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# Leveraging CalAIM to Address Homelessness in California's Central Valley:

## Lessons from RH Community Builders

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# Introduction

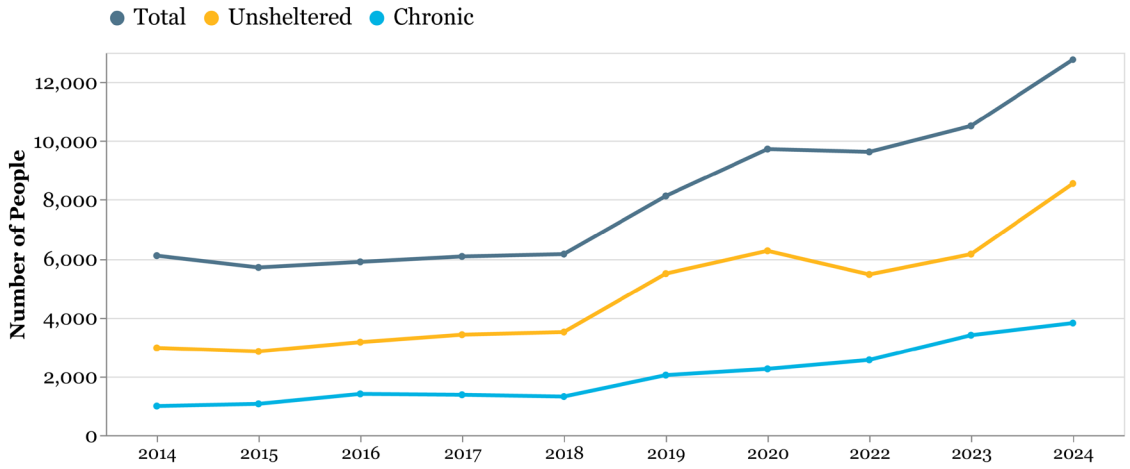
Over the past decade, California has advanced a wide-ranging set of initiatives to address the state's escalating homelessness crisis, committing unprecedented levels of funding to expand the supply of permanent supportive housing (PSH) and improve the coordination of housing and health care systems. The onset of the COVID pandemic in 2020 accelerated these efforts, as federal emergency programs—such as the CARES Act and the American Rescue Plan—unlocked new resources that allowed California to rapidly expand shelter, services, and housing acquisition strategies.

Aligned with these investments, the state has also pursued reforms to Medi-Cal—the state's Medicaid program—known as California Advancing and Innovating Medi-Cal (CalAIM). (See Box on page 3.) Although CalAIM is a broader initiative designed to improve health care delivery systems, it includes a series of federal waivers that allow local housing and service providers to address health-related social needs and improve community-based care for people experiencing or at risk of homelessness.

With these expanded resources, many regions have strengthened their homelessness response capacity, most notably in the Central Valley, where a lack of resources had hindered local efforts to address rising homelessness. Between 2014 and 2024, the counties of Fresno, Madera, Tulare, Kings, and San Joaquin experienced a doubling of the number of people experiencing homelessness, from approximately 6,100 to over 12,700 people counted on a single night (Figure 1). This growth rate outpaced the state as a whole, and greatly stretched existing local capacity to address the crisis.

In this research brief, we describe how one organization—RH Community Builders (RHCB)—has been able to leverage California's Medi-Cal reforms under CalAIM to provide housing and supportive services in the Central Valley, with a specific focus on Fresno, Madera, Tulare, and Kings counties.[1] CalAIM extends Medicaid-funded supportive services to people experiencing or at risk of homelessness, including housing-related services such as housing transition navigation, housing deposits, and housing tenancy and sustaining services.

**Figure 1: Number of People Experiencing Homelessness in the Central Valley, 2014 – 2024**




**Source:** U.S. Department of Housing and Urban Development (HUD) Point-in-Time Count, 2014 – 2024

**Note:** Includes Turlock, Modesto/Stanislaus County Continuum of Care (CoC); Stockton/San Joaquin County CoC; Visalia/Kings, Tulare Counties CoC; and Fresno City & County/Madera County CoC. Data for 2021 are unavailable due to the COVID pandemic.

