

Transitional Rent Concept Overview

Below is a summary of the recently released Transitional Rent Concept paper, for the full 49 page document click [Here](#)

DHCS is seeking to provide coverage of rent/temporary housing for up to six months as a Medi-Cal billable service to Medi-Cal members who are experiencing or at risk of homelessness and meet certain additional criteria through an application for an amendment to the Cal AIM Section 1115 demonstration waiver.

The proposed new service will be available to members who meet clinical risk factors; are experiencing or at risk of homelessness; and have either recently undergone a critical life transition (such as exiting an institutional or carceral setting or child welfare), or who meet other specified eligibility criteria, as described further below.

Service Description

Transitional Rent is designed to provide a time-limited opportunity to help a member exit homelessness and establish a bridge to permanent housing. It is not meant to be a funding stream for permanent housing solutions.

California seeks to begin providing coverage of Transitional Rent as a Medi-Cal service on January 1, 2025.

Transitional Rent will be available to members through the Medi-Cal Managed Care (MCMC) delivery system as a new, fifteenth Community Support.

- Coverage of Transitional Rent will be optional for Medi-Cal managed care health plans (MCPs) beginning on January 1, 2025, and required for MCPs on January 1, 2026.
- **Transitional Rent will be the first Community Support that becomes mandatory for MCPs to cover.**
- County behavioral health delivery systems will not be required *nor permitted* to cover Transitional Rent as a Medi-Cal covered service. MCPs and county behavioral health delivery systems will be obligated to work together to ensure eligible individuals with significant behavioral health needs receive the Transitional Rent service.

Adding Transitional Rent to the Community Supports options will also enhance the current **“Housing Trio”** in Cal AIM’s Community Supports Policy Guide:

- Housing Transition Navigation Services,
- Housing Deposits, and
- Housing Tenancy and Sustaining Services.

These Community Supports may be provided in conjunction with and in addition to Transitional Rent to help members move from homelessness to housing stability. Members may receive Housing Deposits, including its coverage of first and last month’s rent, and up to six months of Transitional Rent.

- Coverage would be up to 6 months of rent/temporary housing which is the maximum currently allowed under Centers for Medicare & Medicaid Services (CMS)'s 2023 Framework of Coverage of Health-Related Social Needs (HRSN) Services.
- The goal will be to transition to permanent rental assistance or permanent supportive housing on or before 6 months expire.
- For members with significant behavioral health needs, the BHSa funding dedicated to housing interventions will provide permanent rental subsidies and housing following MCP-covered Transitional Rent.

Ensuring Access to Transitional Rent for Members with Significant Behavioral Health Needs

MCPs and county behavioral health delivery systems will be obligated to work together to ensure eligible individuals with significant behavioral health needs receive the Transitional Rent service.

To support this aim, DHCS is considering the following actions and policies:

1. Standardizing referral processes for Transitional Rent from the start of the program.
2. Setting policies that provide counties with a "right of first refusal" to be Transitional Rent providers (i.e., requiring MCPs to offer Transitional Rent provider contracts to counties).
3. Standardizing MCP contract provisions for Transitional Rent providers, similar to standard terms and conditions previously released for ECM and Community Supports.
4. Requiring MCPs to allow county behavioral health delivery systems to **directly authorize Transitional Rent for members under their care, for a temporary period.**
 - a. This would enable county behavioral health departments to directly authorize Transitional Rent for eligible members that meet the access criteria for Specialty Mental Health Services (SMHS), Drug Medi-Cal (DMC) or Drug Medi-Cal Organized Delivery System (DMC-ODS) services, for a timeframe of up to **30 calendar days**.
 - i. County behavioral health delivery systems and MCPs will need to develop processes to ensure that notice of such authorizations are transmitted from the county behavioral health delivery system to the MCP in a timely manner.
 - ii. Under this proposal, the county behavioral health delivery system would *directly connect the member to a Transitional Rent provider with immediate effect* and DHCS would require the cost of up to 30 days of services to be paid by the MCP even in the event that the MCP subsequently determined that the member did not qualify for Transitional Rent.

