



Behavioral Health Transformation

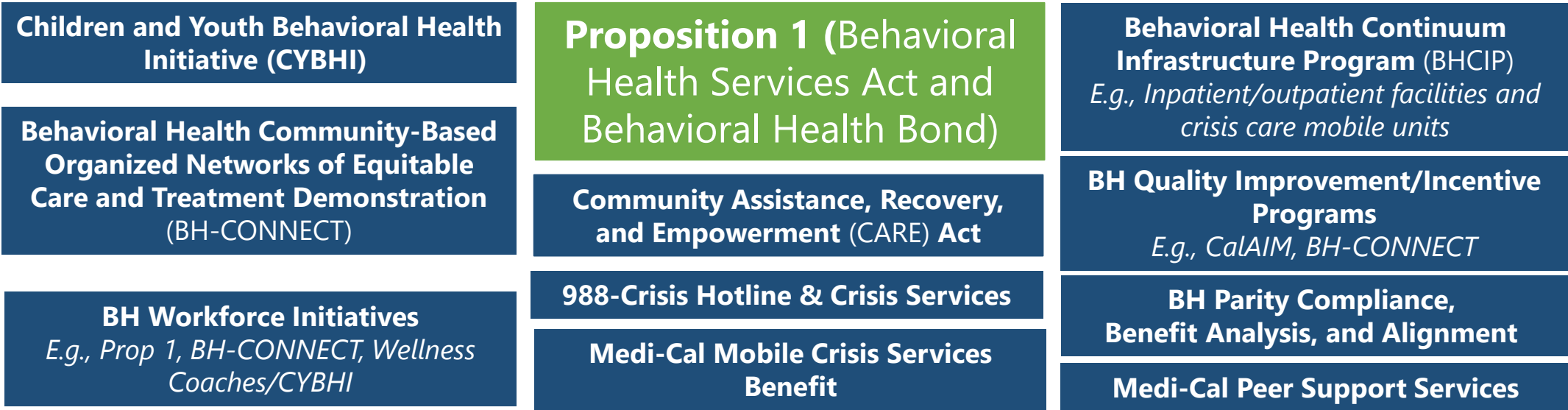
November 19, 2024



Building Out California's Behavioral Health Continuum of Care



BUILDING BLOCKS OF TRANSFORMATION



Behavioral Health Services Act (BHSA)

The BHSA is the first major structural reform of the Mental Health Services Act since 2004. It expands and increases the types of supports available to Californians in need by focusing on gaps and priorities.

- » Focuses on the most vulnerable and at-risk, including set-asides for children and youth.
- » Broadens the target population to include individuals with substance use disorder.
- » Updates allocations for local services and state directed funding categories, including housing supports.
- » Clearly advances community-defined practices as a key strategy of reducing health disparities and increasing community representation.
- » Revises county processes for planning and reporting.
- » Improves transparency and accountability.

Prop 1 – Behavioral Health Transformation

In March 2024, California voters passed Proposition 1, a two-bill package, to modernize the state's behavioral health care system. It includes a substantial investment in housing for people with behavioral health needs.

Behavioral Health Services Act

- Reforms behavioral health care funding to provide services to Californians with the most significant behavioral health needs
- Expands the behavioral health workforce to reflect and connect with California's diverse population
- Focuses on outcomes, accountability, and equity

Behavioral Health Bond

- Funds behavioral health treatment beds, supportive housing, and community sites
- Directs funding for housing to veterans with behavioral health needs

DHCS Behavioral Health Transformation Milestones

Below are high-level timeframes for several milestones that will inform requirements and resources. Additional updates on timelines and policy will follow throughout the project.

Started Spring 2024

Stakeholder Engagement

Stakeholder engagement including, **public listening sessions**, will be utilized through all milestones to inform policy creation.

Started Summer 2024

Bond BHCIP: Round 1 Launch Ready

Requests for Applications (RFA) for up to \$3.3 billion in funding leveraging BHCIP.

Started Late 2024

Policy Manual and Integrated Plan Guidance

Policy Manual Module 1 was **released for public comment**.

Summer 2026

Integrated Plan

New integrated plan, fiscal transparency, and data **reporting requirements** go-live in July 2026 (for next three-year cycle)

Bond BHCIP Rounds

- » Up to **\$4.4 billion** in Bond BHCIP funding will be awarded in two funding rounds.
- » The first **Bond BHCIP Round 1: Launch Ready** will award up to **\$3.3 billion** to construct, acquire, and rehabilitate real estate assets to expand the continuum of behavioral health treatment and service resources for Californians.
 - » Of the total for the first round, \$1.5 billion is specifically designated for cities and counties; and \$30 million is designated for tribal entities. The remaining \$1.8 billion is available to all eligible entities, including cities, counties, and tribal entities.
 - » The **deadline for applications is December 13, 2024, 5:00 p.m.** Pacific Time (PT).
 - » Bond BHCIP Round 1 funds will be awarded in **Spring 2025**.
- » **Round 2: Unmet Needs** will include **\$1.1 billion** of additional funding mid-2025.