## CalAIM in Brief

CalAIM is a five-year initiative, authorized by federal Medicaid waivers, that aims to provide cost-effective services to Medi-Cal members with the most complex needs, with the goal of improving health outcomes and reducing reliance on expensive medical services.

To achieve these goals, CalAIM authorizes Medi-Cal managed care plans (MCPs) to offer their members a menu of Medicaid-funded supportive services known as Community Supports (CS). These Community Supports include a "Housing Trio" of housing-related services, including Housing Transition Navigation Services (HTNS), Housing Deposits, and Housing Tenancy and Sustaining Services (HTSS). Additional Community Supports authorized through CalAIM include recuperative care (medical respite), short-term post-hospitalization housing, as well as nine other services.[2] In addition, MCPs are required to offer Enhanced Care Management (ECM) services as a new statewide Medi-Cal benefit for eligible members. ECM provides care coordination to Medi-Cal members with complex health and social needs, such as helping them to access medical, behavioral, dental, and social services.[3]

Although the term CalAIM is often used as shorthand, the provision of both Community Supports and ECM is governed by contracts between the MCPs and the organizations that provide those services. These contracts need to comply with federal Medicaid rules, as well as with the policies set forth by California's Department of Health Care Services (DHCS).

Payments for Community Supports and ECM are established by these contracts. Although they are often referred to as "reimbursements," the payments are not based on actual program costs.[4] Instead, the agreements between MCPs and service providers establish the rates for the allowable Community Supports and ECM services, and MCPs authorize these services for eligible members for a maximum number of days or months. Providers must request reauthorization to continue to receive funds to deliver services beyond the initial authorization.

## Common Acronyms

BHSA: Behavioral Health Services Act

CalAIM: California Advancing and Innovating Medi-Cal

CS: Community Supports

DBH: Department of Behavioral Health

DHCS: California Department of Health Care Services

ECM: Enhanced Care Management

HEAP: Homeless Emergency Aid Program

HHAP: Homeless Housing, Assistance, and Prevention Grant Program

HHIP: Housing and Homelessness Incentive Program

HTNS: Housing Transition Navigation Services

HTSS: Housing Tenancy and Sustaining Services

MCP: Managed Care Plan

MHSA: Mental Health Services Act

NPLH: No Place Like Home

PSH: Permanent Supportive Housing

RH Community Builders (RHCB) has created a model where CalAIM resources[5] are braided with other state funding programs, including the state's Homekey program. Launched during the pandemic, Homekey provides funding for local governments to acquire and convert hotels, motels, and other properties into interim and permanent housing. Establishing contracts with MCPs to provide HTSS within its Homekey properties has allowed RHCB to address one of the key shortcomings of the Homekey program: the lack of sufficient long-term operating support for services.[6] RHCB is also leveraging CalAIM to meet other needs in the county, including through HTNS, housing deposits, short-term post-hospitalization and bridge shelter programs, and a landlord engagement and mitigation fund. Through these efforts, RHCB has learned important lessons on what it takes to successfully partner with MCPs to implement new and expanded services authorized through CalAIM, as well as gained insights into where policy reforms could strengthen its impact in addressing the state's homelessness crisis.

## RH Community Builders' Approach to CalAIM

*Origins and Early Projects*

RH Community Builders was founded in 2019, making it a relatively new organization that has rapidly built its portfolio of housing and services. Prior to starting the organization, the founders—Wayne Rutledge and Brad Hardie—had gained experience working within the Fresno County homelessness response system by master leasing properties to service providers operating Full-Service Partnerships[7] through Mental Health Services Act (MHSA) funding.

