continuum of care for Medi-Cal members with significant behavioral health needs who are experiencing long stays in an institutional setting, who are or at risk of experiencing homelessness, or who need recovery-oriented residential care. These individuals have historically faced expansive challenges when leaving institutional settings or while experiencing homelessness, and are exactly the members who stand most to gain in terms of recovery and community-stabilization by accessing services provided through BH-CONNECT, including those envisioned in this addendum.

To address these challenges, California is now seeking to add an addendum to the BH-CONNECT application to further strengthen the continuum of behavioral health care. The addendum will offer two new options for county behavioral health plans that meet specified conditions to cover the following:

1. **Community Transition In-Reach Services** to support individuals with significant behavioral health conditions who are experiencing long-term stays in institutions in returning to the community; and/or
2. **Room and Board in Enriched Residential Settings** for up to six months for individuals with significant behavioral health conditions and specified risk factors. These settings will be limited in size to 16 beds or less and must be unlocked and voluntary; provide Medi-Cal covered, voluntary, recovery-oriented services; and meet statewide standards established by DHCS in consultation with individuals with lived experience, advocacy groups, stakeholders, and tribal partners.

The two new options were developed in collaboration with individuals with lived experience and are based on the principles of choice, self-determination, purpose, and belonging. The approach aspires to be inclusive and integrated, with services and settings that are voluntary, high quality, accessible, and equity anchored. The two new options contribute to a continuum of sustained, person-centered support to help Medi-Cal members with significant behavioral health needs recover, build resiliency, and reside successfully in the community.

As noted above, the addendum builds out BH-CONNECT and seeks to further strengthen the continuum of community-based behavioral health services for Medi-Cal members living with significant behavioral health needs. Especially with the additions proposed by the addendum, BH-CONNECT will advance California's broader efforts to improve behavioral health care for Medi-Cal beneficiaries.

Along with BH-CONNECT, California is making unprecedented investments, both one-time and ongoing, to dramatically expand community-based behavioral health care, housing, and social supports for individuals living with mental health conditions and/or substance use disorders. California has invested more than \$15 billion into the behavioral health care continuum through initiatives like the [Behavioral Health Continuum Infrastructure Program](#), the [Behavioral Health Bridge Housing Program](#), new behavioral health initiatives under the [California Advancing and Innovating Medi-Cal \(CalAIM\) initiative](#), the [California Bridge Navigator Program](#), [Elevate Youth California](#), the [Behavioral Health Justice Intervention Services Project](#), the [Community Mental Health Equity Project](#), the [Children and Youth Behavioral Health Initiative](#), [Medi-Cal mobile crisis services](#), 988 expansion, Proposition 1, and more.

In March 2024, voters passed Proposition 1, which aims to transform California's behavioral health system through two components, the Behavioral Health Services Act (BHSA) and a Behavioral Health Bond. BHSA reforms the state-funded Mental Health Services Act funding to prioritize services for people with the most significant mental health needs while expanding to include substance use disorders (SUD), expanding housing interventions, and increasing the behavioral health workforce. It also enhances oversight, transparency, and accountability at the state and local levels. The \$6.4 billion Behavioral Health Bond will be used for community infrastructure and to provide housing with services for Californians with behavioral health needs, including:

- The recent release of \$3.3 billion in competitive grant funding to expand the behavioral health continuum and provide appropriate care to individuals experiencing mental health conditions and substance use disorder;
- A second round of up to \$1.1 billion in grant funding for additional behavioral health treatment site infrastructure; and
- Up to \$2 billion to build permanent supportive housing for veterans and others that are homeless or at risk of homelessness and have mental health or substance use challenges.

These unprecedented investments will ensure the state has the capacity and infrastructure to support those living with behavioral health conditions and support the success of new behavioral health initiatives, including those outlined in the BH-CONNECT application and addendum.

SECTION 2 | PROGRAM OVERVIEW

BACKGROUND

In California and across the United States, individuals with the most significant behavioral health challenges are often unable to reside stably in their communities of

choice due to significant gaps in the care continuum. In California, as in other states, there is an opportunity to expand the array of services and resources dedicated to support individuals in transitioning from long-term stays in institutions into community-based care and housing. There is also an opportunity to expand the array of models and settings that effectively enable these individuals and those leaving incarceration or who are experiencing homelessness to receive effective, voluntary treatment in enriched settings that support access to at least a minimum set of clinically appropriate services. For these populations, the transition to community living after hospitalization, incarceration, or homelessness is often more successful with sustained, person-centered supports and linkages to evidence-based service models to recover, build resiliency, and address the expansive challenges that they face.¹

According to the largest representative study of homelessness in the United States since the mid-1990s, nearly half of individuals experiencing homelessness in California live with chronic and complex behavioral health conditions and almost a fifth of these individuals require supports for Activities of Daily Living (ADLs).² Data show that individuals with complex behavioral health conditions who are experiencing homelessness are increasingly at risk for premature death due to the instability linked to homelessness, including exposure to extreme temperatures, violence, traffic injuries, and barriers to accessing medical care, among other risk factors.³ A recovery environment that is responsive to the needs of these individuals with the most chronic and complex behavioral health conditions is necessary to consolidate clinical gains and strengthen and sustain recovery.

Those with a history of incarceration are at grave risk of homelessness as well; a significant portion of individuals enter homelessness from an institutional setting, such as prolonged jail and prison stays, and very few report having received any transition or pre-release services prior to having exited a carceral facility.⁴ DHCS is taking significant steps to remedy the lack of pre-release services for individuals dealing with significant behavioral health challenges leaving incarceration through the [CalAIM Justice-Involved Initiative](#). Approved under CMS' Reentry Demonstration Initiative opportunity, the CalAIM Justice-Involved Initiative is an unprecedented step to improve care transitions and health outcomes for individuals re-entering the community from incarceration. The BH-CONNECT addendum request builds on the CalAIM Justice-Involved Initiative by

¹ UCSF, Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness, June 2023. Available at: https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf.

² Ibid.

³ Fowle, M. and Routhier, G. (2024). *Mortal Systemic Exclusion Yielded Steep Mortality-Rate Increases In People Experiencing Homelessness, 2011–20*. Health Affairs, Vol 43. No. 2. Available at: <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2023.01039>.

⁴ UCSF, Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness, June 2023. Available at: https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf.

ensuring that individuals with complex behavioral health issues who are transitioning into the community from incarceration (or are transitioning from an institution, or are at risk of or experiencing homelessness) can receive care in a voluntary, Enriched Residential Setting, with direct and facilitated access to Peer Support Services, Assertive Community Treatment (ACT), the Individual Placement and Support (IPS) model of supported employment, and other psychosocial rehabilitation services, therapies, and support with health related social needs (HRSN).

Through this BH-CONNECT addendum, California seeks to further expand the care continuum for Medi-Cal members with the most complex behavioral health issues and risk factors. Specifically, California proposes to enable county behavioral health plans under specified conditions to opt into one or both of two new opportunities tailored to the unique needs of Medi-Cal members who live with the most complex and significant behavioral health conditions:

1. **Community Transition In-Reach Services** to support individuals with significant behavioral health conditions who are experiencing long-term stays in institutions in returning to the community; and/or
2. **Room and Board in Enriched Residential Settings** for up to six months for individuals with significant behavioral health conditions and specified risk factors. These settings will be limited in size to 16 beds or less and must be unlocked and voluntary; provide Medi-Cal covered, voluntary, recovery-oriented services; and meet statewide standards established by DHCS in consultation with individuals with lived experience, advocacy groups, stakeholders, and tribal partners.

Co-designed with individuals with lived experience, advocacy groups, and stakeholders, these two new options focus on helping people to achieve person-centered goals and improve self-reported quality of life. These services and settings will provide much-needed support to Medi-Cal members who are experiencing or are at greatest risk of long-term and repeat stays in institutional settings, incarceration, or homelessness. These services and settings will also help individuals with the most significant behavioral health conditions access new services brought forth by BH-CONNECT, such as ACT and the IPS model of Supported Employment.

Even before this addendum, BH-CONNECT was designed to complement and build on California's other major behavioral health initiatives aimed at effectuating a long-term rebalancing of the state's behavioral health care delivery system. The addendum will further ensure resources are focused on community-based settings and supports and that services delivered in inpatient settings are strictly limited to the minimum time period required to address an individual's acute clinical needs. BH-CONNECT, including this proposed addendum, is a key part of California's overarching strategy to implement landmark policy reforms and unprecedented funding investments to strengthen the continuum of community-based behavioral health care and ensure Californians are able to live and thrive in the communities and environments they choose.

OVERVIEW OF PENDING BH-CONNECT REQUEST

In October 2023, DHCS requested Section 1115 demonstration expenditure and waiver authorities for a discrete set of activities that generally cannot be covered under Medi-Cal State Plan authorities. In this October 2023 submission, California requested authority to expand access to and strengthen the continuum of community-based behavioral health services for Medi-Cal members living with significant behavioral health needs, including through:

- Behavioral health workforce investments;
- Activity funds to support children and youth involved in child welfare;
- A cross-sector incentive program to support children and youth involved in child welfare;
- A statewide incentive program to improve behavioral health delivery system performance;
- An evidence-based practice incentive program for opt-in counties to support community-based services implementation;
- Transitional rent services for up to six months for eligible high-need members; and
- Federal match for some short-term stays in a limited set of Institutions for Mental Diseases (IMDs) for individuals with serious mental illness or serious emotional disturbance consistent with applicable federal guidance.

As part of the broader BH-CONNECT initiative (i.e., beyond the authorities requested in the BH-CONNECT 1115 waiver application), DHCS is also seeking State Plan authority to make ACT, Forensic ACT (FACT), Coordinated Specialty Care (CSC) for First Episode Psychosis (FEP), the IPS model of Supported Employment, Community Health Worker services, and Clubhouse Model services available at county option in the Specialty Mental Health (SMH), Drug Medi-Cal (DMC), and Drug Medi-Cal Organized Delivery System (DMC-ODS) delivery systems. As a condition of receiving federal financial participation for services provided during short-term stays in IMDs consistent with applicable requirements described in federal guidance, a county must agree to cover a full array of enhanced community-based services, reinvest dollars generated by the demonstration into community-based care, and meet accountability requirements to ensure that IMDs are used only when there is a clinical need and that they meet quality standards. More information about these requests can be found in the BH-CONNECT demonstration [application](#).

BH-CONNECT ADDENDUM GOALS

Through the BH-CONNECT addendum, California seeks to advance the goals of Medicaid by:

- Advancing BH-CONNECT's goals of strengthening the continuum of community-based behavioral health services and improving health outcomes for Medi-Cal members with the most complex and significant behavioral health conditions;
- Ensuring members are served in the least restrictive settings possible, on a voluntary basis;

- Shortening lengths of stay in, and reducing the need for, care in institutional settings, incarceration, and homelessness;
- Supporting successful transitions to community-based care settings and community reintegration; and
- Reducing utilization of acute care or crisis related services following successful, stable transition to a community-based care setting.

In alignment with the goals of BH-CONNECT, this addendum seeks to support Californians experiencing inequity as a result of their behavioral health needs to live with dignity and integrity in the communities of their choice and access care in the least restrictive, appropriate settings. A foundational priority for DHCS is to ensure the addendum and its implementation is shaped by peers with lived experience with mental health and substance use disorder conditions. In designing the BH-CONNECT addendum, California collaborated with stakeholders, including individuals with lived experience, peer-run organizations, disability rights advocates, and health rights organizations. To further develop, implement, and evaluate the addendum, California will continue to collaborate with individuals with lived experience and stakeholders, including through workgroups, focus groups, and one-on-one interviews.

SECTION 3 | BH-CONNECT ADDENDUM REQUEST

The BH-CONNECT addendum requests authority to test the provision of two opportunities available at county option that are tailored to the unique needs of Medi-Cal members who live with the most complex needs and significant behavioral health conditions.

COUNTY PARTICIPATION

All counties may opt in to offer one or both of the two new components under specified conditions. Specifically, counties that opt in to cover one or both options will be required to 1) establish a plan in accordance with DHCS standards for how they will re-balance the behavioral health continuum of care within the county so that more Medi-Cal members can live in and receive behavioral health care in community-based settings, rather than institutional settings, and 2) track and report on a regular basis trends in the number and utilization of beds across inpatient, subacute, and residential facilities (including IMDs) in which the county places individuals.⁵

SERVICES AND SETTINGS

⁵ DHCS will streamline data collection and reporting requirements, including through potential alignment with data collection and reporting pursuant to the Behavioral Health Services Act implementation.

DHCS is seeking expenditure authority for two county options that will be part of the continuum of care established by BH-CONNECT:

1. Community Transition In-Reach Services, and
2. Room and Board in Enriched Residential Settings.

Community Transition In-Reach Services

County Mental Health Plans (MHPs) will have the option to establish community-based, multi-disciplinary care transition teams that provide intensive pre- and post-discharge care planning and transitional care management services to support individuals with significant behavioral health conditions who are experiencing or at-risk for long-term stays in institutional settings in returning to the community. They will deploy an in-reach model for individuals who are experiencing or at risk of experiencing extended lengths of stay (LOS) (120 days or more) in inpatient, residential, or subacute settings (including IMDs) to support reintegration into the community.

MHPs that opt in to cover Community Transition In-Reach Services must also cover Peer Support Services, Supported Employment and Supported Education, ACT, and FACT, or these services must be covered by the MHP in the county where the member will reside.

Eligibility Criteria

Medi-Cal members who are enrolled or eligible to enroll in Medi-Cal and whose County of Responsibility⁶ opts in to provide the services, meet access criteria for SMHS, are aged 18 years or older or are an emancipated minor,⁷ and who are experiencing or at risk of experiencing extended LOS⁸ (120 days or more) in inpatient, residential, or subacute settings (including IMDs) will qualify for Community Transition In-Reach Services. These services are available for up to 180 days prior to the expected date of discharge and for a transitional period upon discharge. An eligible individual enrolled in Medi-Cal in an opt-in county can receive community transition services even if the facility in which they reside is located in another county.

⁶ The County of Responsibility is the county that has financial responsibility for SMHS services for a given individual.

⁷ California defines emancipated minor as a person under the age of 18 years that meets any of the following criteria: (a) has entered a valid marriage; (b) is on active duty with US armed forces; or (c) has received a declaration of emancipation pursuant to §7122. (Div. 11, Part 6, Ch. 1, §7002).

⁸ DHCS defines “individuals at risk of extended LOS” as individuals in inpatient, residential, or subacute settings with lengths of stay shorter than 120 days but who have clinical presentation and progress similar to the patient profiles of individuals whose lengths of stay exceed 120 days.” DHCS will issue additional state-level guidance to further operationalize these criteria prior to implementation of the option.