Eligibility Criteria

Member eligibility for Transitional Rent must meet 3 criteria:



1. **Clinical Risk Factors** – members must meet one or more of the following as determined by the MCP:
 - a. Meet the access criteria for SMH, DMC, or DMC-ODS services; or
 - b. Have one or more serious chronic physical health conditions (individuals who are pregnant or postpartum up to 12 months will be considered to have met this definition) or physical, intellectual, or developmental disabilities.
2. **Experiencing or At Risk of Homelessness** – member must meet HUD definition of homelessness or at risk of homelessness as defined in Section 91.5 of Title 24 of the Code of Federal Regulations (CFR) with the following 2 California-specific modifications:
 - a. If exiting an institution or a state prison, county jail, or youth correctional facility, individuals are considered homeless if they were homeless immediately prior to entering that institutional or carceral stay, regardless of length of institutionalization or incarceration; and
 - b. 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 for both groups of individuals.
3. **Specified Transitioning Populations or Unsheltered or FSP**, —i.e., transitioning out of a specified health care, institutional, or housing setting (transitional housing, rapid rehousing, or a homeless shelter or other interim housing, including domestic violence shelters or domestic violence housing) or transitioning out of the child welfare system, (2) unsheltered, or (3) eligible for FSP.

Specified Transitioning Populations or Unsheltered or FSP	Eligibility Window
Populations transitioning out of specified settings	Service authorization within six months of the transition event and receipt of Transitional Rent within one year
Transitioning out of the child welfare system	Eligible up to age 26 if foster care involved on 18 th birthday or later
Experiencing unsheltered homelessness	No eligibility window
FSP eligible	No eligibility window

For the populations identified above, DHCS is considering and seeks comment on the following policy: Authorization for Transitional Rent would be required to take place within six months of the transition event and the member would have until 12 months after the transition event to use the Transitional Rent.

***ACBHD may want to comment that this time period is too short or other comments on this section.

To support implementation of Transitional Rent by MCPs, DHCS proposes that individuals be considered “FSP-eligible” for purposes of Transitional Rent if they have received FSP services in the past 24 months or determined by the county to be FSP eligible. DHCS seeks stakeholder feedback on this proposal and how to effectuate its implementation by MCPs.

Proposed Limitations on Use of 6 Months’ Transitional Rent

- Once per Demonstration, not once per lifetime.
- Continuous 6 month of use of Transitional Rent NOT required.
- Combination of Transitional Rent with Short-Term Post-Hospitalization Housing and Recuperative Care may be provided so long as eligibility for each of respective services is met at time of service delivery.

Connecting Transitional Rent with ECM and Housing Trio

As described further below, DHCS’s vision is that Enhanced Care management (ECM) and the Housing Trio, will be companion services to Transitional Rent and that MCPs and ECM and Housing Trio providers will work to achieve strong connectivity between the services.

DHCS expects that engagement in ECM and the Housing Trio will be a referral point into Transitional Rent for many members. For those not already engaged in ECM and Housing Trio services when they are referred for Transitional Rent, DHCS seeks to facilitate member access to and engagement in these services.

Note that members will not be required to be enrolled in ECM or be using one of the Housing Trio services as a condition of eligibility for Transitional Rent, consistent with Housing First best practices. **However, an individual who qualifies for Transitional Rent will automatically qualify for Housing Deposits and the other Housing Trio services.**



Proposed Policies to Support Coordination and Alignment

DHCS proposes the following policies to further the goal of coordination and alignment between MCPs and CoCs, public housing authorities (PHAs), county behavioral health delivery systems, and the existing homelessness and housing response system.

Coordinated Entry: All members receiving Transitional Rent should be encouraged to complete an intake into the Coordinated Entry System, which is how individuals experiencing or at risk of homelessness typically connect to housing services.

Use of HMIS: DHCS proposes to require that provision of Transitional Rent must be recorded in HMIS (assuming member authorization) and in a way that does not impact homeless/chronically homeless status. A similar approach was taken under the Behavioral Health Bridge Housing (BHBH) program’s HMIS project setup instructions. 31 MCPs may choose to enter this information themselves or require the Transitional Rent provider to do so.

Prioritization for Permanent Housing and Rental Subsidies.

DHCS recognizes that CoCs, PHAs, counties, and other jurisdictions develop their own prioritization criteria to determine access to the permanent housing and rental subsidies they administer. **DHCS is interested in stakeholder feedback on how to support members who receive Transitional Rent in being prioritized for these permanent supports**, including those funded by HUD, the BHSA, and other State or local dollars.