RHCB's first project was an acquisition and renovation of the Hacienda, a historic motel[8] along Fresno's Highway 99 corridor that had been serving as a residential treatment program since 2008. The property was in poor condition due to significant deferred maintenance and lack of funding. Rutledge and Hardie rehabilitated the property, and in 2018, were able to lease it to Mental Health Systems, Inc. (MHS), which obtained funding from California's Homeless Emergency Aid Program (HEAP) and California Emergency Solutions and Housing (CESH) programs to renovate the property and to create a 50-bed triage center, the first in the county.[9] The triage center offers 24-hour, low-barrier shelter beds that accept pets, possessions, and partners—features often missing from traditional shelters, resulting in common barriers to access for people experiencing homelessness. Clients can stay up to 90 days, making it easier for providers to coordinate services and develop pathways to permanent housing.

When COVID hit, RHCB helped Fresno County expand its non-congregate shelter capacity. Within a month, they had helped to create 285 new emergency shelter beds, including at the Hacienda. When the State later announced the Homekey program, it was an opportunity for RHCB to further build out its capacity to help people experiencing homelessness in the Central Valley. As RHCB's executive director explained, the organization's ability to expand the supply of permanent supportive housing in the Central Valley was made possible by the expansion of State resources during this period: "New

programs like HEAP and Homekey really opened the door for us to be innovative and find ways to increase housing and services in Fresno and the surrounding counties. Otherwise, we would not have been competitive for other State funding programs due to the lack of experience."

*Entering CalAIM Contracts with Medi-Cal Managed Care Plans*

The motivation to pursue contracts with Medi-Cal MCPs to provide Community Supports and ECM under CalAIM came from RHCB's involvement as a service partner at a Project Roomkey emergency shelter property in Tulare County.[10] Project Roomkey, which temporarily converted hotels into shelter during the pandemic, faced limited paths to becoming an ongoing resource once the federal emergency funds expired. Recognizing the potential to convert hotels and motels into permanent housing, the State launched Homekey, which provided capital to public entities to purchase the properties. Tulare County expressed interest in supporting RHCB's application for Homekey funds to convert the emergency shelter into PSH, but lacked ongoing service dollars to commit to the project. As the executive director recalled, "They basically said, 'Here's CalAIM—try that.'"

Today, RHCB has contracts with two MCPs—Health Net of California/CalViva Health[11] (Health Net/CalViva) and Anthem Blue Cross (Anthem)—to provide CalAIM Community Supports and ECM. Both MCPs enroll and serve Medi-Cal members across the four counties where RHCB works. What began with just seven clients has quickly grown into a comprehensive portfolio of housing and services that spans shelters, recuperative care, community-based teams, and PSH developments. This growth has led RHCB to develop a robust team of staff who are supported by CalAIM contracts with MCPs using different models.

The first model is a "fee-for-service" standalone program, which is entirely funded through payments from MCPs for authorized Community Supports and ECM services provided to their members. This program is offered across Fresno, Tulare, Kings, and Madera Counties, and is not limited to people living in properties owned by RHCB. Program staff provide HTNS and housing deposits, as well as ECM, to unhoused individuals living on the street or in shelters, as well as other eligible individuals.[12] The program has grown rapidly and now serves approximately 4,000 people each month. Within the community-based team, staff have developed specialized expertise: some focus on Coordinated Entry Systems to better support housing navigation and placement, while others concentrate on ECM and the health-related needs of clients. This team also includes two outreach specialists who manage referrals from MCPs to RHCB, including verifying member eligibility and securing service authorization for that member to receive Community Supports and/or ECM.

The second model includes site-based short-term housing programs, including a behavioral health bridge housing project at Phoenix Landing[13] and a short-term post-hospitalization interim housing program, known as EPOCH.[14] These two programs are located at the same site, which also features a commercial kitchen that serves as a workforce development training program. The programs provide onsite housing navigation, case management, and daily meals, as well as connect

residents to outpatient treatment services. Although the typical stay is under six months, residents who are making progress but have yet to find permanent housing can have their residency extended. The EPOCH onsite staff are entirely funded through CalAIM payments, including for post-hospitalization recuperative care, day habilitation,[15] ECM, HTNS, and deposits.