Service Description

The Community Transition In-Reach Service will provide person-centered, pre-discharge care planning and transitional care management to support reentry and successful integration into the community, including following discharge from the facility. MHPs that opt-in will be able to use demonstration funding to leverage community-based, multi-disciplinary care teams that provide services for up to 180 days before an individual's expected date of discharge from inpatient, residential, subacute, or non-carceral behavioral health institutional settings. Community transition teams will provide in-reach services and foster connections to community-based providers.

Community transition teams will be multi-disciplinary and, at a minimum, they must include the following practitioner types for purposes of providing in-reach and post-discharge care planning, transitional care management, and community re-integration services:

- A licensed mental health professional as a team lead;
- A certified Peer Support Specialist or other Specialty Mental Health Services practitioner with lived experience of recovery from a significant behavioral health condition;
- An occupational therapist (if not serving as team lead);
- At least one additional Specialty Mental Health Services practitioner.

DHCS may provide targeted exemptions to the team composition requirements regarding occupational therapists in response to demonstrated shortages as long as the teams can perform their required functions. The targeted exemption will include the establishment of a plan by the MHP to expand the availability of occupational therapists in the MHP provider network.

Additionally, community transition teams must provide access to a prescriber for the purpose of coordinating medication management throughout the care transition.

The teams providing Community Transition In-Reach Services will:

- Connect with and establish trusted relationships with the individual.
- Develop comprehensive individualized care transition plans that support the member's transition to a community-based, home-like setting with supports; these settings may include Enriched Residential Settings described below, or other community-based settings (e.g., independent community living and supportive housing). Transition plans will include medical and specialized behavioral health care services and approaches for addressing:
 - Peer support and other evidence-based therapies to assist people struggling with trauma and maladaptive coping mechanisms, and behaviors that can be caused by prolonged stays in institutions and stigma;
 - Psychosocial rehabilitation;

- Social drivers of health, including housing, transportation, nutrition, and public assistance, with a core emphasis on providing navigation and tenancy support services to facilitate the direct transition to community living, including supportive housing;
- Activities of daily living as necessary; and
- Supported employment and educational goals.
- Contact significant support persons, including family members, friends/social supports, or conservators, as appropriate, to assess needs and inform the individualized care transition plan.
- Facilitate warm hand-offs to community-based providers, including peer providers who can support recovery planning and evidence-based peer practices, as indicated in the care transition plan through closed loop referrals and multiple touch points following the referral to ensure ongoing engagement.
- Facilitate linkages to housing services and supports, including housing navigation services, housing deposits, tenancy supports, and rental assistance.
- Provide intensive assistance in applications for available benefits, public programs and key resources.
- Facilitate assessments, referrals, and enrollment assistance as needed for home and community-based services, including but not limited to In-Home Supportive Services and the Home and Community-Based Alternatives Waiver.
- Coordinate access to existing Medi-Cal benefits (as described below), including but not limited to Enhanced Care Management (ECM) and Community Supports available through CalAIM Peer Support Services, and expanded, community-based behavioral health care available through BH-CONNECT initiatives including ACT, FACT, Supported Employment and Supported Education, and Clubhouse Model services.
- Identify and address other system barriers, including social and financial issues, to support successful reintegration of Medi-Cal members into their communities.

Eligible members may also choose to receive Medi-Cal covered services necessary during the 180-day period prior to their expected date of discharge, including in IMDs, when they are part of a re-integration plan to support their transition to the community, as clinically appropriate and desired by the Medi-Cal member, including but not limited to:

- Peer Support Services;
- Clubhouse Model services (if offered in the community);
- Supported Employment and Supported Education;
- ACT and FACT; and
- Occupational therapy, including Specialty Mental Health Services delivered by occupational therapists.

The expenditure authority for Community Transition In-Reach Services would comprise a limited exception to the federal claiming prohibition for facilities that meet the definition of an IMD. Under no circumstances will the requested expenditure authority for federal financial participation for the Community Transition In-Reach Services be used for services provided by the institution in which the eligible individual resides. The

Community Transition In-Reach Services will only be provided by community-based providers that are administratively distinct from the IMD facility, such as MHP-operated and MHP-contracted community-based outpatient behavioral health provider organizations that travel to the IMD facility (or provide services via telehealth to supplement Community Transition In-Reach Services they provide in-person when they travel to the IMD facility).

Room and Board in Enriched Residential Settings

DHCS is seeking authority to provide Room and Board in Enriched Residential Settings for up to six months for individuals with significant behavioral health conditions and specified risk factors (e.g., experiencing or at risk of homelessness, transitioning out of institutional settings, or transitioning from carceral settings). These settings will be limited in size to 16 beds or fewer and must be unlocked and voluntary. DHCS is seeking federal reimbursement for room and board, inclusive of transportation, as it is key to therapeutic treatment.⁹ The Enriched Residential Settings will provide Medi-Cal covered, voluntary, recovery-oriented services. Enriched Residential Settings must meet statewide standards established by DHCS in consultation with stakeholders, as described below.

Counties that opt in to cover Room and Board in Enriched Residential Settings must also cover Peer Support Services, Supported Employment and Supported Education, ACT, FACT, Coordinated Specialty Care, and Community Health Worker services.

Eligibility Criteria

In operationalizing these eligibility standards for the Room and Board in Enriched Residential Settings, DHCS is leveraging California's Enhanced Care Management¹⁰ Populations of Focus (POF), as outlined in California's [CalAIM ECM Policy Guide](#), to facilitate alignment with the existing CalAIM initiative and care coordination resources.

The eligibility criteria includes:

Medi-Cal members with significant behavioral health conditions who are 18 years or older or emancipated minors for whom Enriched Residential Settings are clinically appropriate will be eligible for Room and Board in Enriched Residential Settings who:

- Meet the SMHS or DMC/DMC-ODS access criteria; **AND**
- Meet one of the following criteria:

⁹ Approach would be in line with California's Whole Person Care Pilots, which included coverage of transportation to community activities as part of the room and board rate.

¹⁰ Enhanced Care Management is a statewide Medi-Cal benefit available to select Medi-Cal members with complex needs. It is the highest care management tier of the Medi-Cal Managed Care Plan Population Health Management program.

- **ECM POF 1a for adults experiencing homelessness**, defined as those who:
 - Are experiencing homelessness, defined as meeting one or more of the following conditions:
 - Lacking a fixed, regular, and adequate nighttime residence;
 - Having a primary residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
 - Living in a supervised publicly or privately operated shelter, designed to provide temporary living arrangements (including hotels and motels paid for by federal, state, or local government programs for low income individuals or by charitable organizations, congregate shelters, and transitional housing);
 - Exiting an institution into homelessness (regardless of length of stay in the institution);
 - Will imminently lose housing in next 30 days;
 - Fleeing domestic violence, dating violence, sexual assault, stalking, and other dangerous, traumatic, or life-threatening conditions relating to such violence. AND
 - Have at least one complex physical, behavioral, or developmental need, with inability to successfully self-manage, for whom coordination of services would likely result in improved health outcomes and/or decreased utilization of high-cost services.
- **ECM POF 4 for adults transitioning from incarceration**, defined as those:
 - Are transitioning from a correctional facility (e.g., prison, jail, or youth correctional facility) or transitioned from correctional facility within the past 12 months; AND
 - Have at least one of the following conditions:
 - Mental illness;
 - SUD;
 - Chronic Condition/Significant Non-Chronic Clinical Condition;
 - Intellectual or Developmental Disability (I/DD);
 - Traumatic Brain Injury (TBI);
 - HIV/AIDS;
 - Pregnant or Postpartum.
- **Are transitioning directly from an inpatient or residential behavioral health facility.**

Scope

MHPs and DMC-ODS Plans can opt in to provide eligible Medi-Cal members with Room and Board in Enriched Residential Settings for up to six months as medically necessary. To qualify as an Enriched Residential Setting, a facility must have no more than 16 beds and be voluntary and unlocked. Enriched Residential Settings must also meet the following statewide standards:

- Reflect core principles of choice, self-determination, purpose, belonging, and inclusivity by ensuring services and settings are voluntary, high quality, accessible, and equity anchored.
- Provide a physical environment consistent with therapeutic goals, including through furnishings, decorations, and physical spaces that provide a welcoming environment and promote healing and recovery, community integration, safety, dignity, privacy, choice, and freedom of movement. Members must be able to decorate their spaces in a way that reflects their personal choices.
- Promote coordinated access to a minimum set of evidence-based, recovery-oriented services that support self-determination, recovery, and community integration during the members' stay in the residential setting. The Enriched Residential Settings can promote coordinated access to the minimum set of services by either providing them directly, by arranging for them to be provided onsite by community-based providers that travel to the Enriched Residential Setting, or by arranging for transportation to community providers for members to access them during their stay in the Enriched Residential Setting. Minimum services must include, as clinically appropriate for the Medi-Cal member:
 - Core clinical services, including care coordination, individual and group therapy, crisis intervention, crisis stabilization, medication support services including medications for addiction therapy, treatment for co-occurring disorders, and occupational therapy; AND
 - Psychosocial and rehabilitation services, including peer support services, recovery-oriented practices, community integration skills, referrals to and engagement with ACT and FACT teams, Supported Employment and Supported Education, support for ADLs and instrumental activities of daily living (IADLs), and Illness Management and Recovery (IMR) or Wellness Recovery Action Plan (WRAP) or other wellness curriculum; AND
 - Social supports, including transportation, referrals through MCPs to Community Supports (i.e., housing-related and Medically Tailored Meals/Medically-Supportive Food), and referral through MCPs to ECM; AND
 - Meet any additional standards established by DHCS to ensure that Enriched Residential Settings can deliver appropriate clinical care in a manner consistent with the goals of person-centered, voluntary care.

Peer-run peer respite models are important alternatives to hospitalizations or more clinical residential settings. The [Substance Abuse and Mental Health Services Administration](#) (SAMHSA), [CMS](#), and the [National Association of State Mental Health](#)

[Program Directors \(NASMHPD\)](#) all recognize peer respite settings and/or peer support services as vital components of effective crisis relief and stabilization approaches. As such, peer-run peer respite settings can be considered Enriched Residential Settings if they meet the core principles and physical environment minimum standards described above and have services that align with Living Room Model standards¹¹ or another minimum set of standards that align with national best practices¹² and research,¹³ as determined by DHCS.

MHPs and DMC-ODS Plans that seek to opt-in to this opportunity will demonstrate how participating Enriched Residential Settings meet the requirements described above through a county-specific readiness plan. Participating MHPs and DMC-ODS Plans will be responsible for directly overseeing Enriched Residential Settings and ensuring they meet minimum statewide standards and comply with all DHCS policy guidance. Counties can add their own standards that go above and beyond the state's minimum standards subject to DHCS approval in the implementation plan/approval process. Settings will adhere to reporting requirements to support evaluation of this component.

DHCS anticipates that most Enriched Residential Settings will be clinical facilities or peer-run peer respite settings that treat people with serious mental illness or emotional disturbance. However, residential SUD treatment facilities can be considered Enriched Residential Facilities if they meet all other standards and provide incidental medical services. Ideally the facilities will also offer Co-Occurring Enhanced (COE) Programs that serve patients with more complex mental health issues, but that is not part of the minimum set of requirements.

MEDI-CAL ELIGIBILITY, DELIVERY SYSTEM, BENEFITS, AND COST SHARING

ELIGIBILITY

The BH-CONNECT Addendum will not modify the parameters for Medi-Cal eligibility.

DELIVERY SYSTEM AND BENEFITS

As described in detail above, the BH-CONNECT Addendum will modify Medi-Cal benefits and Medi-Cal behavioral health delivery systems by permitting counties to provide two options tailored to the unique needs of Medi-Cal members who live with the most complex and significant behavioral health conditions.

¹¹ SMI Adviser. What is the Living Room model for people experiencing a mental health crisis? August 2020. Available at: https://smiadviser.org/knowledge_post_fp/what-is-the-living-room-model-for-people-experiencing-a-mental-health-crisis.

¹² SAMHSA Advisory. Peer Support Services in Crisis Care. June 2022. Available at: <https://store.samhsa.gov/sites/default/files/pep22-06-04-001.pdf>.

¹³ Croft B, Isvan N. Impact of the 2nd story peer respite program on use of inpatient and emergency services. *Psychiatr Serv.* 2015 Jun;66(6):632-7. doi: 10.1176/appi.ps.201400266. Epub 2015 Mar 1. PMID: 25726982.

COST SHARING

There is no cost sharing in the proposed BH-CONNECT Addendum.

SECTION 4 | ENROLLMENT

The State is not proposing any changes to Medi-Cal eligibility requirements in this Section 1115 addendum request. As such, the BH-CONNECT addendum is not expected to affect enrollment trends, which will continue to be determined largely by demographic changes and economic conditions. Even though this Section 1115 request does not propose to otherwise expand eligibility, the BH-CONNECT addendum is expected to improve care for Medi-Cal members in participating counties who meet the eligibility criteria for the demonstration components. The State anticipates the BH-CONNECT Addendum will serve a subset of the approximately 606,000 Medi-Cal members that utilize the SMHS delivery system and 113,000 Medi-Cal members that utilize the DMC-ODS delivery system each year.

Table 1 provides information about projected enrollment in each of the major eligibility categories over the course of the demonstration period.

Table 1. Projected Enrollment by Category of Aid

Category of Aid	Projected Enrollment (in Thousands)				
	DY1	DY2	DY3	DY4	DY5
	1/1/25 – 12/31/25	1/1/26 – 12/31/26	1/1/27 – 12/31/27	1/1/28 – 12/31/28	1/1/29 – 12/31/29
Families and Children (not CHIP)	5,721,771	5,721,771	5,721,771	5,721,771	5,721,771
CHIP	1,282,063	1,282,063	1,282,063	1,282,063	1,282,063
Seniors and Persons with Disabilities	2,191,022	2,191,022	2,191,022	2,191,022	2,191,022
ACA Expansion	4,371,622	4,371,622	4,371,622	4,371,622	4,371,622
Other	954,319	954,319	954,319	954,319	954,319
Total	14,525,797	14,525,797	14,525,797	14,525,797	14,525,797

SECTION 5 | FINANCING AND BUDGET NEUTRALITY

Based on the programmatic details described above, California has estimated projected spending for the BH-CONNECT addendum. Consistent with CMS' budget neutrality

approach for pre-release in-reach services in justice-involved settings, California is seeking hypothetical budget neutrality treatment for the Community Transition In-Reach Services in inpatient, residential, and subacute settings, as outlined in Table 2. 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 Room and Board in Enriched Residential Settings, as outlined in Table 3. Tables 2 and 3 show the with waiver expenditures across the five Demonstration Years (DYs).