Overview of the Behavioral Health Transformation Policy Manual

- » This Behavioral Health Transformation Policy Manual provides counties and partner organizations with guidance necessary to implement Behavioral Health Transformation.
- » The Policy Manual will be released in **smaller, more manageable parts, called “modules.”** Each module will focus on a specific aspect of the overall policy.
- » By breaking down the Policy Manual into modules, DHCS aims to provide **focused, detailed guidance**, allowing stakeholders to thoroughly review and provide feedback on each section.
- » DHCS plans to have a **Public Comment period** for each module release. Module 1 was released for public comment on **November 8th with comment due December 2nd**, and Module 2 will be released in **December 2024**.

Policy Manual Module Topics

Module 1 was released for public comment on **November 8th**.

Module 1 Topics

- » Policy Manual Introduction
- » Behavioral Health Transformation Introduction
- » Target Populations
- » County Reporting Process
- » Continuum of Care
- » Population Health Goals
- » Community Planning Process
- » Eligible and Priority Populations
- » Funding Transfer Requests
- » Funding Allowances
- » Housing Interventions + Exemptions

Funding Transfers – Module 1

- » Counties may **request to transfer funds** between the 3 funding allocation buckets: **Housing Intervention Programs** (30%), **Full-Service Partnership Program** (35%), & **Behavioral Health Services and Supports** (BHSS) (35%)
- » Requirements:
 - Requests may not exceed **7% of funds from any 1 component** or **14% of county's total allocated funds**
 - Counties must adhere to local stakeholder consultation requirements for transfer requests
 - Counties that transfer funds must still adhere to sub-allocation requirements or any additional applicable laws
- » Counties submit details/rationale of transfer request details to DHCS, which then reviews based on compliance with statutory requirements, evidence of alignment with local priorities, and community input.

Housing Interventions– Module 1

- » For **children and families, youth, adults, and older adults** living with SMI/SED and/or SUD who are experiencing or at risk of homelessness.
- » Includes **rental subsidies, operating subsidies, shared and family housing, capital,** and the **non-federal share** for certain transitional rent.
- » Not limited to Full Service Partnerships partners or persons enrolled in Medi-Cal.
- » These policies have been developed to give **counties flexibility** and to **build upon other housing initiatives**, including but not limited to Homekey+, Behavioral Health Bridge Housing (BHBH), No Place Like Home (NPLH), Homekey, Project Roomkey, the Community Care Expansion (CCE) Program, the Housing and Homelessness Incentive Program, the Encampment Resolution Fund, and the Homeless Housing Assistance and Prevention Grant Program.
- » Housing Interventions are also intended to **complement CalAIM Community Supports and Transitional Rent** available through **Medi-Cal managed care plans (MCP)**.

Housing Exemption Requests – Module 1

Counties **may request exemptions** to Housing Interventions spending requirements with **required supporting documentation and data**; all requests are **subject to approval**:

1. Requirement to use **30% of funding on Housing Interventions** (*E.g., if very significant/limited need or sufficient/insufficient funding from other sources*).
2. Requirement to use **50% of Housing Intervention funds for persons who are chronically homeless** (*E.g., if very limited need or sufficient funding from other sources*)
3. Requirement to use **no more than 25% of Housing Intervention funds on capital development projects** (*E.g., if significant capital development required, insufficient funding from other sources, or high costs of accessibility improvements*)

Counties may request exemptions beginning with **2032-35 fiscal years' integrated plan** (or in **2026-29 fiscal years' integrated plan** for **counties with population <200,000**)

Demonstrating data examples include but are not limited to Point in Time Count (PIT), Housing Inventory Count (HIC), HMIS data, Coordinated Entry System data, Electronic Health Record data, etc.



What's Next

Policy Manual Module 2 will be released in **December**.