Non-Supplantation and Non-Duplication

Transitional Rent will supplement and not supplant services provided through other State, local, or federally funded programs. To implement this requirement, DHCS proposes the following:

Members may not concurrently receive Transitional Rent and other State, local, or federally funded rental assistance or housing (i.e., no duplication).

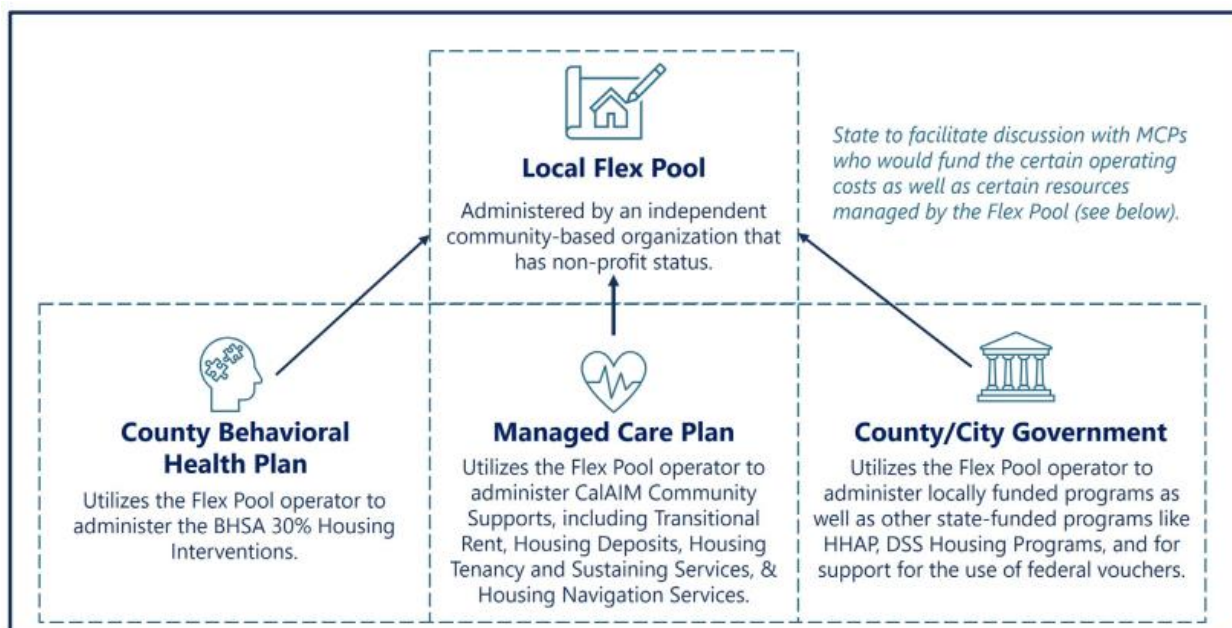
Transitional Rent cannot be provided as a “shallow subsidy” (e.g., it cannot be used to pay the tenant portion of rent for a member using a Housing Choice Voucher) and Transitional Rent cannot be “topped off” by subsidies funded under the BHSa or another source (e.g., Transitional Rent cannot pay 70 percent of a member’s rent with BHSa funding the remaining 30 percent).

Transitional Rent must be sufficient to cover the costs of rent or housing on its own.

Members may not be transitioned from a federally funded support, such as Transitional Housing or rapid rehousing, to Transitional Rent while they remain eligible to continue to receive that federally funded support.

Flex Pools Flexible Housing Subsidy Pools

(“Flex Pools”) are a key strategy to support local partners in braiding complementary resources to house clients. DHCS is exploring technical assistance and resources to support Flex Pools.



Payment Model

DHCS seeks stakeholder comment on possible approaches to Transitional Rent payment via MCPs including:

- The level of effort required to provide Transitional Rent, including potential variations in effort based on provider type and members’ circumstances and needs, including behavioral health needs.
- Potential methodologies for payment to Transitional Rent providers and advantages and disadvantages.
- Potential mitigation of the challenge small providers may face in assuming the upfront costs of providing Transitional Rent to providers, including the use of Flex Pools.

Covered Settings

DHCS proposes covering a broad set of permanent and interim settings for members receiving Transitional Rent.