Table 2. Projected Expenditures for Community Transition In-Reach Services

Projected Expenditures	Type	DY 1	DY 2	DY 3	DY 4	DY 5
		1/1/25 – 12/31/25	1/1/26 – 12/31/26	1/1/27 – 12/31/27	1/1/28 – 12/31/28	1/1/29 – 12/31/29
Community Transition In-Reach Services	Per Capita Cap	\$3,876	\$4,077	\$4,289	\$4,512	\$4,747

Table 3. Projected Expenditures for Room and Board in Enriched Residential Settings

Projected Expenditures	Type	DY 1	DY 2	DY 3	DY 4	DY 5
		1/1/25 – 12/31/25	1/1/26 – 12/31/26	1/1/27 – 12/31/27	1/1/28 – 12/31/28	1/1/29 – 12/31/29
Room and Board in Enriched Residential Settings	Agg.	\$280,463,000	\$372,691,000	\$392,071,000	\$412,459,000	\$433,907,000

SECTION 6 | WAIVER AND EXPENDITURE AUTHORITIES

California is requesting a waiver of the following sections of the Social Security Act, to the extent necessary, to support implementation of the BH-CONNECT addendum. To the extent that CMS advises the state that additional authorities are necessary to implement the programmatic vision and operational details described above, the state is requesting such waiver or expenditure authority, as applicable. California's negotiations with the federal government could lead to refinements in these lists as the state works with CMS to establish Special Terms and Conditions for the BH-CONNECT addendum.

WAIVER AUTHORITIES

Under the authority of Section 1115(a)(1) of the act, the following waivers shall enable California to implement this Section 1115 demonstration from January 1, 2025 through December 31, 2029.

Table 4. Waiver Authority Requests

Waiver Authority	Use for Waiver
Section 1902(a)(1) Statewide	To enable the State to operate Community Transition In-Reach Services and Room and Board in Enriched Settings on a county-by-county basis.
Sections 1902(a)(10)(B) and 1902(a)(17) Amount, Duration, and Scope and Comparability	To enable the State to provide Community Transition In-Reach Services and Room and Board in Enriched Settings to qualifying Medi-Cal members with significant behavioral health needs that are otherwise not available to all members in the same eligibility group.

EXPENDITURE AUTHORITIES

Under the authority of Section 1115(a)(2) of the act, California is requesting expenditure authorities so that the items identified below, which are not otherwise included as expenditures under Section 1903 of the act, shall, through December 31, 2029, be regarded as expenditures under the state's Title XIX plan.

These expenditure authorities promote the objectives of Title XIX in the following ways:

1. Expenditure authority 1 (Table 5 below) promotes the goals of Title XIX by shortening lengths of stay in, and reducing the need for, care in institutional settings for Medi-Cal members, supporting successful transitions to community-based care and housing settings, supporting community reintegration for Medi-Cal members with significant behavioral health conditions in institutional settings, and improving health outcomes for Medi-Cal members with complex behavioral health conditions.
2. Expenditure authority 2 promotes the goals of Title XIX by ensuring members are served in the least restrictive settings possible on a voluntary basis, supporting successful transitions to community-based care and housing settings, supporting community reintegration for Medi-Cal members with significant behavioral health conditions and risk factors, and improving health outcomes for Medi-Cal members with complex behavioral health conditions.

Table 5. Expenditure Authority Requests

Expenditure Authority	Use for Expenditure Authority
1. Expenditures related to Community Transition In-Reach Services	Expenditure authority for Community Transition Team services, as described in

Expenditure Authority	Use for Expenditure Authority
	the resulting STCs, for qualifying Medi-Cal members experiencing or at risk of experiencing extended LOS (120 days or more) in inpatient, residential, or subacute settings (including IMDs) who reside in participating counties for up to 180 days prior to and on a temporary basis following discharge.
2. Expenditures related to Room and Board in Enriched Residential Settings	Expenditures for Room and Board in Enriched Residential Settings, as outlined in the resulting STCs, to qualifying Medi-Cal members in participating counties.

SECTION 7 | HYPOTHESES AND EVALUATION PLAN

The table below provides a preliminary plan to evaluate the BH-CONNECT addendum and its achievement of the proposed goals:

- Advancing BH-CONNECT's goals of strengthening the continuum of community-based behavioral health services and improving health outcomes for Medi-Cal members with the most complex and significant behavioral health conditions;
- Ensuring members are served in the least restrictive settings possible, on a voluntary basis;
- Shortening lengths of stay in, and reducing the need for, care in institutional settings, incarceration, and homelessness;
- Supporting successful transitions to community-based care settings and community reintegration; and
- Reducing utilization of acute care or crisis related services following successful, stable transition to a community-based care setting.

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

Table 6. Preliminary Evaluation Plan for BH-CONNECT Addendum

#	Hypothesis	Evaluation Approach	Data Sources
1	Demonstration will improve health outcomes among Medi-Cal members in opt-in counties with complex and significant behavioral health conditions who are eligible for addendum services	The State will compare the following metrics across Pilot enrollees and a comparison group: • Patient reported outcomes (PRO) • Experience of care	• Pre- and post-implementation surveys to track changes and progress over time

#	Hypothesis	Evaluation Approach	Data Sources
		• Quality of care metrics • Morbidity and mortality metrics • State of chronic non-behavioral health diseases (e.g., diabetes, hypertension)	• Focus groups /interviews of Medi-Cal members receiving addendum services on their experience with care • CMS Core Set Measures and other clinical outcomes metrics
2	Demonstration will help Medi-Cal members in opt-in counties with significant health needs and who are eligible for addendum services avert health care expenditures in more costly and restrictive settings	The State will analyze: • Retention rate of community living • Utilization of institutional settings • Rates of incarceration	• Pre- and post-implementation surveys to track changes and progress over time • Claims data • California Department of Corrections and Rehabilitation data and public record data
3	Demonstration will help Medi-Cal members with significant health needs who are eligible for addendum services to improve quality of life over the course of the demonstration	The State will analyze: • Improvement in life satisfaction while in an institutional setting/homeless/incarcerated vs. in community living • Level of community integration • Reductions in, returns to, and length of homelessness	• Pre- and post-implementation surveys to track changes and progress over time • Focus groups /interviews of Medi-Cal members experience with community living • Homeless Management

#	Hypothesis	Evaluation Approach	Data Sources
			Information System (HMIS) data
4	Community Transition In-Reach Services will reduce LOS in inpatient, subacute, and residential facilities	The State will compare the LOS and percentage of successful discharges from inpatient, subacute, and residential settings among eligible individuals with complex behavioral health conditions served by Community Care Teams over a period of time (e.g., 3 months/6 months) against the LOS and percentages of successful discharges among similar Medi-Cal members who are not eligible for in-reach services (e.g., who reside in non-participating counties)	Claims data
5	Room and Board in Enriched Residential Settings will enable successful discharges of Medi-Cal members eligible for the services with complex behavioral health conditions leaving incarceration, institutional care, or homelessness.	The State will analyze the: Number of individuals who have successfully entered into a community-based living arrangement of the person's choice after leaving the Enriched Residential Settings	County reporting

SECTION 8 | PUBLIC COMMENT PROCESS

On June 14, 2024, DHCS released the requisite notices for the BH-CONNECT addendum and launched a state public comment period from June 14, 2024 through July 14, 2024. DHCS presented and discussed the BH-CONNECT addendum during two public hearings, the first on Tuesday, June 25, 2024 from 3:30 – 4:30 PM PT and the second on Tuesday, July 2, 2024 from 3:30 – 4:30 PM PT.

DHCS released a Tribal Public Notice to Tribal Chairpersons, Designees of Indian Health Programs, and Urban Indian Organizations on May 31, 2024 that described the provisions of the BH-CONNECT addendum and implications for Tribal Health Programs, Federally Qualified Health Centers, and Indian Medi-Cal Beneficiaries. Tribal Chairpersons, Designees of Indian Health Programs, and Urban Indian Organizations

were invited to share feedback on the Tribal Notice and proposal by June 30, 2024 and were also invited to participate in the 30-day State Public Comment Period from June 14, 2024 through July 14, 2024. DHCS hosted a webinar to solicit Tribal and Indian Health Program stakeholder comments on Wednesday, July 17, 2024 from 10:00 – 11:00 AM PT.

In Appendix 1, DHCS summarized key themes from the comments received and provided responses, including regarding feedback related to the goals, member eligibility criteria, and implementation approach for the BH-CONNECT addendum components, Community Transition In-Reach Services and Room and Board in Enriched Residential Settings. The written comments are posted on California's [BH-CONNECT webpage](#). DHCS greatly appreciates the valuable and thoughtful comments submitted by stakeholders.

Documentation of DHCS' compliance with the public notice process is available in Appendices 2-4.

SECTION 9 | DEMONSTRATION ADMINISTRATION

Please see below for contact information for the State's point of contact for this demonstration application:

Name: Tyler Sadwith

Title: State Medicaid Director

Agency: Department of Health Care Services

Email Address: tyler.sadwith@dhcs.ca.gov

APPENDIX 1 | BH-CONNECT ADDENDUM PUBLIC COMMENT RESPONSES

OVERVIEW

From June 14, 2024 to July 14, 2024, DHCS held a public comment period on the proposed BH-CONNECT Addendum. During the 30-day comment period, DHCS received 79 public comments, including 40 comments submitted via email and 39 comments provided orally or via webinar chat box during two public hearings. DHCS did not receive any public comments via mail or during the Tribal and Indian Health Program webinar.

Below, find a summary of comments received on the BH-CONNECT Addendum and DHCS' responses. Feedback was received on the demonstration's goals, proposed approach for Community Transition In-Reach Services and Room and Board in Enriched Residential Settings, the preliminary evaluation plan, financing, and implementation, among others. The written comments are posted on California's [BH-CONNECT webpage](#).

DHCS appreciates all comments received and will take them into consideration as it continues its work to strengthen the continuum of community-based behavioral health services available for Medi-Cal members living with significant behavioral health needs. DHCS is committed to working with stakeholders on an ongoing basis to inform the design and implementation of the BH-CONNECT Addendum, including through behavioral health stakeholder workgroups, county behavioral health directors meetings, and other public forums.

DHCS greatly appreciates the valuable and thoughtful comments submitted by stakeholders.

RESPONSES TO PUBLIC COMMENTS

Comments on BH-CONNECT Addendum Goals

- ***Comment:*** Many commenters expressed support for the goals of the BH-CONNECT Addendum, including strengthening the continuum of community-based behavioral health services and improving health outcomes for Medi-Cal members; ensuring members are served in the least restrictive settings possible on a voluntary basis; and shortening lengths of stay in, and reducing the need for, care in institutional settings, incarceration, and homelessness.

DHCS appreciates the commenters' support for the BH-CONNECT addendum request. DHCS is committed to strengthening the continuum of community-based

behavioral health care for Medi-Cal members with significant behavioral health needs, including those who have historically faced challenges when leaving institutional settings/incarceration or while experiencing homelessness, and ensuring individuals receive the recovery-oriented care they need to successfully live in the community.

- ***Comment:* Many commenters asked for increased capacity in inpatient and residential settings to provide care for individuals whose needs cannot be met in the community, rather than focusing on transitions to community-based settings described in the addendum. One commenter also recommended ensuring the Community Transition In-Reach Teams can accommodate circumstances where an inpatient or residential setting is determined to be more clinically appropriate for an individual than a community-based setting.**

DHCS continues to support care offered in inpatient and residential settings for individuals when it is clinically appropriate and an individual's needs cannot be met at a different level of care. However, the addendum request is focused on strengthening the continuum of community-based behavioral health care for individuals with significant behavioral health needs for whom community-based care is clinically appropriate. California has awarded over \$1 billion through the Behavioral Health Continuum Infrastructure Program (BHCIP) and will invest an additional \$4.4 billion through the Behavioral Health Bond to expand capacity for behavioral health treatment, including but not limited to inpatient and residential settings. Further, through the BH-CONNECT application, DHCS seeks a targeted flexibility of the federal Medicaid IMD exclusion that prevents Medi-Cal payment for short-term stays in a limited set of inpatient and residential mental health settings over 16 beds. Across these efforts, DHCS is committed to ensuring individuals receive care in the most integrated setting possible.

- ***Comment:* One commenter suggested DHCS focus on increasing Permanent Supportive Housing, rather than Room and Board in Enriched Residential Settings.**

DHCS shares the goal of helping individuals successfully reside in the community of their choice in the most integrated setting clinically appropriate for their care needs. Both Community Transition In-Reach Services and Room and Board in Enriched Residential Settings are focused on ensuring individuals receive the recovery-oriented care they need to successfully reside in the community and supporting community integration, including linkages to permanent supportive housing settings and independent community living. Through other initiatives, California is investing in Permanent Supportive Housing and other housing options, including through Proposition 1 which will award to up to \$2 billion to build permanent supportive housing for veterans and others that are homeless or at risk of homelessness and have mental health or substance use challenges, and will also allocate approximately \$950 million in annual

statewide funding for housing interventions to assist people with serious behavioral health needs.¹⁴

- ***Comment:* Several commenters discussed the need to expand the availability of community-based services. One comment specifically asked that DHCS ensure that counties opt-in and offer the full-range of State Plan-authorized enhanced community based services.**

DHCS appreciates these comments and shares the goal of ensuring robust access to community-based services. Community Transition In-Reach Services must also cover Peer Support Services, Supported Employment and Supported Education, ACT, and FACT, or these services must be covered by the MHP in the county where the member will reside. DHCS will permit counties to offer the Room and Board in Enriched Residential Settings only if they have taken up the option to provide a set of evidence-based practices, including ACT, FACT, Supported Employment and Supported Education, CSC for FEP, Community Health Worker services, and Peer Support Services.

Comments on Community Transition In-Reach Services

- ***Comment:* Multiple commenters requested further clarity regarding the Community Transition In-Reach Services eligibility criteria, including defining “at risk of experiencing extended lengths of stay.” Several also recommended modifying the Community Transition In-Reach Services eligibility criteria, including to add individuals with lengths of stay shorter than 120 days and individuals with substance use disorders.**

DHCS appreciates commenters’ feedback on the eligibility criteria. In response to stakeholder feedback, DHCS updated the eligibility criteria to define “individuals at risk of experiencing extended lengths of stay” in institutional settings as “individuals in inpatient, residential, or subacute settings with lengths of stay shorter than 120 days but who have clinical presentation and progress similar to the patient profiles of individuals whose lengths of stay exceed 120 days.” DHCS will issue additional state-level guidance to further operationalize these criteria prior to implementation of the option.