The third model braids CalAIM funding with other forms of housing subsidies to provide HTSS to residents living in permanent housing sites owned and operated by RHCB. These resources have been critical at RHCB's Homekey sites.

For example, at Crossroads Village, a 143-unit Homekey 1.0 property, payments from MCPs for CalAIM Community Supports and ECM are projected to cover 30 percent of the supportive services costs, with the remainder funded from specialty mental health services. (See Box below.)

The executive director said that CalAIM payments could potentially cover a greater share of the supportive services costs at the site, but "I was building this budget in early 2025, and I didn't know what would happen with CalAIM, especially given all the uncertainty at the federal level. The next few years could be very unpredictable; it seemed better to be conservative."

## Using CalAIM within Homekey Properties - RHCB's Crossroads Village

Crossroads Village was a former 200-unit motel known as Hotel Fresno/Smugglers Inn in north Fresno, California, purchased through a $15.3 million Homekey 1.0 award–the first round of the program. The property served as a temporary housing site for about two years, but in 2023/2024 was completely rebuilt from the ground up and converted into permanent housing. The property now has 143 PSH units, including a mix of studios and one-, two-, and three-bedroom units. It also has indoor and outdoor community spaces, including a playground, pool, dog run, and picnic area.

Although Homekey allows local jurisdictions to quickly purchase hotels and motels through large capital grants, it does not always provide sufficient funding to cover the costs of conversion to permanent housing. In addition, one of the major concerns about the Homekey program is that it doesn't provide a source of long-term operating or supportive services subsidies.[16]

RHCB and UPholdings, an affordable housing developer, partnered to apply for funding to turn the site into permanent housing, and successfully secured funding from sources that included No Place Like Home (NPLH), Housing for a Healthy California, the State's Housing Accelerator program, and Fresno County. They also secured funding from Fresno Unified School District to provide 20 units for the families of students experiencing homelessness, 50 project-based vouchers from the Fresno Housing Authority, and a commitment from the Fresno Department of Behavioral Health (DBH) to provide funding for supportive services. RHCB is currently working with DBH to take over the long-term services contract.

The plan for the property is to have eight onsite supportive staff members, including two case managers, two clinicians, and four certified peer support specialists. This level of onsite support will be possible because RHCB can supplement the DBH and NPLH funding with CalAIM

payments for residents who receive Housing Tenancy Supportive Services (HTSS) and ECM.

Crossroads Village is an example of a successful Homekey conversion, but it also highlights the complexity of funding permanent supportive housing. RHCB had to secure over six different sources of funding to make the project successful. This funding complexity also complicates lease-up, as each funding source has different eligibility requirements. For example, Fresno Unified School District's definition of homelessness[17] doesn't align with that in the Continuum of Care's coordinated entry system.

RHCB's executive director believes that the system could work better if there was stronger alignment between development and services dollars and increased flexibility in who can be served by the different programs. She said, "We're in a system where I'm constantly trying to overcome programs operating at cross-purposes: I may have service dollars that will work for families, but my rental subsidies are all for studios. Or I may have successfully identified all of my development funding, but I'm required to commit to 50 years of service when CalAIM is a five-year pilot."

Crossroads Village shows how funding from MCPs for the Community Supports and ECM authorized by CalAIM can be combined with Homekey, NPLH, and other sources of funding for behavioral health services, but only through complex funding workarounds. To make PSH sustainable and scalable, California will need structural reforms that align capital, operating, and services funding over the long-term.

Photos of Crossroads Village courtesy of RH Community Builders

# Lessons Learned

*Administrative Challenges and Solutions*

As with other PSH and homelessness service providers, RH Community Builders faced a significant learning curve in setting up CalAIM contracts and managing billing processes. The executive director said, "At first it was me looking at lots and lots of spreadsheets and lots of attempts at getting it right." Early on, these challenges led to errors in documentation and billing, resulting in denied claims. A CalAIM coordinator[18] shared that they struggled early on to reconcile the system they had for case managers to enter information about their clients and the system they needed to use to bill the MCP for those services. "I was constantly figuring out why we were being paid so much less money than we thought."