Module 2 Topics

- » Full-Service Partnership (FSP)+ Exemptions
- » Allocation Methodology
- » Revenue Stability
- » Behavioral Health Services and Supports (BHSS) - Allowable Services and Supports/BHSS - Early Intervention
- » Local Prudent Reserve
- » Reversion Policy
- » Transition from Mental Health Services Act to Behavioral Health Services Act
- » Maximizing non-Behavioral Health Services Act Sources of Funding
- » Documentation Redesign

BHSA Revenue Stability Workgroup

- » Convened by CalHHS & DHCS
- » Workgroup assesses fluctuations in tax revenues generated by the BHSA to support short- and long-term financial stability
- » Workgroup will recommend solutions to reduce revenue volatility and propose reserve levels needed for the sustainability of county programs and services.
- » Submit a report to the Legislature and Governor with recommendations on or before June 30, 2025.
- » [10/31/24 Recommendation Overview](#)



CalHHS Department Resources



- » 4% of state funding for **population-based prevention**
- » Learn more about CDPH's BHT work and community engagement on the [CDPH BHT Website](#)
- » [Sign up](#) for CDPH's BHSA newsletter
- » Send comments/questions to: BHSAinfo@cdph.ca.gov

- » 3% of state funding for **behavioral health workforce initiative**
- » Learn more about HCAI's BHT work and community engagement on the [HCAI BHT Website](#)
- » Send comments/questions to: behavioralhealthworkforce@hcai.ca.gov

- » Learn more about DHCS's BHT work and community engagement on the [DHCS BHT Website](#)
- » [Sign up](#) for DHCS's BHT Newsletter
- » Send comments/questions to: BHTInfo@dhcs.ca.gov





Q&A



Timeline

Below outlines high-level timeframes for several milestones that will inform requirements and resources.

Additional updates on timelines and policy will follow throughout the project.

Summer 2024



Engage Stakeholders

Stakeholder Engagement including **demand survey** and small group **listening sessions** to inform program overview document release.

Late 2024



Issue Notice of Funding Availability

Requests for applications for bond funding will leverage existing Homekey models.

Early 2025



Accept Applications

Technical Assistance and webinars for **potential NOFA applicants** will be prioritized prior to opening of the application portal.

Summer 2025



Announce Awards

Awards will be announced on a rolling basis as applications are received and reviewed.

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Funding Breakdown

NOFA	DESCRIPTION	ESTIMATED NOFA AMOUNT
GENERAL NOFA	Veteran-serving projects	TOTAL \$1.033 billion (Proposition 1)
	All Projects (includes Prop 1 and HHAP Homekey supplemental funds)	\$805 million (Proposition 1) \$291 million HHAP Homekey Supplemental (General Fund) TOTAL \$1.096 billion to include: homeless or at-risk youth target (age 18-25) of approximately \$74 million
TRIBAL NOFA	Tribal Applicants (includes Prop 1 and HHAP Homekey supplemental funds)	\$89 million (Proposition 1) \$32 million HHAP Homekey Supplemental TOTAL \$121 million
	Total Funds Available	\$2.250 billion



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Program Overview

What's New?

- Permanent Supportive Housing requiring 55-year affordability term
- Population of Veterans, or non-Veterans
- Homeless, Chronically Homeless, or at-risk of homelessness AND a Behavior Health Challenge
- Extremely low income (<30% AMI)
- Supportive services required



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Program Overview

Gap Financing

- For Permanent Supportive Housing projects with prior HCD awards which meet the population targeting requirements of Homekey+ but have not started construction due to the inability to secure tax credits or existing funding gaps.
- The intent is to move projects forward that are otherwise “shovel ready” and thereby quickly increase the number of units available.



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Program Overview

New Construction Cost Containment

- Must commence construction within 6 months of the Homekey+ award and have a temporary certificate of occupancy (TCO) no later than 24 months from the date of award.



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Program Overview

Veteran Population

- “Veteran”, for the purposes of this program, is defined as a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable.
- For applicants proposing projects serving Veterans, it will be critical to ensure providers have experience and cultural competency specific to Veterans. It is anticipated that a training and certification process will be made available through CalVet.



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Program Overview

Emphasis on Sustainable Operations

- Homekey+ will require a minimum of 3 years of operating match, although priority will be given to projects that demonstrate operating sustainability over the 15 years reviewed in the application.
- Starting in July 2026, 30% of each county's Behavioral Health Services Act (BHSA) allocation must be spent on housing interventions. Guidance on allowable expenditures will be released by DHCS in early 2025. Counties may choose to utilize portions of this allocation to provide operations funding for Homekey+ projects which can provide long-term operational sustainability.
- Prospective applicants are highly encouraged to engage with the applicable County Behavioral Health Department to determine how BHSA dollars may be used to support allowable housing costs for individuals with behavioral health conditions that meet the eligibility for BHSA services.



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Common Feedback

AMI GAP VETERAN
DATE OF AWARD RURAL
PER UNIT INCREASE
OPERATING FUNDING
NPLH APC
TIME TO COMPLETE
EXPENDITURE



Questions?