- ***Comment:* Several commenters recommended modifications to the composition of the Community Transition In-Reach Teams, such as including cultural brokers, culturally informed community members, or family members. Others recommended modifying the descriptions and definitions of certain Community Transition In-Reach Team members, such**

¹⁴ Based on a projection of \$3.5 billion total Behavioral Health Services Act revenue for FY 2026-2027.

as by eliminating certification requirements for Peer Support Specialists. Commenters also noted that occupational therapists should be an optional member of the community transition teams, given national data on the limited number of occupational therapists trained and working in behavioral health settings. Another commenter supported the inclusion of occupational therapists in the Community Transition In-Reach Team.

DHCS intends for the Community Transition In-Reach team requirements outlined in the Addendum application to reflect the minimum set of providers that could comprise a Community Transition In-Reach Team. Participating counties could elect to include additional members as needed to address a specific population. In addition, DHCS' requirements for Community Transition In-Reach Teams include a certified Peer Support Specialist or other Specialty Mental Health Services practitioner with lived experience of recovery from a significant behavioral health condition, the latter of whom are not required to be certified. DHCS appreciates commenters' feedback on the inclusion of occupational therapists as part of the care team. In response, DHCS modified its application to allow it to provide targeted exemptions to the team composition requirements regarding occupational therapists in response to demonstrated shortages as long as the teams can perform their required functions. The targeted exemption will include the establishment of a plan by the MHP to expand the availability of occupational therapists in the MHP provider network.

- ***Comment:*** Two commenters requested flexibility in the requirements for the Community Transition In-Reach Teams requirements, especially in rural counties and designated health professional shortage areas.

DHCS recognizes the behavioral health workforce challenges experienced across California, including in rural areas. Through the BH-CONNECT Workforce Initiative, DHCS seeks to invest \$2.4 billion in a robust, diverse behavioral health workforce to support Medi-Cal members living with or at high-risk for mental health or substance use disorder conditions. As part of the implementation process, DHCS will assess whether modifications to the Community Transition In-Reach Team composition are required to support successful implementation of the addendum in rural areas or areas with designated health professional shortages.

- ***Comment:*** Several commenters requested clarity or modifications to the duration of Community Transition In-Reach Services. One commenter recommended not limiting the services to only 180 days prior to discharge. Another commenter recommended defining the duration of services pre-release as "180 days prior to the expected date of discharge," recognizing discharge dates can shift based on clinical needs. Finally, a third commenter asked DHCS to define the time period when services will be available post-discharge.

DHCS established the 180-day timeframe for Community Transition In-Reach Services prior to discharge through discussions with stakeholders and national behavioral health experts. DHCS understands that discharge dates can change based on an individual's care needs and agrees that the duration should be defined as "180 days prior to the expected date of discharge," to allow for some flexibility. DHCS is continuing to assess the appropriate timeline for services to be provided post-discharge and will work with CMS and stakeholders to design the approach.

- ***Comment:* Two commenters requested expanding or clarifying the settings where Community Transition In-Reach services can be provided, including for individuals in nursing facilities, outpatient treatment settings, intensive outpatient programs, partial hospitalization programs, sober living homes, recovery homes, supportive housing, or transitional housing.**

DHCS appreciates commenters' feedback on the settings where Community Transition In-Reach Services can be provided. DHCS intends for these services to be specific to assisting people in leaving institutional settings who otherwise may face extended lengths of stay. DHCS, however, agrees with the comments about the importance of assisting people in other types of treatment settings and has initiatives underway to do so. For example, through Enhanced Care Management, DHCS is committed to providing support for individuals in community based settings, such as outpatient treatment settings, intensive outpatient programs, partial hospitalization programs, sober living homes, recovery homes, supportive housing, or transitional housing.

Comments on Room and Board in Enriched Residential Settings

- ***Comment:* Many commenters provided feedback on the minimum requirements for Enriched Residential Settings. Several commenters requested that Enriched Residential Settings include both locked and unlocked facilities. Multiple commenters also requested that Enriched Residential Settings include facilities with more than 16 beds. Multiple commenters asked for clarity on the licensure requirements for Enriched Residential Settings.**

DHCS is committed to advancing the principles of choice, self-determination, purpose, and belonging when implementing the BH-CONNECT addendum. To that end, Room and Board in Enriched Residential Settings will be limited to unlocked facilities to ensure Medi-Cal members have freedom of movement and the ability to participate readily in community activities. The request to cover room and board as allowable costs in Enriched Residential Settings will facilitate sustainability for these high-quality, homelike therapeutic environments. It, however, will work with participating counties and providers to determine if there are ways to structure reimbursement to reflect that smaller setting sizes may not have the same economies of scale as larger facilities. Finally, DHCS will allow

counties to include facilities regardless of licensure as long as they meet the minimum standards established by DHCS and as determined by the county and demonstrated to DHCS, and any additional requirements imposed by a county.

- ***Comment:* Several commenters asked for confirmation that SUD treatment settings, peer respite settings, and Adult Residential Facility (ARFs) could be included as Enriched Residential Settings.**

DHCS confirmed that peer-run respite settings can be considered Enriched Residential Settings if they meet the core principles and physical environment minimum standards described above and have services that align with Living Room Model standards¹⁵ or another minimum set of standards that align with national best practices¹⁶ and research,¹⁷ as determined by DHCS. Residential SUD treatment facilities can also be considered Enriched Residential Facilities if they meet all other standards and provide incidental medical services. Ideally the SUD treatment facilities will also offer Co-Occurring Enhanced (COE) Programs that serve patients with more complex mental health issues, but that is not part of the minimum set of requirements. Based on the minimum standards proposed for Enriched Residential Facilities, it is unlikely that ARFs would qualify without undertaking significant programmatic changes.

- ***Comment:* Multiple commenters noted that the limited availability of settings that qualify as Enriched Residential Settings today could be a barrier to implementation.**

DHCS is committed to increasing capacity and access to Room and Board in Enriched Residential Settings for Medi-Cal beneficiaries who require the services. DHCS anticipates that funding from Proposition 1 can be used to build Enriched Residential Settings, in addition to other community infrastructure. In addition, existing settings potentially could make changes that would qualify them as Enriched Residential Settings.

- ***Comment:* One commenter requested DHCS to allow flexibilities for rural counties regarding the minimum set of evidence-based, recovery-oriented services included under Room and Board for Enriched Residential Settings, recognizing regional workforce challenges.**

¹⁵ SMI Adviser. What is the Living Room model for people experiencing a mental health crisis? August 2020. Available at: https://smiadviser.org/knowledge_post_fp/what-is-the-living-room-model-for-people-experiencing-a-mental-health-crisis.

¹⁶ SAMHSA Advisory. Peer Support Services in Crisis Care. June 2022. Available at: <https://store.samhsa.gov/sites/default/files/pep22-06-04-001.pdf>.

¹⁷ Croft B, Isvan N. Impact of the 2nd story peer respite program on use of inpatient and emergency services. *Psychiatr Serv.* 2015 Jun;66(6):632-7. doi: 10.1176/appi.ps.201400266. Epub 2015 Mar 1. PMID: 25726982.

DHCS recognizes the behavioral health workforce challenges experienced across California, including in rural areas. Through the BH-CONNECT Workforce Initiative, DHCS seeks to invest \$2.4 billion in a robust, diverse behavioral health workforce to support Medi-Cal members living with or at high-risk for SMI/SED and/or SUD. As part of the implementation process, DHCS will assess whether modifications are required to support successful implementation of the addendum in rural areas.

- ***Comment:* Several commenters recommended modifying the duration of the Room and Board in Enriched Residential Settings, including extending the coverage from six months to twelve months or ensuring no lifetime limits are place on Room and Board in Enriched Residential Settings.**

DHCS is aligning the coverage of Room and Board with [CMS' HRSN](#) policy for Transitional Rent and Short-term Post-Hospitalization Housing, which limits the coverage to six months. As part of the evaluation process, DHCS intends to evaluate whether six months of Room and Board in Enriched Residential Settings is sufficient to support successful community transitions, including by measuring the number of individuals who have successfully entered into another community-based living arrangement after leaving the Enriched Residential Settings. DHCS is not seeking to impose lifetime limits on the availability of services.

- ***Comment:* One commenter recommended that DHCS include a resident advocate entity to focus on visiting the Room and Board Enriched Residential Settings on a regular basis to process resident-directed complaints related to residents' quality of care in the community settings.**

DHCS appreciates the commenters' feedback. DHCS is committed to ensuring individuals in Enriched Residential Settings can voice concerns or challenges they may be experiencing. DHCS is exploring a variety of ways to ensure quality of care and ensure choice, self-determination, purpose, and belonging, including through resident advocates, in addition to current rights and established processes such as facility complaints, as applicable, and Medi-Cal grievances.

- ***Comment:* One commenter asked DHCS to ensure Enriched Residential Settings comply with the HCBS Settings Rule.**

DHCS reviewed the HCBS setting rule requirements when developing the statewide standards for Enriched Residential Settings and incorporated elements of it into the BH-CONNECT Addendum application.

- ***Comment:* Several commenters requested to include additional services as part of the minimum set of services for Enriched Residential Settings. One commenter asked to expand the definition of psychosocial and**

rehabilitative services to include motivational interviews, relapse prevention planning, family therapy, trauma-informed therapy, and treatment for co-occurring disorders. Another commenter recommended DHCS include the ability to use community-identified best practices for the Enriched Residential Settings.

DHCS appreciates commenters' feedback on the minimum set of services for Enriched Residential Settings. DHCS will continue to work with stakeholders to refine the list of required services as part of the implementation planning process.

- ***Comment:*** One commenter recommended expanding the eligibility criteria for Room and Board in Enriched Residential Settings to include individuals who meet SMHS or DMC/DMC-ODS access criteria and are at risk of entering a higher level of care. Another commenter recommended including individuals who lost their housing because they were institutionalized.

In operationalizing these eligibility standards for the Room and Board in Enriched Residential Settings, DHCS is leveraging California's Enhanced Care Management (ECM) Populations of Focus (POF), as outlined in California's [CalAIM ECM Policy Guide](#), to facilitate alignment with the existing CalAIM initiative and care coordination resources. Specifically, California is aligning the eligibility criteria for Room and Board in Enriched Residential Settings with the ECM POFs such that Room and Board in Enriched Residential Settings is eligible for:

- Adults who meet SMHS or DMC/DMC-ODS access criteria and also meet the ECM POF of adults experiencing homelessness (ECM POF 1a);
- Adults who meet SMHS or DMC/DMC-ODS access criteria and also meet the ECM POF of adults transitioning from incarceration (ECM POF 4); and
- Adults who meet SMHS or DMC/DMC-ODS access criteria and are transitioning directly from an inpatient or residential BH facility.

DHCS anticipates that individuals who lost their housing because they were institutionalized would meet the eligibility criteria for ECM POF 1a and/or the third eligibility criterion pertaining to adults who are transitioning directly from an inpatient or residential BH facility. Individuals who meet SMHS or DMC/DMC-ODS access criteria and are at risk of entering a higher level of care would likely be covered through the existing criteria as well.

DHCS will continue to work with CMS and stakeholders to further refine this criteria as needed.

- ***Comment:*** One commenter asked DHCS to provide additional information to ensure compliance with the integration mandate of section 504 of the Rehabilitation Act of 1973.

DHCS is committed to ensuring that individuals receive care in the most integrated setting appropriate to their care needs and that they can get the same benefits available in Enriched Residential Settings while living independently in the community. DHCS is seeking demonstration authority from CMS to provide eligible individuals with up to six months of rent and seeking to align services in Enriched Residential Settings with those available in the community. To that end, counties can opt-in to provide Room and Board in Enriched Residential Settings only if they have taken up the option to provide ACT, FACT Supported Employment and Supported Education, CSC for FEP, community health worker services, and peer support services. Further, Proposition 1 includes \$950 million in annual statewide funding for housing to assist people with serious behavioral health needs, demonstrating the State's commitment to funding long-term supportive housing in which individuals can access specialty mental health services.

Comments on Preliminary Evaluation Plan

- ***Comment:* Several commenters recommended additional measures under the evaluation plan, including to assess racial and ethnic disparities, stratifying results by provider type, measuring both connections to and retention of housing following Room and Board in Enriched Residential Settings, and expanding outcome measures focused on behavioral health.**

DHCS appreciates commenters' recommendations on the preliminary evaluation plan. DHCS will contract with an independent evaluator to develop a final evaluation plan and conduct a critical and thorough evaluation of BH-CONNECT, including the two addendum components. DHCS will share commenters' recommendations with the independent evaluator to inform the final evaluation plan design.

- ***Comment:* One commenter requested clarification on the time period for evaluating the hypotheses.**

Consistent with federal guidance, DHCS will develop a robust monitoring protocol and evaluation design for the demonstration, which will include both an interim and final evaluation that will draw on the data collected for all final milestones and performance measures. Following the interim evaluation, there will be an opportunity to correct course, as needed. DHCS is committed to working closely with stakeholders to inform the design and implementation of the BH-CONNECT addendum, including through behavioral health stakeholder workgroups, county behavioral health directors meetings, and other public forums. DHCS will follow CMS' specified timelines for evaluation and monitoring, including submitting the final evaluation report one year after the conclusion of the demonstration's expenditure authority.

Comments on Financing, Reimbursement, and Budget Neutrality

- ***Comment:*** Two commenters recommended ensuring there is adequate reimbursement for Community Transition In-Reach services, including coverage of travel costs and incidentals.

DHCS is committed to ensuring adequate reimbursement for the services outlined in the BH-CONNECT addendum. DHCS will follow its usual process for developing rate methodologies and will seek input from stakeholders on the proposed approach.

- ***Comment:*** One commenter sought to clarify if funding from Proposition 1 could be used build facilities that serve as Enriched Residential Settings.

DHCS is committed to increasing capacity and access to Room and Board in Enriched Residential Settings for Medi-Cal beneficiaries who require the services. DHCS anticipates that some of the funding from Proposition 1 could potentially be used by counties to build Enriched Residential Settings, such as peer respite settings. Additional guidance on the allowable use of funds authorized under the Behavioral Health Services Act is forthcoming. DHCS also anticipates that existing facilities in California will meet or can make modifications to meet the minimum criteria for Enriched Residential Settings.

Other Comments

- ***Comment:*** Several commenters provided feedback on the BH-CONNECT demonstration application submitted to CMS in October 2023, including the state's request to waive the federal Medicaid IMD exclusion that prevents Medi-Cal payment for short-term stays in IMDs of over 16 beds for individuals with SMI or SED. Some commenters supported the state's request to waive the IMD exclusion for individuals with SMI/SED and urged the state and CMS to move expeditiously to approve the request, while others opposed the request due to concerns the IMD waiver will re-institutionalize or increase the risk of institutionalization for more people.

