

MEDI-CAL COMMUNITY SUPPORTS ARE DELIVERING ON THEIR PROMISE

Data Show Community Supports are Cost-Effective,
While Addressing Medi-Cal Member Needs

California's Community Supports, a key component of the CalAIM initiative, aim to address Medi-Cal member needs cost-effectively. In the [Community Supports Annual Report](#), DHCS confirms that **Community Supports are cost-effective** and associated with reduced visits to the emergency department, hospitalizations, and long-term care. The report looks at program implementation, oversight activities, and utilization trends through 2024, as well as a cost-effectiveness analysis for calendar year 2023.

Context

- »  Community Supports are services provided by Medi-Cal managed care plans (MCP) to **help Medi-Cal members live healthier lives and avoid higher, costlier levels of care.**
- »  Community Supports were introduced by California's MCPs in January 2022, and all plans can offer up to 15 Community Supports.
- »  As required by the federal Centers for Medicare & Medicaid Services (CMS), the University of California, Los Angeles and RAND Corporation are conducting a rigorous **independent evaluation** of Community Supports by 2028 that will examine their cost-effectiveness and other health impacts using comprehensive data.

Participants and Scope

- »  MCPs in all **58 counties** offer Community Supports. **12 MCPs across 23 counties offer all 15 Community Supports.** All MCPs statewide offer at least eight services.
- »  Starting in 2026, all MCPs are required to offer the **Transitional Rent** Community Support.
- »  Across the 14 different Community Supports, more than **494,000 services were delivered to more than 252,000 Medi-Cal members** in 2024.
- »  Medically Tailored Meals/Medically Supportive Food **served more than 156,000 members** in 2024.

Key Findings

Federal Medicaid rules allow certain regular services to be replaced with more cost-effective, community-based options like Medi-Cal's Community Supports, if these alternatives are appropriate for the member's health needs and meet Medi-Cal standards. The annual report satisfies a requirement of California's 1915(b) CalAIM waiver and studied 12 Community Supports authorized under that waiver. DHCS analyzed the impact of these services by comparing the cost of each to the savings generated in terms of reduced use of inpatient, emergency department, long-term care, and other services.



9 out of 12 Community Supports are already *demonstrating cost effectiveness within the study period.*

- » **Housing Deposits** were associated with a 31.6% net cost reduction.
- » **Environmental Accessibility Adaptations** were associated with a 14.5% net cost reduction.
- » **Respite Services** were associated with a 61.3% net cost reduction.
- » **Day Habilitation** was associated with a 17.1% net cost reduction.
- » **Sobering Centers** were associated with an 11.7% net cost reduction.
- » **Personal Care and Homemaker Services** were associated with a 58.4% net cost reduction.



Three Community Supports show promising early trends.

- » Based on the available data, DHCS projects **Housing Tenancy and Sustaining Services, Medically Tailored Meals/Medically Supportive Food, and Asthma Remediation** will prove to be cost-effective over time, consistent with federal rules.



All Community Supports studied were associated with *reductions in inpatient and/or emergency department use.*

- » Members who used at least one of the **Housing Trio Community Supports** (which includes **Housing Transition Navigation Services, Housing Deposits, and Housing Tenancy and Sustaining Services**) had reduced inpatient (24.3%) and emergency department use (13.2%) in the six months that followed receipt of the service(s).
- » **Medically Tailored Meals/Medically Supportive Food** were associated with reduced inpatient (21.4%) and emergency department use (22%).

October 2025 Update:

Building on this cost-effectiveness analysis of 12 Community Supports authorized under the 1915(b) CalAIM waiver, DHCS and Mercer analyzed the following Community Supports authorized under the 1115 CalAIM demonstration using the same comparison. Based on DHCS' preliminary analysis, these two services are already demonstrating cost-effectiveness during this current demonstration period:

- » Recuperative Care was associated with a **29.2% net cost reduction.**
- » Short-Term Post Hospitalization Housing was associated with a **10.6% net cost reduction.**

Analysis

Cost-Effectiveness

DHCS analyzed the cost-effectiveness of 12 Community Supports showing the significant benefits they offer both to members and the state's overall health care system. The study looks at the period from six months before to six months after members received Community Supports in 2023.

DHCS analyzed both direct costs for Community Supports and associated health care savings, showing that 9 out of 12 services are already cost-effective within the study period, and the remaining three are projected to be cost-effective over a longer study period. For example, Housing Deposits reduced applicable service costs by 31.6%, demonstrating that addressing these needs can yield substantial savings for California's health care system. This cost-effectiveness analysis underscores the value of continuing to expand these services, particularly in reducing hospital admissions, emergency department use, and in some cases, long-term care costs.

Quality as Measured by Avoidable Health Care Use

California's initial utilization analysis, though based on limited data, shows all **12 of the Community Supports studied are associated with reduced use of costlier services and settings.**

Key highlights include:

- » Members who accessed at least one of the **Housing Trio Community Supports** had reduced inpatient and emergency department use in the six months that followed. This suggests that connecting members experiencing homelessness to housing services helps better engage them with the health care system, reducing reliance on emergency care.
- » For **Day Habilitation** services, there were notable decreases in inpatient, emergency department, and long-term care services. This may reflect how these services support independence and reduce reliance on facility-based care by helping members develop essential life skills.
- » **Medically Tailored Meals/Medically Supportive Food**, which have the greatest number of members studied, were associated with a substantial reduction in inpatient and emergency department visits and a modest reduction in outpatient facility use. This aligns with existing research showing that medically tailored meals can help reduce hospital admissions for individuals with nutritionally sensitive conditions.

Service Utilization and Growth Trends

As of May 2025, **12 MCPs across 23 counties offer all 14 Community Supports**, and all MCPs statewide offer at least eight services, ensuring every Medi-Cal member in California has access to a broad range of supports, no matter where they live. Medi-Cal's Community Supports have seen significant growth, particularly in areas like **Medically Tailored Meals/Medically Supportive Food**. Other services like **Housing Transition Navigation Services** have grown as well, reflecting the need for continued housing support for individuals transitioning out of homelessness. This demand indicates not only the value of these services, but also the need for their expansion to meet the diverse needs of California's Medi-Cal members.

Targeted Services and Specialized Interventions

Targeted services, such as **Assisted Living Facility Transitions** and **Community or Home Transition Services**, have been instrumental in offering cost-effective alternatives to institutional care. These services cater to vulnerable people by reducing avoidable hospital and long-term care admissions.

Specialized interventions like **Sobering Centers** help divert individuals from jails and inpatient facilities, and provide a safe environment to recover from an immediate substance use disorder episode and be connected to substance use disorder treatment services. **Asthma Remediation** helps assess and clear the home environment for asthma triggers, which is especially beneficial for children who may be susceptible to such triggers and thus avoid visits to the emergency department.

Looking Ahead: Expansion and Sustainability

"As Community Supports continue to expand across California, their positive impact is expected to increase, leading to improved outcomes for Medi-Cal members and reduced health care costs. By providing targeted services, Community Supports help members achieve better health and well-being, while also lowering the need for higher, costlier levels of care," said **DHCS Director Michelle Baass**.

Moving forward, DHCS will continue to monitor and refine these services, ensuring they remain effective and sustainable. This ongoing effort will help DHCS be more efficient stewards of taxpayer dollars, ensuring California's Medi-Cal program promotes efficiency and effective use of resources within the state's health care system.