To address these administrative challenges, RHCB contracted with Sprite Health, a healthcare technology company that manages Medicaid billing and payment documentation.[19] Staff directly enter the services they provide to clients into the electronic health record template within Sprite Health's platform, which automatically generates the billable files submitted to the MCP. Because Sprite Health started specifically to support CalAIM implementation, they too were on a learning curve, but the CalAIM coordinator said that they were "responsive" to figuring out issues together, and "they attend office hours with the MCPs to stay updated on any policy changes or changes to required documentation." While RHCB pays a fee to Sprite Health, the executive director noted that the investment has been worthwhile: "It's well below what we were spending to do it ourselves, and we're seeing significantly fewer denied claims."

*Working with Managed Care Plans*

There was also a learning curve for the managed care plans, which similarly were navigating the early policy environment around CalAIM. Although communication and data systems have improved, challenges persist in managing policy shifts and aligning data across systems. Because housing providers cannot get paid for delivering Community Supports until the member has been authorized by their MCP to receive those services for a specified period of time, the MCP's process for authorizing (and reauthorizing) services is critical to successful implementation. A CalAIM coordinator shared that there can be lags in authorization, "so if we have a claim that's dated before what they have in their portal, it's not valid, even though we have it documented." However, she also said that for the most part, "the health plans we work with have been listening to the different problems that the providers are having, and are working to resolve them."

Another challenge arises when there are policy changes at either DHCS or the MCP. These shifts can create internal confusion when different MCP departments receive or interpret the information differently, as well as confusion and frustration among clients. For example, the CalAIM coordinator said that MCPs are no longer covering first and last month's rent in anticipation of the rollout of the new Medi-Cal Transitional Rent service.[20] "But the people we're serving may be expecting that. They'll say, 'My cousin recently got assistance. You guys paid her rent, her deposit, and [for] furniture. Why aren't you doing that now?'"

Billing is also complicated by the different documentation requirements and forms

for each of the MCPs. Anthem, for example, reimburses for housing-related Community Supports on a once-per-month rate, while Health Net/CalViva requires that service providers bill for each service in 15-minute increments. Anthem also sets different payment rates for similar services in different counties. RHCB's case managers found it difficult to remember which client was enrolled with which MCP, and then which documentation was needed. To address this, RHCB created a single comprehensive form that captures all the information needed for both MCPs. A CalAIM coordinator said that the downside was that "the form is now longer, but it covers everything for both health plans, so that there's not any mistakes in the documentation that will take a lot of time to fix later."

Staff have also had to adapt how they write case notes—balancing the need to document progress while demonstrating ongoing medical necessity to justify service reauthorizations, which typically occur every six months. Anthem staff emphasized that Community Supports are meant to substitute for medical interventions (such as avoidable emergency room visits or hospitalizations), so it is critical on their end that they can show there's a real health need to reauthorize services after the first six months. "We need to report back to the State on utilization and health outcomes, but I also think our leadership wants to see that our investments are making a difference." For RHCB, this means making sure that staff document the reasons why a person in permanent housing may still be at risk of losing their housing. A CalAIM coordinator shared that "we are taught to celebrate the wins, you know, so sometimes we forget to write down that the person still has barriers to housing stability."

*Making CalAIM Work in PSH: Scale as a Key Factor*

One of the major challenges faced by RHCB and other PSH providers across California is that relying on CalAIM contracts to fund a team of staff to deliver ongoing supportive services is difficult to implement and sustain at a PSH property level, particularly when the number of units at the property doesn't allow for sufficient scale. For example, while a 50-unit PSH property could generate sufficient payments to cover an onsite case manager, it is rare that all 50 residents will be eligible for HTSS. Not all residents may be on Medi-Cal, or they may not have the medical need for HTSS or ECM. As more service providers establish CS contracts, residents may also be enrolled in services with another provider. This means that the Medi-Cal payments will fall short of covering the costs of an onsite case manager, which in turn makes it difficult to establish a cohesive supportive services model on site.