DHCS appreciates commenters' support of the request for federal financial participation (FFP) for care provided during short-term stays in a limited set of qualifying IMDs under specified conditions. DHCS is committed to ensuring members have access to a comprehensive continuum of care that allows access to residential and inpatient services when necessary. DHCS is also committed to ensuring those settings are used only when clinically appropriate and complemented with a wide range of community-based services and supports.

- ***Comment:*** One commenter asked for clarity regarding DHCS' description of High Fidelity Wraparound (HFW) services and how the language relates to

the BH-CONNECT addendum request. Specifically, the commenter requested clarity on which HFW service the state is referencing, compliance with Early and Periodic Screening Diagnostic & Treatment (EPSDT) requirements, and challenges around billing.

As stated in the BH-CONNECT addendum application posted for public comment, DHCS intends to clarify that HFW, an evidence-based treatment modality for children and adolescents with the most complex and significant mental health conditions, is a covered Medi-Cal service when medically necessary. DHCS already has indicated in earlier BH-CONNECT materials that it intends to clarify coverage of a number of other child and youth focused services (i.e., Multisystemic Therapy (MST), Functional Family Therapy (FFT), and Parent-Child Interaction Therapy (PCIT)). Since DHCS intends to clarify that HFW and these other services are covered Medi-Cal benefits via state guidance rather than through Medicaid Section 1115 demonstration authority, DHCS has removed the description from the BH-CONNECT addendum application. Stakeholders can anticipate that the guidance to clarify existing Medi-Cal coverage for these child and youth focused services will provide updated reimbursement rates, procedure codes, training requirements, and clarification of practices/scope of coverage for these services, which already must be made available when medically necessary under EPSDT requirements.

APPENDIX 2 | PUBLIC NOTICE



NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: June 14, 2024

PROPOSED BH-CONNECT SECTION 1115 DEMONSTRATION ADDENDUM APPLICATION

The California Department of Health Care Services (DHCS) is providing public notice of its intent to (1) submit to the Centers for Medicare & Medicaid Services (CMS) an addendum to the pending Section 1115 [Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment \(BH-CONNECT\) demonstration](#) that aims to further strengthen the continuum of care for Medi-Cal members with significant behavioral health conditions; and (2) hold two public hearings to receive public comments on this request.

DHCS is soliciting public input on the Section 1115 demonstration addendum application. A full draft of the proposed BH-CONNECT Addendum application is available on the [DHCS website](#).

Overview

In October 2023, California submitted the pending BH-CONNECT demonstration application, which seeks to establish a robust continuum of evidence-based community services for people with significant mental health conditions and/or substance use disorders, with key supports for fidelity monitoring and implementation of treatment interventions. Through ongoing work with stakeholders and individuals with lived experience in late 2023 and through 2024, California identified additional opportunities to expand the continuum of care for Medi-Cal members with significant behavioral health needs who are experiencing long stays in an institutional setting, who are or who are at risk of experiencing homelessness, or who need recovery-oriented residential care. These individuals have historically faced expansive challenges when leaving institutional settings or while experiencing homelessness, and are exactly the members who stand most to gain in terms of recovery and community-stabilization by accessing services provided through BH-CONNECT, including those envisioned in this addendum.

To address these challenges, California is now seeking to add an addendum to the BH-CONNECT application to further strengthen the continuum of behavioral health care. The addendum will offer two new options for county behavioral health plans to cover the following:

3. **Community Transition In-Reach Services** to support individuals with significant behavioral health conditions who are experiencing long-term stays in institutions in returning to the community; and/or
4. **Room and Board in Enriched Residential Settings** for up to six months for individuals with significant behavioral health conditions and specified risk factors. These settings will be limited in size to 16 beds or less and must be unlocked and voluntary; provide Medi-Cal covered, voluntary, recovery-oriented services; and meet statewide standards established by DHCS in consultation with individuals with lived experience, advocacy groups, stakeholders, and tribal partners.

Summary of the BH-CONNECT Addendum

Through this BH-CONNECT Addendum, California seeks to further expand the care continuum for Medi-Cal members with the most complex behavioral health issues and risk factors. Specifically, California proposes to enable county behavioral health plans to opt in to one or both of two new opportunities tailored to the unique needs of Medi-Cal members who live with the most complex and significant behavioral health conditions:

1. **Community Transition In-Reach Services.** County Mental Health Plans (MHPs) will have the option to establish community-based, multi-disciplinary care transition teams that provide intensive pre- and post-discharge care planning and transitional care management services. Medi-Cal members who reside in an opt-in county, with significant behavioral health conditions, and who are experiencing or at risk of experiencing extended lengths of stay (120 days or more) in inpatient, residential, or subacute settings (including IMDs) will qualify for Community Transition In-Reach Services for up to 180 days prior to discharge and for a transitional period after discharge.
2. **Room and Board in Enriched Residential Settings.** DHCS is seeking authority to provide Room and Board in Enriched Residential Settings for up to six months for individuals with significant behavioral health conditions and specified risk factors (e.g., experiencing or at risk of homelessness, transitioning out of institutional settings, or transitioning from carceral settings). These settings will be limited in size to 16 beds or less and must be unlocked and voluntary; provide

Medi-Cal covered, voluntary, recovery-oriented services; and meet statewide standards established by DHCS in consultation with individuals with lived experience, advocacy groups, stakeholders, and tribal partners.

In conjunction with the BH-CONNECT addendum, DHCS is sharing its intent to clarify coverage of High Fidelity Wraparound (HFW) as a Medi-Cal service. HFW is an evidence-based treatment modality for children and adolescents with the most complex and significant mental health conditions. When clinically appropriate, it can be used as an alternative to residential treatment. HFW already is provided to some of the children and youth who meet the clinical criteria for the service, but providers typically must bill for discrete elements of the service; there is no consistent way to bill for the service across the state. While HFW does not require Medicaid 1115 demonstration authority, DHCS views it as an important element of BH-CONNECT like the other child and youth-focused services already mentioned in the original BH-CONNECT application (i.e., Multisystemic Therapy (MST), Functional Family Therapy (FFT), and Parent-Child Interaction Therapy (PCIT)).

Eligibility Requirements

There are no changes to eligibility for Medi-Cal enrollment or for any current Medi-Cal services under the proposed BH-CONNECT demonstration, however, the new services described above have their own service-specific eligibility criteria.

- **Community Transition In-Reach Services** – Medi-Cal members who reside in an opt-in county, meet access criteria for SMHS, are aged 18 years or older or are an emancipated minor¹⁸, and who are experiencing or at risk of experiencing extended LOS (120 days or more) in inpatient, residential, or subacute settings (including IMDs) will qualify for Community Transition In-Reach Services for up to 180 days prior to discharge and for a transitional period upon discharge.
- **Room and Board in Enriched Residential Settings** – Medi-Cal members with significant behavioral health conditions who are 18 years or older or emancipated minors for whom Enriched Residential Settings are clinically appropriate will be eligible for Room and Board in Enriched Residential Settings, if they:
 - Meet the US Department of Housing and Urban Development’s (HUD’s)

¹⁸ California defines emancipated minor as a person under the age of 18 years that meetings any of the following criteria: (a) has entered a valid marriage; (b) is on active duty with US armed forces; or (c) has received a declaration of emancipation pursuant to §7122. (Div. 11, Part 6, Ch. 1, §7002).

current definition of homeless or the definition of individuals who are at risk of homelessness as defined in 24 CFR part 91.5, with two modifications:

- If exiting an institution, individuals are considered homeless if they were homeless immediately prior to entering that institutional stay, regardless of the length of the institutionalization; and
 - The timeframe for an individual or family who will imminently lose housing is extended from 14 days for individuals considered homeless and 21 days for individuals considered at risk of homelessness under the current HUD definition to 30 days.¹⁹ **OR**
- Are transitioning out of an institutional care or institutional residential setting, including but not limited to an inpatient hospital stay, an inpatient or residential substance use disorder treatment or recovery facility, an inpatient or residential mental health treatment facility, or nursing facility.
OR
 - Are transitioning out of a state prison, county jail, or youth correctional facility.

In operationalizing these eligibility standards for the Room and Board in Enriched Residential Settings, DHCS may leverage [California's Enhanced Care Management \(ECM\) Populations of Focus \(POF\)](#) to facilitate alignment with the existing CalAIM initiative and care coordination resources. Specifically, California may align the eligibility criteria for Room and Board in Enriched Residential Settings with the ECM POFs such that Room and Board in Enriched Residential Settings is eligible for:

- Adults who meet SMHS or DMC/DMC-ODS access criteria and also meet the ECM POF of adults experiencing homelessness (ECM POF 1a);
- Adults who meet SMHS or DMC/DMC-ODS access criteria and also meet the ECM POF of adults transitioning from incarceration (ECM POF 4); and
- Adults who meet SMHS or DMC/DMC-ODS access criteria and are transitioning directly from an inpatient or residential BH facility.

¹⁹ In alignment with the definition of homelessness and at risk of homelessness used for Community Support services authorized through CalAIM and proposed for transitional rent services under BH-CONNECT and CalAIM.

Delivery System and Benefits

The demonstration will modify Medi-Cal benefits and Medi-Cal behavioral health delivery systems by permitting counties to provide two options tailored to the unique needs of Medi-Cal members who live with the most complex and significant behavioral health conditions.

Cost Sharing

There is no cost sharing in the proposed BH-CONNECT Addendum.

BH-CONNECT Addendum Goals

In alignment with the goals of BH-CONNECT, this addendum seeks to support Californians experiencing inequity as a result of their behavioral health needs to live with dignity and integrity in the communities of their choice and access care in the least restrictive, appropriate settings. Through the BH-CONNECT Addendum, California seeks to advance the goals of Medicaid by:

- Advancing BH-CONNECT's goals of strengthening the continuum of community-based behavioral health services and improving health outcomes for Medi-Cal members with the most complex and significant behavioral health conditions;
- Ensuring members are served in the least restrictive settings possible, on a voluntary basis;
- Shortening lengths of stay in, and reducing the need for, care in institutional settings, incarceration, and homelessness;
- Supporting successful transitions to community-based care settings and community reintegration; and
- Reducing utilization of acute care or crisis related services following successful, stable transition to a community-based care setting.

Enrollment Projections

The State is not proposing any changes to Medi-Cal eligibility requirements in this Section 1115 addendum request. As such, the BH-CONNECT Addendum is not expected to affect enrollment trends, which will continue to be determined largely by demographic changes and economic conditions. Even though this Section 1115 request does not propose to otherwise expand eligibility, the BH-CONNECT Addendum is expected to improve care for Medi-Cal members in participating counties who meet the eligibility criteria for the demonstration components. The State anticipates the BH-

CONNECT Addendum will serve a subset of the approximately 606,000 Medi-Cal members that utilize the SMH delivery system and 113,000 Medi-Cal members that utilize the DMC-ODS delivery system each year.

Financing and Budget Neutrality

Based on the programmatic details described above, California has estimated projected spending for the BH-CONNECT Addendum. Consistent with CMS' budget neutrality approach for pre-release in-reach services in justice-involved settings, California is seeking hypothetical budget neutrality treatment for the Community Transition In-Reach Services in inpatient, residential, and subacute settings. 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 Room and Board in Enriched Residential Settings. The following table shows the with waiver expenditures across the five Demonstration Years (DYs).

Table 1. Projected Expenditures for BH-CONNECT Addendum Components

Projected Expenditures (millions)	Type	DY 1	DY 2	DY 3	DY 4	DY 5
		1/1/25 – 12/31/25	1/1/26 – 12/31/26	1/1/27 – 12/31/27	1/1/28 – 12/31/28	1/1/29 – 12/31/29
Community Transition In-Reach Services	Per Capita Cap	\$3,876	\$4,077	\$4,289	\$4,512	\$4,747
Room and Board in Enriched Residential Settings	Aggregate	\$280,463,000	\$372,691,000	\$392,071,000	\$412,459,000	\$433,907,000

Waiver and Expenditure Authorities

California is requesting a waiver of the following sections of the Social Security Act, to the extent necessary, to support implementation of the BH-CONNECT Addendum. To the extent that CMS advises the state that additional authorities are necessary to implement the programmatic vision and operational details described above, the state is requesting such waiver or expenditure authority, as applicable. California's negotiations with the federal government could lead to refinements in these lists as the state works with CMS to establish Special Terms and Conditions for the BH-CONNECT Addendum.

A. Waiver Authority Requests

Under the authority of Section 1115(a)(1) of the act, the following waivers shall enable California to implement this Section 1115 Demonstration from January 1, 2025 through December 31, 2029.

Table 2. Waiver Authority Requests

Waiver Authority	Use for Waiver
§ 1902(a)(1) Statewideness	To enable the State to operate Community Transition In-Reach Services and Room and Board in Enriched Settings on a county-by-county basis.
§ 1902(a)(10)(B) and 1902(a)(17) Amount, Duration, and Scope and Comparability	To enable the State to provide Community Transition In-Reach Services and Room and Board in Enriched Settings to qualifying Medi-Cal members with significant behavioral health needs that are otherwise not available to all members in the same eligibility group.

Expenditure Authority Requests

Under the authority of Section 1115(a)(2) of the act, California is requesting expenditure authorities so that the items identified below, which are not otherwise included as expenditures under Section 1903 of the act, shall, through December 31, 2029, be regarded as expenditures under the state's Title XIX plan.

These expenditure authorities promote the objectives of Title XIX in the following ways:

1. Expenditure authority 1 (Table 3 below) promotes the goals of Title XIX by shortening lengths of stay in, and reducing the need for, care in institutional settings for Medi-Cal members, supporting successful transitions to community-based care and housing settings, supporting community reintegration for Medi-Cal members with significant behavioral health conditions in institutional settings,

and improving health outcomes for Medi-Cal members with complex behavioral health conditions.

2. Expenditure authority 2 promotes the goals of Title XIX by ensuring members are served in the least restrictive settings possible on a voluntary basis, supporting successful transitions to community-based care and housing settings, supporting community reintegration for Medi-Cal members with significant behavioral health conditions and risk factors, and improving health outcomes for Medi-Cal members with complex behavioral health conditions.

Table 3. Expenditure Authority Requests

Expenditure Authority	Use for Expenditure Authority
3. Expenditures related to Community Transition In-Reach Services	Expenditure authority for Community Transition Team services, as described in the resulting STCs, for qualifying Medi-Cal members experiencing or at risk of experiencing extended LOS (120 days or more) in inpatient, residential, or subacute settings (including IMDs) who reside in participating counties for up to 180 days prior to and on a temporary basis following discharge.
4. Expenditures related to Room and Board in Enriched Residential Settings	Expenditures for Room and Board in Enriched Residential Settings, as outlined in the resulting STCs, to qualifying Medi-Cal members in participating counties.