The list of settings DHCS covers, and the amount of coverage provided per setting, will be subject to revision based on fiscal considerations as well as stakeholder feedback.

- Apartments;
- Single room occupancy (SRO) units;
- Single-family homes and multi-family homes; Units in mobile home communities; Accessory dwelling units (ADUs)
- Tiny homes; Shared housing—where two or more people live in one rental unit;
- Permanent supportive housing;
- Recovery housing at the choice of the member;
- Interim housing settings such as hotel and motel settings,
- non-congregate interim housing models, and congregate settings that have only a small number of individuals per room and sufficient common space (not larger dormitory sleeping halls);
- Adult residential facilities, including assisted living and board and care;
- Residential care facilities for the elderly; Unlicensed board and care facilities; and
- Peer respite.

Monitoring and Reporting

On January 1, 2026, MCPs will be required to cover Transitional Rent. Consistent with the current Community Supports and the APL 21-017, MCPs will be required to develop and submit an updated Community Supports Model of care (MOC) template, which DHCS will update to incorporate questions for MCPs to demonstrate their operational readiness to provide Transitional Rent, including requirements for the individualized housing support plan.

DHCS will monitor MCPs for compliance with Transitional Rent requirements using existing monitoring reports for Community Supports.

MCPs will be required to perform oversight of Transitional Rent network providers consistent with their current oversight requirements. This will include holding Transitional Rent providers and subcontractors accountable to all final Transitional Rent requirements and guidance and, for MCPs, to their updated MOC.

Existing reporting requirements for MCPs will be supplemented to include reporting on Transitional Rent. DHCS will identify what data can be pulled from HMIS and what must be reported separately by MCPs. **Particularly critical will be information on immediate housing outcomes for those exiting coverage of Transitional Rent** (e.g., placed in permanent supportive housing, transitioned to HUD-funded housing or voucher, institutionalized, returned to homelessness, etc.), that is ideally captured by MCPs using a variety of data collection methodologies such as access to local HMIS data

Other Highlights

- **Members may not be charged a copayment** or otherwise required to assume a share of costs for the service of Transitional Rent.
- Transitional Rent must be **medically appropriate** for the individual as determined by the provider.
- **Housing Deposits** (first/last month's rent and home set up costs) may be provided in addition to Transitional Rent.
- **Housing First** requirement, meaning that MCPs and counties may not condition authorization for or continued receipt of Transitional Rent on sobriety, engagement in or completion of services, or "housing readiness."
 - Consistent with HUD guidance, sober living and recovery homes are permitted settings and may be used in connection with Transitional Rent where they are the choice of the member.
- **Eviction Prevention:** DHCS seeks comment on potential coverage of back rent under the Transitional Rent service, including: (i) the appropriate number of months to cover and how many months will typically need to be covered to prevent eviction; (ii) whether to permit members receiving back rent to receive prospective rent in the same unit; and (iii) if so, whether to require that there be a determination that the member will be reasonably likely to make the rent payments for their existing unit going forward.
- **Coverage of Utilities:** Utility set up, first month's coverage of utilities, and limited coverage of arrears is covered under Housing Deposits, but the ongoing cost of utilities is not. Coverage of this cost will also not be available under Transitional Rent but will be essential for members residing in settings where utilities are not covered by the property owner. For members who qualify for BHSA-funded services, payment for utilities could be provided through the county BHSA housing interventions program.

NEXT STEPS AND STAKEHOLDER INPUT

DHCS is seeking input from a broad range of stakeholders on the concepts presented in this paper. As an immediate next step, DHCS invites the public to comment on this draft concept paper. See below for questions to which DHCS is particularly interested in responses. Comments are due by 5 p.m. PT, September 20, 2024. **Comments may be submitted to CalAIMECMILOS@dhcs.ca.gov with the subject line "Comments on Transitional Rent."**

DHCS also will be meeting with various groups over the next few months—including MCPs, counties, housing organizations, advocacy organizations, members with lived experience, and other community stakeholders—to gather input on the proposed approach. DHCS encourages the public to visit the Medi-Cal ECM and Community Supports webpage and the CalAIM Behavioral Health Initiative webpage for regular updates.

Please see pages 39-43 of the [Transitional Rent Concept Paper](#) for the types of questions DHCS is requesting feedback on.