RHCB has experienced this mismatch at their Homekey property in Tulare, which only has 50 units, and no other source of supportive services subsidy attached. The executive director explained that "50 units doesn't really provide a high enough level of HTSS-contracted payments to cover the onsite staffing you really need. And Tulare County has a lot of CalAIM providers: there were at least three or four providers that had clients that moved into the property and who kept the CS contracts for those members." As a result, that Homekey property has never had the consistent level of staffing it has needed, and "it has really struggled."

RHCB has had to go back to the City of Visalia to get funding for renovations, to put in another security gate, to cover 18 months of overnight security, and to secure two years of additional funding to cover onsite case managers. She continued, "I don't think CalAIM works on its own in PSH, and PSH doesn't work without sufficient onsite staffing six, seven days a week. If you don't have sufficient and consistent funding for onsite staff who can help meet residents' needs, it'll be staffed by whatever local police department is there the rest of the time. People don't think about the real public costs of not providing enough funding for PSH."

Making contract funding from MCPs for Community Supports and ECM work within PSH budgets also means adjusting financial assumptions and recognizing that scale shapes feasibility. "I think that's an important part of understanding how to budget for CalAIM within PSH. It's normal in property management to build in a vacancy loss, but it's not normal in a homeless service operation budget. But you have to do that in your CalAIM budgets, because there's going to be somebody that isn't eligible." Anthem's program director of housing and homeless strategy also emphasized that scale is an important factor in how well funding from MCPs authorized by CalAIM integrates into PSH: "If I was a small developer that had, you know, a 30- or 40-unit property, it may not be worth it because the revenue is probably not enough. But [for] a developer looking to develop a 300-unit property with a significant share of supportive units, CalAIM can be a real resource."

When CalAIM funding can be layered with other sources of service funding, it strengthens property operations and staff retention. RHCB's executive director emphasized that these funds have enabled the organization to augment services and improve staff compensation: "CalAIM has allowed us to significantly enhance our services or give raises to staff, where the County funding was not going to allow us to do that. We can offer $3 or $5 more per hour than what is possible under traditional HHAP- or HEAP-funded contracts." These additional resources have improved the quality of care, reduced staff turnover and vacancies, and ultimately contributed to better outcomes for residents.[21]

*The Added Value of CalAIM*

Despite challenges, RHCB has found CalAIM to be a critical tool for scaling services for people experiencing or at risk of homelessness in the Central Valley. The executive director noted that one of CalAIM's advantages lies in the flexibility of its contracts with MCPs compared to traditional government programs and funding streams: "That's not to say there aren't challenges with CalAIM; we have those also. But one of the benefits of Medicaid billing is that we don't have to know in advance the level of community need. All of our MHSA or other County contracts have maximums. If you had asked me to tell you how big my outpatient CalAIM program would be, I couldn't have wagered a guess, let alone told you that we're going to serve over 1,200 clients a month."

Another major benefit is that CalAIM fills a critical gap in the homelessness services continuum, supporting people who do not qualify for PSH but still need assistance. The CalAIM coordinator said that being able to provide housing navigation and deposits can really help people get into housing, especially if they don't have

significant barriers to working or to living independently. "Almost all of our other funding requires you to be literally homeless before you show up at the shelter door or before you can get any type of service."

CalAIM has also created new and expanded opportunities for contracting and collaboration between MCPs and housing providers. One of the outcomes of RHCB's partnership with Anthem and Health Net/CalViva has been an expanded landlord engagement and mitigation fund. The fund supports landlord outreach to encourage property owners to rent units to people who have experienced or who are at risk of homelessness, as well as those with tenant-based or emergency rental vouchers. A CalAIM coordinator said the goal is "to build a network of landlords that are willing to rent out to people that they might not otherwise rent out to, whether it's due to an eviction history or criminal background." The mitigation fund provides further incentive because the landlord knows that any tenant damages will be reimbursed by the program.