BH-CONNECT Addendum Hypotheses and Evaluation Plan

The table below provides a preliminary plan to evaluate the BH-CONNECT addendum and its achievement of the proposed goals:

- Advancing BH-CONNECT's goals of strengthening the continuum of community-based behavioral health services and improving health outcomes for Medi-Cal members with the most complex and significant behavioral health conditions;
- Ensuring members are served in the least restrictive settings possible on a voluntary basis;

- Shortening lengths of stay in, and reducing the need for, care in institutional settings; incarceration, and homelessness;
- Supporting successful transitions to community-based care settings and community reintegration; and
- Reducing utilization of acute care or crisis related services following successful, stable transition to a community-based care setting.

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

Table 4. Preliminary Evaluation Plan for BH-CONNECT Addendum

#	Hypothesis	Evaluation Approach	Data Sources
1	Demonstration will improve health outcomes among Medi-Cal members in opt-in counties with complex and significant behavioral health conditions who are eligible for addendum services	The State will compare the following metrics across Pilot enrollees and a comparison group: • Patient reported outcomes (PRO) • Experience of care • Quality of care metrics • Morbidity and mortality metrics • State of chronic non-behavioral health diseases (e.g., hypertension or diabetes)	• Pre- and post-implementation surveys to track changes and progress over time • Focus groups /interviews of Medi-Cal members receiving addendum services on their experience with care • CMS Core Set Measures and other clinical outcomes metrics
2	Demonstration will help Medi-Cal members in opt-in counties with significant health needs and who are eligible for addendum services avert health care expenditures in more costly and restrictive settings	The State will analyze: • Retention rate of community living • Utilization of institutional settings • Rates of incarceration	• Pre- and post-implementation surveys to track changes and progress over time • Claims data • California Department of Corrections and Rehabilitation data

#	Hypothesis	Evaluation Approach	Data Sources
			and public record data
3	Demonstration will help Medi-Cal members with significant health needs who are eligible for addendum services to improve quality of life over the course of the demonstration	The State will analyze: • Improvement in life satisfaction while in an institutional setting/homeless/incarcerated vs. in community living • Level of community integration • Reductions in, returns to, and length of homelessness	• Pre- and post-implementation surveys to track changes and progress over time • Focus groups /interviews of Medi-Cal members experience with community living • Homeless Management Information System (HMIS) data
4	Community Transition In-Reach Services will reduce LOS in inpatient, subacute, and residential facilities	The State will compare the LOS and percentage of successful discharges from inpatient, subacute, and residential settings among eligible individuals with complex behavioral health conditions served by Community Care Teams over a period of time (e.g., 3 months/6 months) against the LOS and percentages of successful discharges among similar Medi-Cal members who are not eligible for in-reach services (e.g., who reside in non-participating counties)	• Claims data
5	Room and Board in Enriched Residential Settings will enable	The State will analyze the: • Number of individuals who have successfully	• County reporting

#	Hypothesis	Evaluation Approach	Data Sources
	successful discharges of Medi-Cal members eligible for the services with complex behavioral health conditions leaving incarceration, institutional care, or homelessness.	entered into a community-based living arrangement of the person's choice after leaving the Enriched Residential Settings	

Public Review and Comment Process

The 30-day public comment period for the BH-CONNECT Addendum application is from June 14, 2024 to July 14, 2024. All comments must be received no later than 11:59 PM (Pacific Time) on July 14, 2024.

All information regarding the BH-CONNECT Addendum can be found on the DHCS website at: <https://www.dhcs.ca.gov/CalAIM/Pages/BH-CONNECT.aspx>. DHCS will update this website throughout the public comment and application process. BH-CONNECT Addendum application will also be circulated via DHCS' relevant electronic mailing lists, including the [DHCS Stakeholder Email List](#), Behavioral Health Stakeholder Updates List, Legislative and Government Affairs List, and Tribal/Indian Health Program List.

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

- Tuesday, June 25, 2024 – First Public Hearing
 - 3:30 – 4:30 PM PT
 - Department of Health Care Services
 - 1700 K Street, Room 1014, Sacramento, CA 95814
 - Register for Zoom conference link: https://manatt.zoom.us/webinar/register/WN_WmtEKY7YQ9WI9Y2KOE3bA
 - 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: 833 548 0276 (Toll Free)

- Webinar ID: 915 1321 2168
 - Passcode: 062524
 - Callers do not need an email address to use the phone option and do not need to register in advance
- Tuesday, July 2, 2024 – Second Public Hearing
 - 3:30 – 4:30 PM PT
 - Department of Health Care Services
 - 1515 K Street, Room 204, Sacramento, CA 95814
 - Register for Zoom conference link:

https://manatt.zoom.us/webinar/register/WN_MbBcSeVHQCC3GBrc7DPyXw

 - 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 833 928 4608 (Toll Free)
 - Webinar ID: 924 7133 3204
 - Passcode: 070224
 - Callers do not need an email address to use the phone option and do not need to register in advance

If you would like to view the BH-CONNECT Addendum application or notices in person, you may visit your local county welfare department (addresses and contact information available at: <https://www.dhcs.ca.gov/services/medi-cal/Pages/CountyOffices.aspx>). You may request a copy of the proposed BH-CONNECT Addendum and/or a copy of submitted public comments related to the BH-CONNECT Addendum by sending a written request to the mailing or email address listed below.

Written comments may be sent to the following address; please indicate “BH-CONNECT Addendum” in the written message:

Department of Health Care Services
 Director’s Office
 Attn: Tyler Sadwith
 P.O. Box 997413, MS 0000
 Sacramento, California 95899-7413

Comments may also be emailed to 1115waiver@dhcs.ca.gov. Please indicate “BH-CONNECT Addendum” in the subject line of the email message.

To be assured consideration prior to submission of the BH-CONNECT Addendum application to CMS, comments must be received no later than 11:59 PM (Pacific Time) on July 14, 2024. Please note that comments will continue to be accepted after July 14, 2024, but DHCS may not be able to consider those comments prior to the initial submission of the BH-CONNECT Addendum application to CMS.

After DHCS reviews comments submitted during this State public comment period, the BH-CONNECT Addendum will be submitted to CMS. Interested parties will also have the opportunity to officially comment on the BH-CONNECT Addendum during the federal public comment period; the submitted application will be available for comment on the CMS website at: <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/index.html>.

DEPARTMENT OF HEALTH CARE SERVICES

TRIBAL AND DESIGNEES OF INDIAN HEALTH PROGRAMS NOTICE

Purpose

To provide notice of DHCS' intent to submit an amendment to the pending Section 1115 [Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment \(BH-CONNECT\) demonstration](#) to the federal Centers for Medicare & Medicaid Services (CMS) to further strengthen the continuum of care for Medi-Cal members with significant behavioral health conditions.

Background

In October 2023, California submitted the pending BH-CONNECT demonstration application, which seeks to establish a robust continuum of evidence-based community services for people with significant mental health conditions and/or substance use disorders. Through ongoing work with stakeholders and individuals with lived experience in late 2023 and early 2024, California identified additional opportunities to expand the continuum of care for Medi-Cal members with significant behavioral health needs who are experiencing long stays in an institutional setting or need recovery-oriented residential care. These individuals face expansive challenges when leaving institutional settings or experiencing homelessness, incarceration, or other challenging circumstances and may not be able to access BH-CONNECT's robust community-based services until they can reside stably in the community.

To address these gaps, California is now seeking to amend the BH-CONNECT application to address these remaining gaps through county options to provide:

5. **Community transition in-reach services** to support individuals with significant behavioral health conditions who are experiencing long-term stays in institutional settings in returning to the community; and/or
6. **Room and board in qualified residential settings** for up to six months for individuals with significant behavioral health conditions and specified risk factors.

Summary of Proposed Changes

Through this proposed BH-CONNECT Amendment, California seeks to further expand the care continuum for Medi-Cal members with the most complex behavioral health

issues and risk factors. Specifically, California proposes to provide county behavioral health plans with the option to cover one or both of the following two new services tailored to the unique needs of Medi-Cal members who live with the most complex and significant behavioral health conditions:

3. **Community Transition In-Reach Services.** Counties will have the option to establish community-based, multi-disciplinary care transition teams that provide intensive pre- and post-discharge care planning and transitional care management services to support individuals with significant behavioral health conditions who are experiencing long-term stays in institutional settings in returning to the community. Medi-Cal members who reside in an opt-in county, have complex behavioral health conditions, and who are experiencing or at risk of experiencing extended lengths of stay (120 days or more) in inpatient, residential, or subacute settings (including IMDs) will qualify for Community Transition In-Reach Services for a period of time prior to discharge and for a transitional period following discharge.
4. **Room and Board in Qualified Residential Settings.** DHCS is seeking authority to provide Room and Board in Qualified Residential Settings for up to six months for individuals with significant behavioral health conditions and specified risk factors (i.e., experiencing or at risk of homelessness, transitioning out of institutional settings, or transitioning from carceral settings). Qualified Residential Settings will be limited in size to 16 beds or less and must be unlocked and voluntary. The Qualified Residential Settings will provide and/or facilitate access to Medi-Cal covered, voluntary, recovery-oriented services. Qualified Residential Settings must meet statewide standards established by DHCS in consultation with stakeholders and tribal partners.

Impact to Tribal Health Programs

DHCS anticipates that tribes and tribal health programs in counties that opt-in to offer Room and Board in Qualified Residential Settings may be able to operate a Qualified Residential Setting. Details on the minimum standards for Qualified Residential Settings will be included in the full BH-CONNECT amendment application, which will be released for state public comment in the coming weeks. DHCS is not proposing changes to tribal health program services, eligibility, or any other related requirement authorized by this demonstration authority or the Medi-Cal State Plan. Counties will remain responsible for reimbursing tribal health programs for Specialty Mental Health Services (SMHS) as described in Behavioral Health Information Notice (BHIN) [22-020](#), for Drug Medi-Cal

(DMC-ODS) services as described in BHIN [22-053](#), and for Drug Medi-Cal services as described in BHIN [23-027](#).

Impact to Federally Qualified Health Centers (FQHCs)

There is no direct impact to FQHCs since DHCS is not proposing changes to FQHC services, rates, eligibility, or any other related requirement authorized by this demonstration authority or the Medi-Cal State Plan. Counties will remain responsible for reimbursing Urban Indian Organizations (UIOs) enrolled in Medi-Cal as FQHCs as described in BHINs [22-020](#), [22-053](#), and [23-027](#).

Impact to Indian Medi-Cal Beneficiaries

This proposal will provide access to community transition in-reach services and/or room and board in qualified residential settings for American Indian and Alaska Native individuals who are eligible for these services in counties that elect to offer Community Transition In-Reach Services and/or Room and Board in Qualified Residential Settings. The proposed changes will not change eligibility for Medi-Cal or reduce benefits. However, DHCS anticipates the program will help improve health outcomes for American Indian and Alaska Native Medi-Cal members who meet the eligibility requirements for the new services in participating counties.

Response Date

Tribes and Indian Health Programs may also submit written comments or questions concerning this proposal within 30 days from receipt of notice. To be assured consideration prior to submission to CMS, comments must be received no later than 11:59 PM (Pacific Time) on June 30, 2024. Please note that comments will continue to be accepted after June 30, 2024 through the larger public comment period which will end 30 days after DHCS posts the full BH-CONNECT amendment application . After that time, DHCS may not be able to consider any additional comments prior to the initial submission of this Section 1115 demonstration amendment to CMS.

Comments may be sent by email to 1115waiver@dhcs.ca.gov or by mail to the address below.

Contact Information

Written comments may be sent to the following address. Please indicate "BH-CONNECT Amendment" in the written message:

Department of Health Care Services
Director's Office

Attn: Tyler Sadwith
P.O. Box 997413, MS 0000
Sacramento, California 95899-7413

APPENDIX 4 | DOCUMENTATION OF COMPLIANCE WITH THE PUBLIC NOTICE PROCESS

CALIFORNIA REGISTRAR NOTICE

California Regulatory Notice (Friday, June 14, 2024)

Link: <https://oal.ca.gov/wp-content/uploads/sites/166/2024/06/2024-Notice-Register-No.-24-Z-June-14-2024.pdf>

CALIFORNIA REGULATORY NOTICE REGISTER 2024, VOLUME NUMBER 24-Z

DEPARTMENT OF HEALTH CARE SERVICES

PROPOSED BH-CONNECT ADDENDUM APPLICATION

This abbreviated public notice provides information of public interest regarding the California Department of Health Care Services' (DHCS') intent to submit to the Centers for Medicare & Medicaid Services (CMS) an addendum to the pending Section 1115 *Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT)* demonstration that aims to further strengthen the continuum of care for Medi-Cal members with significant behavioral health conditions.

DHCS is soliciting public input on the Section 1115 demonstration addendum application. A full draft of the proposed BH-CONNECT Addendum application and initial notice of public interest were posted on June 14, 2024 and are available on the *DHCS website*.

In October 2023, California submitted the pending BH-CONNECT demonstration application, which seeks to establish a robust continuum of evidence-based community services for people with significant mental health conditions and/or substance use disorders, with key supports for fidelity monitoring and implementation of treatment interventions. Through ongoing work with stakeholders and individuals with lived experience in late 2023 and through 2024, California identified additional opportunities to expand the continuum of care for Medi-Cal members with significant behavioral health needs who are experiencing long stays in an institutional setting, who are or who are at risk of experiencing homelessness, or need recovery-oriented residential care. These individuals have historically faced expansive challenges when leaving institutional settings or while experiencing homelessness, and are the members who stand most to gain in terms of recovery and community-stabilization by accessing services provided through BH-CONNECT, including those envisioned in this addendum.

California is now seeking to add an addendum to the BH-CONNECT application to further expand the care continuum for Medi-Cal members with significant behavioral health conditions. The addendum will offer two new options for county behavioral health plans to cover the following:

1. **Community Transition In-Reach Services.** County mental health plans will have the option to cover community-based in-reach services to support individuals in reintegrating into the community. The services will include a community-based, multi-disciplinary care transition team

that provides intensive pre- and post-discharge care planning and transitional care management services, as well as a targeted set of services offered by community-based providers to facilitate the transition to community living. Medi-Cal members who reside in an opt-in county, with significant behavioral health conditions, and who are experiencing or at risk of experiencing extended lengths of stay (120 days or more) in inpatient, residential, or subacute settings (including Institutions for Mental Disease) will qualify for Community Transition In-Reach Services for up to 180 days prior to discharge and for a transitional period after discharge.

2. **Room and Board in Qualified Residential Settings.** DHCS is seeking authority to provide Room and Board in Qualified Residential Settings for up to six months for individuals with significant behavioral health conditions and specified risk factors (e.g., experiencing or at risk of homelessness, transitioning out of institutional settings, or transitioning from carceral settings). Qualified Residential Settings will be limited in size to 16 beds or less and must be unlocked and voluntary. The Qualified Residential Settings will provide Medi-Cal covered, voluntary, recovery-oriented services. Qualified Residential Settings must meet statewide standards established by DHCS in consultation with stakeholders. Peer respite settings can be considered Qualified Residential Settings if they meet statewide standards established by DHCS and have services that align with Living Room Model standards or another minimum standard consistent with national best practices and research as determined by DHCS.

In conjunction with the BH-CONNECT addendum, DHCS is announcing its intent to clarify coverage for High Fidelity Wraparound (HFW) as a Medi-Cal service. HFW is an evidence-based treatment modality for children and adolescents with the most complex and significant mental health conditions. When clinically appropriate, it can be used as an alternative to residential treatment. HFW already is provided to some of the children and youth who meet the clinical criteria for the service, but providers typically must bill for discrete elements of the service; there is no consistent way to bill the service across the state. While HFW does not require Medicaid 1115 demonstration authority to implement, DHCS views it as a critical element of BH-CONNECT.

PUBLIC REVIEW AND COMMENT PROCESS

The 30-day public comment period for the BH-CONNECT Addendum application is from June 14,

2024, through July 14, 2024. All comments must be received no later than 11:59 PM (Pacific Time) on July 14, 2024.

All information regarding the BH-CONNECT Addendum can be found on the DHCS website at: <https://www.dhcs.ca.gov/CalAIM/Pages/BH-CONNECT.aspx>. DHCS will update this website throughout the public comment and application process. The BH-CONNECT Addendum will also be circulated via DHCS' relevant electronic mailing lists, including the *DHCS Stakeholder Email List*, Behavioral Health Stakeholder Updates List, Legislative and Government Affairs List, and Tribal/Indian Health Program List.

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

- Tuesday, June 25, 2024 — First Public Hearing
 - 3:30–4:30 p.m. PT
 - Department of Health Care Services
 - 1700 K Street, Room 1014, Sacramento, CA 95814
 - Register for Zoom conference link: https://manatt.zoom.us/webinar/register/WN_WmtEKY7YQ9W19Y2KOEI3bA
 - 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: 833 548 0276 (Toll Free)
 - Webinar ID: 915 1321 2168
 - Passcode: 062524
 - Callers do not need an email address to use the phone option and do not need to register in advance
- Tuesday, July 2, 2024 — Second Public Hearing
 - 3:30–4:30 p.m. PT
 - Department of Health Care Services
 - 1515 K Street, Room 204, Sacramento, CA 95814
 - Register for Zoom conference link: https://manatt.zoom.us/webinar/register/WN_MbBcSeVHQCC3GBrc7DPyXw
 - 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 833 928 4608 (Toll Free)

- Webinar ID: 924 7133 3204
- Passcode: 070224
- Callers do not need an email address to use the phone option and do not need to register in advance

If you would like to view the BH-CONNECT Addendum or notices in person, you may visit your local county welfare department (addresses and contact information available at: <https://www.dhcs.ca.gov/services/med-ical/Pages/CountyOffices.aspx>). You may also request a copy of the proposed BH-CONNECT Addendum, notices, and/or a copy of submitted public comments, once available, related to the BH-CONNECT Addendum by requesting it in writing to the mailing or email addresses listed below.

Written comments may be sent to the following address; please indicate "BH-CONNECT Addendum" in the written message:

Department of Health Care Services
 Director's Office
 Attention: Tyler Sadwith
 P.O. Box 997413, MS 0000
 Sacramento, California 95899-7413

Comments may also be emailed to 1115waiver@dhcs.ca.gov. Please indicate "BH-CONNECT Addendum" in the subject line of the email message.

To be assured consideration prior to submission of the BH-CONNECT Addendum application to CMS, comments must be received no later than 11:59 p.m. (Pacific Time) on July 14, 2024. Please note that comments will continue to be accepted after July 14, 2024, but DHCS may not be able to consider those comments prior to the initial submission of the BH-CONNECT Addendum application to CMS.

After DHCS reviews comments submitted during this State public comment period, the BH-CONNECT Addendum application will be submitted to CMS. Interested parties will also have the opportunity to officially comment on the BH-CONNECT Addendum application during the federal public comment period; the submitted application will be available for comment on the CMS website at: <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/index.html>.

STAKEHOLDER EMAILS

DHCS Stakeholder Update Email Listserv (Friday, June 14, 2024)

DHCS UPDATE: BH-CONNECT Demonstration Addendum - Public Comment and Public Hearings

 DHCS Communications <DHCSCommunications@dhcs.ca.gov>
To

↩ Reply

↩ Reply All

➔ Forward

⋮

Fri 6/14/2024 3:00 PM



DHCS Stakeholder Update

The Department of Health Care Services (DHCS) is providing this update of significant developments regarding DHCS programs.

Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Demonstration Addendum: Public Comment and Public Hearings

DHCS today began a 30-day public comment period for a new addendum to the pending Section 1115 [Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment \(BH-CONNECT\) Demonstration](#). The public comment period is from June 14, 2024, through July 14, 2024. This email provides background information, links to public comment materials, and information about how to provide feedback during the public comment period.

Background

DHCS seeks to add an addendum to the pending BH-CONNECT Demonstration under Section 1115 of the Social Security Act to strengthen the continuum of care for Medi-Cal members with significant behavioral health conditions and risk factors.

Specifically, California proposes to enable county behavioral health plans to opt in to one or both of two new opportunities tailored to the unique needs of Medi-Cal members who live with the most complex and significant behavioral health conditions:

- **Community Transition In-Reach Services** to support individuals with significant behavioral health conditions who are experiencing long-term stays in institutions as they return to the community.
- **Room and Board in Enriched Residential Settings** for up to six months for individuals with significant behavioral health conditions and specified risk factors. These settings will:
 - Be limited in size to 16 beds or less and must be unlocked and voluntary.
 - Provide Medi-Cal covered, voluntary, and recovery-oriented services.
 - Meet statewide standards established by DHCS in consultation with individuals with lived experience, advocacy groups, stakeholders, and tribal partners.

Public Comment Materials

All public comment materials are posted on the [DHCS BH-CONNECT webpage](#); DHCS will update this page throughout the public comment period and application process. The following materials are posted on the webpage:

- [BH-CONNECT Addendum Application](#)
- [BH-CONNECT Addendum Public Notice](#)
- [BH-CONNECT Addendum Abbreviated Public Notice](#)

Opportunities to Comment

Written Comments

Comments will be accepted via U.S. mail or electronic mail.

Written comments may be sent to the following address; please indicate "BH-CONNECT Addendum" in the written message:

Department of Health Care Services
Director's Office
Attn: Tyler Sadwith
P.O. Box 997413, MS 0000
Sacramento, California 95899-7413

Email comments may be submitted to 1115Waiver@dhcs.ca.gov. Please indicate "BH-CONNECT Addendum" in the subject line of the email message.

To ensure consideration prior to our submission of the BH-CONNECT Addendum application to the Centers for Medicare & Medicaid Services (CMS), comments must be received no later than 11:59 p.m. Pacific Time (PT) on **July 14, 2024**. Please note that comments will continue to be accepted after July 14, but DHCS may be unable to consider those comments prior to the submission of the BH-CONNECT Addendum application to CMS.

Public Hearings

DHCS will virtually host the following public hearings to encourage and solicit stakeholder comments. The meetings will take place in person and have online video streaming and telephonic conference capabilities to ensure statewide accessibility.

Tuesday, June 25, 2024 – First Public Hearing

- 3:30 – 4:30 p.m. PT
- Department of Health Care Services
 - 1700 K Street, Room 1014, Sacramento, CA 95814
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https://manatt.zoom.us/webinar/register/WN_WmtEKY7YQ9WI9Y2KOEt3bA

- Please register in advance to receive your unique login details and link to add to your calendar.
- Call-in information: 833 548 0276 (Toll Free)
 - Phone Number: 915 1321 2168
 - Access Code: 062524
 - Callers do not need an email address to use the phone option and do not need to register in advance.

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- 3:30 – 4:30 p.m. PT
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 - https://manatt.zoom.us/webinar/register/WN_MbBcSeVHQCC3GBrc7DPyXw
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 - Phone Number: 924 7133 3204
 - Access Code: 070224
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For individuals with disabilities, DHCS will provide free assistive devices, including language and sign-language interpretation, real-time captioning, note takers, reading or writing assistance, and conversion of training or meeting materials into braille, large print, audio, or electronic format. To request alternative format or language services, please call, email, or write:

Department of Health Care Services
 Director's Office
 P. O. Box 997413, MS 0000
 Sacramento, CA 95899-7413
 (916) 440-7400
 Email: 1115Waiver@dhcs.ca.gov

Please note that the range of assistive services available may be limited if requests are received less than ten working days prior to the hearing.

Thank you,



www.dhcs.ca.gov

If you are not a subscriber and would like to receive these updates, please [sign up on the DHCS website](#). To view previous stakeholder announcements, visit the [DHCS Stakeholder News webpage](#). You also can view our [State Plan Amendments \(SPA\)](#) and find the [most recent data on Medi-Cal enrollment](#). For questions or suggestions, contact us at DHCSCommunications@dhcs.ca.gov.

If you would like to unsubscribe from this list, [click here](#).

Please sign up on our [website](#) to receive monthly BHT updates.

Legislative & Governmental Affairs Email (Friday, June 14, 2024)

DHCS UPDATE: BH-CONNECT Demonstration Addendum - Public Comment and Public Hearings



Castro, Melinda@DHCS <Melinda.Castro@dhcs.ca

To

Cc

Reply

Reply All

Forward



Fri 6/14/2024 2:33 PM

Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Demonstration Addendum: Public Comment and Public Hearings

The Department of Health Care Services (DHCS) today began a 30-day public comment period for a new addendum to the pending Section 1115 [Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment \(BH-CONNECT\) Demonstration](#). The public comment period is from June 14, 2024, through July 14, 2024. This email provides background information, links to public comment materials, and information about how to provide feedback during the public comment period.

Background

DHCS seeks to add an addendum to the pending BH-CONNECT Demonstration under Section 1115 of the Social Security Act to strengthen the continuum of care for Medi-Cal members with significant behavioral health conditions and risk factors.

Specifically, California proposes to enable county behavioral health plans to opt in to one or both of two new opportunities tailored to the unique needs of Medi-Cal members who live with the most complex and significant behavioral health conditions:

- **Community Transition In-Reach Services** to support individuals with significant behavioral health conditions who are experiencing long-term stays in institutions as they return to the community.
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 - Provide Medi-Cal covered, voluntary, and recovery-oriented services.
 - Meet statewide standards established by DHCS in consultation with individuals with lived experience, advocacy groups, stakeholders, and tribal partners.

Public Comment Materials

All public comment materials are posted on the [DHCS BH-CONNECT webpage](#); DHCS will update this page throughout the public comment period and application process. The following materials are posted on the webpage:

- [BH-CONNECT Addendum Application](#)
- [BH-CONNECT Addendum Public Notice](#)
- [BH-CONNECT Addendum Abbreviated Public Notice](#)

Opportunities to Comment**Written Comments**

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Written comments may be sent to the following address; please indicate "BH-CONNECT Addendum" in the written message:

Department of Health Care Services
Director's Office
Attn: Tyler Sadwith
P.O. Box 997413, MS 0000
Sacramento, California 95899-7413

Email comments may be submitted to 1115Waiver@dhcs.ca.gov. Please indicate "BH-CONNECT Addendum" in the subject line of the email message.

To ensure consideration prior to our submission of the BH-CONNECT Addendum application to the Centers for Medicare & Medicaid Services (CMS), comments must be received no later than 11:59 p.m. Pacific Time (PT) on **July 14, 2024**. Please note that comments will continue to be accepted after July 14, but DHCS may be unable to consider those comments prior to the submission of the BH-CONNECT Addendum application to CMS.

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DHCS will virtually host the following public hearings to encourage and solicit stakeholder comments. The meetings will take place in person and have online video streaming and telephonic conference capabilities to ensure statewide accessibility.

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 - Access Code: 062524
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Director's Office
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Sacramento, CA 95899-7413
(916) 440-7400
Email: 1115Waiver@dhcs.ca.gov

Please note that the range of assistive services available may be limited if requests are received less than ten working days prior to the hearing.

Melinda Castro | Chief, Administration & Outreach Section
Legislative & Governmental Affairs
California Department of Health Care Services
916-313-0048 | Email: Melinda.Castro@DHCS.CA.GOV



Confidentiality Notice: This communication, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and/or legally privileged information. Any unauthorized review, use, disclosure, interception, and/or distribution of this message and/or any attachments, is strictly prohibited and may violate applicable laws including the Electronic Communications Privacy Act. If you are not the intended recipient(s), please immediately contact the sender and kindly destroy all copies of the original communication as well as any attachments. Thank you in advance for your cooperation.

Tribal & Indian Health Program Email – DHCS Indian Health Listserv (Friday, June 14, 2024)

From: Tillisch, Emily@DHCS
Sent: Friday, June 14, 2024 11:59 AM
To: Indian Health Issues <DHCSINDIANHEALTH@MAILLIST.DHCS.CA.GOV>; 'DHCSINDIANHEALTHEXECDIRECTORS@MAILLIST.DHCS.CA.GOV' <DHCSINDIANHEALTHEXECDIRECTORS@MAILLIST.DHCS.CA.GOV>
Subject: DHCS UPDATE: BH-CONNECT Demonstration Addendum: Tribal and Indian Health Program Public Comment & Tribal Meeting

Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Demonstration Addendum: Tribal and Indian Health Program Public Comment & Tribal Meeting

The Department of Health Care Services (DHCS) today began a 30-day public comment period for a new addendum to the pending Section 1115 [Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment \(BH-CONNECT\) Demonstration](#). The public comment period is from June 14, 2024, through July 14, 2024. This email provides background information, links to public comment materials, and information about how to provide feedback during the public comment period.

Background

DHCS seeks to add an addendum to the pending BH-CONNECT Demonstration under Section 1115 of the Social Security Act to strengthen the continuum of care for Medi-Cal members with significant behavioral health conditions and risk factors.

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 - Be limited in size to 16 beds or less and must be unlocked and voluntary.
 - Provide Medi-Cal covered, voluntary, and recovery-oriented services.
 - Meet statewide standards established by DHCS in consultation with individuals with lived experience, advocacy groups, stakeholders, and tribal partners.

DHCS is required to seek advice from Tribes and designees of Indian Health Programs on Medi-Cal matters having a direct effect on American Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009. DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendments (SPAs), waiver requests or amendments, or proposals for demonstration projects in the Medi-Cal program.

Public Comment Materials

All public comment materials are posted on the [DHCS BH-CONNECT webpage](#) and the [DHCS Tribal and Indian Health Program webpage](#); DHCS will update this page throughout the public comment period and application process. The following materials are posted on the web pages:

- [Tribal and Designees of Indian Health Programs Public Notice](#)
- [Public Notice](#)
- [Abbreviated Public Notice](#)
- [Proposed BH-CONNECT Addendum Application](#)

Opportunities to Comment

Written Comments

Comments will be accepted via U.S. mail or electronic mail.

Written comments may be sent to the following address; please indicate "BH-CONNECT Addendum" in the written message:

Department of Health Care Services
Director's Office
Attn: Tyler Sadwith
P.O. Box 997413, MS 0000
Sacramento, California 95899-7413

Email comments may be submitted to 1115Waiver@dhcs.ca.gov. Please indicate "BH-CONNECT Addendum" in the subject line of the email message.

To ensure consideration prior to our submission of the BH-CONNECT Addendum application to the Centers for Medicare & Medicaid Services (CMS), comments must be received no later than 11:59 p.m. Pacific Time (PT) on **July 14, 2024**. Please note that comments will continue to be accepted after July 14, but DHCS may be unable to consider those comments prior to the submission of the BH-CONNECT Addendum application to CMS.

Public Hearings

DHCS will virtually host the following public hearings to encourage and solicit stakeholder comments. The meetings will take place in person and have online video streaming and telephonic conference capabilities to ensure statewide accessibility.

Tuesday, June 25, 2024 – First Public Hearing

- o 3:30 – 4:30 p.m. PT
- o Department of Health Care Services
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- o Register for Zoom conference link: https://manatt.zoom.us/webinar/register/WN_WmtEKY7YQ9WI9Y2KOE13bA
 - Please register in advance to receive your unique login details and link to add to calendar
- o Call-in information: [833 548 0276](tel:8335480276) (Toll Free)
 - Phone Number: [915 1321 2168](tel:91513212168)
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 - Phone Number: [924 7133 3204](tel:92471333204)
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Director's Office
P. O. Box 997413, MS 0000
Sacramento, CA 95899-7413
[\(916\) 440-7400](tel:9164407400)
Email: 1115Waiver@dhcs.ca.gov

Please note that the range of assistive services available may be limited if requests are received less than ten working days prior to the hearing.

Tribal Meeting

DHCS will virtually host a tribal webinar to encourage and solicit comments from Tribes and Indian Health Programs. The meeting will offer online video streaming and telephonic conference capabilities to ensure statewide accessibility.

Wednesday, July 17, 2024 – Tribal and Designees of Indian Health Programs Webinar for BH-CONNECT Addendum

- o 10:00 – 11:00 AM PT
- o Register for WebEx conference:
<https://dhcs.webex.com/weblink/register/r7f1e60f9d15c6256534b6eeef9e9b506>
 - Please register in advance to receive your unique login details and link to add to calendar
- o Call-in information
 - Phone Number: [+1-415-655-0001](tel:14156550001)
 - Access Code: 2660 [249 4746](tel:2494746)
 - Callers do not need an email address to use the phone option and do not need to register in advance

For individuals with disabilities, DHCS will provide free assistive devices, including language and sign-language interpretation, real-time captioning, note takers, reading or writing assistance, and conversion of training or meeting materials into braille, large print, audio, or electronic format. To request alternative format or language services, please call or write:

Department of Health Care Services
Director's Office
P. O. Box 997413, MS 0000, Sacramento, CA 95899-7413
[\(916\) 440-7400](tel:9164407400)
Email: 1115Waiver@dhcs.ca.gov

Please note, the range of assistive services available may be limited if requests are received less than ten working days prior to the meeting .

In addition, two public hearings for the general public will be held on: Tuesday, June 25, 2024 and Tuesday, July 2, 2024. Additional information about these hearings is available on the [DHCS BH-CONNECT webpage](#).

CONFIDENTIALITY NOTICE: This e-mail and any attachments may contain information which is confidential, sensitive, privileged, proprietary or otherwise protected by law. The information is solely intended for the named recipients, other authorized individuals, or a person responsible for delivering it to the authorized recipients. If you are not an authorized recipient of this message, you are not permitted to read, print, retain, copy or disseminate this message or any part of it. If you have received this e-mail in error, please notify the sender immediately by return e-mail and delete it from your e-mail inbox, including your deleted items folder.

DHCS WEBSITE UPDATES

DHCS Homepage
(Friday, June 14, 2024)
Link: <https://www.dhcs.ca.gov/>

Updates	Laws & Policies	Popular Searches
▶ BH-CONNECT Addendum Public Comment ▶ CalAIM 1115 Demonstration & 1915(b) Waiver webpage ▶ DHCS Stakeholder News ▶ CalAIM Continuous Coverage for Children Public Comment ▶ CalRHAD 1115 Demonstration	▶ Updated: CalHHS Agency Public Charge Guide (English) (Spanish) ▶ Medicaid Managed Care Final Rule ▶ CalAIM 1115 Demonstration & 1915(b) Waiver ▶ Proposed State Plan Amendments ▶ DHCS Strategic Plan (PDF)	▶ Other Health Coverage (OHC) ▶ Third Party Liability — Personal Injury / Estate Recovery ▶ Medi-Cal Payments ▶ Locate the Nearest County Office ▶ Form 1095-B

Medi-Cal Waivers Webpage
(Friday, June 14, 2024)
Link: <https://www.dhcs.ca.gov/services/Pages/Medi-CalWaivers.aspx>

Pending Waivers
• CalAIM Section 1115 Continuous Coverage for Children Amendment • Section 1115 California Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Demonstration ◦ BH-CONNECT Addendum: (Note: DHCS is currently accepting public comments and plans to submit materials to CMS for review later this year) • CalAIM Section 1115 Transitional Rent Services Amendment • California's Reproductive Health Access Demonstration (CalRHAD) 1115

Section 1115 Medicaid Waiver Resources Webpage (Friday, June 14, 2024)

Link: <https://www.dhcs.ca.gov/provgovpart/Pages/WaiverRenewal.aspx>



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Section 1115 Medicaid Waiver Resources

[Back to Medi-Cal Waivers](#)

California has an active Section 1115 demonstration, approved by the Centers for Medicare & Medicaid Services (CMS) on December 29, 2021, and effective through December 31, 2026. DHCS is seeking an amendment to the CalAIM Demonstration to authorize transitional rent services as a new Community Support for qualifying individuals in the Medi-Cal Managed Care (MCMC) delivery system. Visit the [CalAIM 1115 Demonstration & 1915\(b\) Waiver webpage](#) for more information.

California is requesting a new Section 1115 demonstration, entitled California Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Demonstration. California is also seeking to add an addendum to the pending BH-CONNECT demonstration, **which is available for public comment from June 14, 2024 through July 14, 2024**. Visit the [DHCS BH-CONNECT webpage](#) for more information.

California is requesting a new Section 1115 demonstration, entitled California's Reproductive Health Access Demonstration (CalRHAD). Visit [DHCS CalRHAD Webpage](#) for public comment opportunities.

Contact Us

DHCS values your input. Please email questions and comments to 1115Waiver@dhcs.ca.gov.

Resources

Pending 1115 Waivers

- [CalAIM Section 1115 Continuous Coverage for Children Amendment](#)
- [California Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment \(BH-CONNECT\)](#)
 - [California BH-CONNECT Addendum](#)
- [CalAIM Section 1115 Transitional Rent Services Amendment](#)
- [California's Reproductive Health Access Demonstration \(CalRHAD\)](#)

BH-CONNECT Webpage (Friday, June 14, 2024)

Link: <https://www.dhcs.ca.gov/CalAIM/Pages/BH-CONNECT.aspx>



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California Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Demonstration

[Return to the CalAIM Homepage](#)

On October 20, 2023, DHCS submitted its application for a new Medicaid Section 1115 Demonstration to increase access to and improve behavioral health services for Medi-Cal members statewide. The demonstration, the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Demonstration (formerly the CalBH-CBC Demonstration), takes advantage of [Centers for Medicare & Medicaid Services' \(CMS'\) 2018 guidance](#) and associated federal funding aimed at improving care for Medi-Cal members living with significant behavioral health needs. This demonstration builds on 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.

DHCS' central goal of the BH-CONNECT Demonstration is to leverage this opportunity to expand a robust continuum of community-based behavioral health care services for Medi-Cal members living with significant behavioral health needs. DHCS' proposal aims to amplify California's ongoing behavioral health initiatives, and is informed by findings from DHCS' 2022 report [Assessing the Continuum of Care for Behavioral Health Services in California](#).

On June 14, 2024, DHCS submitted an addendum to the pending BH-CONNECT Demonstration to CMS to further strengthen the continuum of care for Medi-Cal members with significant behavioral health conditions. Through ongoing work with stakeholders and individuals with lived experience in late 2023 and through 2024, California identified additional opportunities to expand the continuum of care for Medi-Cal members with significant behavioral health needs who are experiencing long stays in an institutional setting, who are or who are at risk of experiencing homelessness, or who need recovery-oriented residential care. These individuals have historically faced expansive challenges when leaving institutional settings or while experiencing homelessness, and are exactly the members who stand most to gain in terms of recovery and community-stabilization by accessing services provided through BH-CONNECT, including those envisioned in this addendum. **The BH-CONNECT Addendum is available for public comment from June 14, 2024 through July 14, 2024.** Visit the [DHCS BH-CONNECT webpage](#) for more information.

BH-CONNECT Addendum Comment Opportunities

The draft BH-CONNECT Addendum application is available for public review during the 30-day public comment period from June 14, 2024 through July 14, 2024.

- [BH-CONNECT Addendum Application](#)
- [BH-CONNECT Addendum Public Notice](#)
- [BH-CONNECT Addendum Abbreviated Public Notice](#)

The 30-day public comment period for the BH-CONNECT Addendum application will take place from June 14, 2024 through July 14, 2024. To ensure consideration prior to submission to CMS, comments must be received no later than 11:59 PM (Pacific Time) on **July 14, 2024**. Please note that comments will continue to be accepted after July 14, 2024, but DHCS may be unable to consider those comments prior to the submission of the BH-CONNECT Addendum application to CMS. **Comments may be sent via email to 1115waiver@dhcs.ca.gov or via mail to the following address; please indicate "BH-CONNECT Addendum" in the written message.**

Department of Health Care Services
Director's Office
Attn: Tyler Sadwith
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

DHCS will hold public hearings to solicit stakeholder comments, offering in-person attendance and online video and telephone conference capabilities for statewide accessibility.

- June 25, 2024, 3:30 p.m. - 4:30 p.m.** at 1515 K Street, Room 1014, Sacramento. Participants may [register](#) for the Zoom conference or call in at (833) 548-0276 (toll-free) or (915) 321-2168 (access code 070224).
- July 2, 2024, 3:30 p.m. - 4:30 p.m.** at 1515 K Street, Room 204, Sacramento. Participants may [register](#) for the Zoom conference or call in at (833) 928-4608 (toll-free) or (924) 713-3204 (access code 070224).

BH Connect Addendum Request PPT Presentation

- [BH-CONNECT-Addendum-Public-Hearing-Deck.pdf](#)

Indian Health Program Webpage (Friday, May 31, 2024)

Link: <https://www.dhcs.ca.gov/services/rural/Pages/IndianHealthProgram.aspx>



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Indian Health Program

The mission of the Indian Health Program (IHP) is to improve the health status of American Indians living in urban, rural, and reservation or rancheria communities throughout California. Health services for American Indians are based on a special historical legal responsibility identified in treaties with the U.S. government. California voluntarily accepted this responsibility by adopting Public Law (P.L.) 83-280 in 1954, which allowed for State jurisdiction of Indian affairs. The legislative authority for the program is Health and Safety (H&S) Code, Sections 124575 – 124595 and Title XVII Chapter 3.1, Section 1500-1541.

Upcoming Events: DHCS would like to highlight that these meetings are intended to allow Tribal and Indian health programs representatives a forum to provide feedback on elements of DHCS initiatives with specific impact to Tribes, Indian health programs, and American Indian Medi-Cal beneficiaries.

- Save-the-Date: July 17, 2024, 10:00 AM - 11:00 AM
Tribal Webinar for BH-CONNECT Section 1115 Waiver
- BH-CONNECT Addendum 30-Day Public Comment (June 14, 2024 – July 14, 2024)

Special Programs

- [Updates on Tribal Federally Qualified Health Center Medi-Cal Provider Type](#)
- [American Indian Maternal Support Services Program](#)
- [Emergency Preparedness](#)

Tribal and Indian Health Program Designee Medi-Cal Advisory Process

- [Tribal and Indian Health Program Designee Medi-Cal Advisory Process](#)



Indian Health Program Notices of Proposed Changes to Medi-Cal Program Webpage

(Friday, May 31, 2024)

Link: https://www.dhcs.ca.gov/services/rural/Pages/Tribal_Notifications.aspx

Quarter Ending June 30, 2024		
Tribal/Designee Notifications	Title	Release Date
Demonstration Addendum Under Section 1115 of the Social Security Act	Notice of Intent to Submit an Addendum to the Pending Section 1115 Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) demonstration	05/31/2024

Indian Health Program Meetings, Webinars, and Presentations Webpage (Friday, May 31, 2024)

Link: <https://www.dhcs.ca.gov/services/rural/Pages/MeetingandWebinars.aspx>



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Meetings, Webinars, and Presentations

The following meetings, webinars and presentations contain information related to Department of Health Care Services (DHCS) proposed budget proposals, American Indian Medi-Cal Utilization data, and/or proposed changes to the Medi-Cal Program. The presentations, meeting materials, and webinar recordings are from various DHCS sponsored meetings or webinars, Centers for Medicare & Medicaid Services Outreach & Education Meetings, and Federal Indian Health Services Program Directors' meetings.

Meeting materials, webinars, and presentations are available below:

2024 Meetings/Webinars

Title: Tribal and Indian Health Program Representatives Meeting for BH-Connect Addendum

Date: Wednesday, July 17, 2024

- Time: 10:00 to 11:00 AM PT
- Register for Webex conference: <https://dhcs.webex.com/webex/register/r7f1e60f9d15c6256534b6eeef9e9b506>
 - Please register in advance to receive your unique login details and link to add to calendar
- Call-in information
 - Phone Number: +1-415-655-0001
 - Access Code: 2660 249 4746
 - Callers do not need an email address to use the phone option and do not need to register in advance

Presentation Materials and Additional Information:

- [Tribal public notice \(May 31, 2024\)](#)
- [Proposed BH-CONNECT Addendum application \(June 14, 2024\)](#)
- [Public notice \(June 14, 2024\)](#)