RHCB has long had a landlord engagement program, but it was small (approximately $150,000 a year). Anthem and Health Net/CalViva gave RHCB $1.7 million in funding through the Housing and Homelessness Incentive Program (HHIP)[22] to expand their Fresno landlord engagement work, as well as to launch a similar program in Madera County. RHCB also receives HTSS payments to provide ongoing case management to the tenants placed through these programs. By braiding HTSS with the HHIP funds, RHCB has been able to run the program longer than through the HHIP funds alone. The executive director emphasized the importance of providing sustained support: "We want to keep the landlords in the program and not burn any bridges, so we're really working to ensure that the tenant has the support they need to remain stably housed." The program has successfully allowed RHCB to engage and maintain a pool of over 260 landlords, and over the past five years, has only had to pay out three claims—strong indicators of successful landlord retention and housing stability.

# Conclusion

As RHCB continues to expand its programs and deliver services through MCP contracts authorized by CalAIM, the organization is closely tracking state and federal policy changes that could affect its ability to sustain and scale its work to provide housing and services for people experiencing and at risk of homelessness.

One of the most significant upcoming state policy changes is the introduction of Transitional Rent, which was authorized under a separate federal Medicaid waiver known as BH-Connect.[23] The BH-Connect waiver authorizes California to implement a new Community Support, Transitional Rent, which will provide up to six months of rent payments for eligible members through Medi-Cal MCPs. California has defined several "Populations of Focus" who may be eligible for Transitional Rent, including (but not limited to) people with serious behavioral health disorders and people experiencing unsheltered homelessness.[24]

Because RHCB operates a robust community-based program, the ability to offer Transitional Rent could be a significant new resource for helping clients

secure housing. Yet staff expressed concerns about the time-limited nature of these subsidies. One CalAIM coordinator, who had worked on Fresno's implementation of the federal Emergency Rental Assistance programs during COVID, said, "Even the 12–18 months of rent we provided with ERAP,[25] we did have people that would use it once and would be fine, but we also had people who would use it and then would fall immediately back into arrears because their incomes just weren't high enough." She continued, "So with Transitional Rent, I'm a little skeptical, because it's only six months of rental assistance once you're housed. This isn't designed for success. Six months really is not enough rent subsidy, especially since they're targeting the behavioral health population."

Staff were also worried about the implementation hurdles for Transitional Rent. For example, federal policy limits the number of months that Transitional Rent or other Community Supports that include "room and board" can be available for any individual or household.[26] Yet knowing how many months a member has used requires coordination across service providers. For example, a member may be receiving recuperative care with a different organization, but there currently isn't a mechanism to share how many nights they've been there with RHCB, making it difficult for RHCB to know how much eligibility they have left for Transitional Rent.

RHCB is also following how the services that have been funded through MCP contracts in conjunction with CalAIM will be aligned with the Behavioral Health Services Act (BHSA) resources that will be coming from California's voter-approved Proposition 1.[27]

Successful implementation and alignment of these housing-related interventions will depend upon a high level of coordination; for example, state policymakers expect that many people with behavioral health disorders who receive Transitional Rent are likely to be eligible to receive ongoing assistance through BHSA Housing Interventions. Although county behavioral health agencies are strongly encouraged to work with MCPs, the fragmentation of both health and housing systems poses a significant barrier. This fragmentation has already complicated CalAIM implementation, as PSH providers must navigate multiple, non-integrated systems to verify eligibility, document services, and coordinate care, especially when they work across county boundaries and with multiple MCPs. Without deliberate efforts to align data-sharing and program rules, the expectation that Prop 1 resources will seamlessly integrate with CalAIM is unlikely to be realized.

There's also concern over how federal changes to Medicaid might further impact RHCB's CalAIM programs. The Medicaid waivers that authorize California's CalAIM initiative will expire at the end of December 2026. DHCS has begun planning for this and has indicated that they believe that ECM and most of the Community Supports can be continued even without the need for a waiver renewal.[28] Even so, uncertainty around what the federal changes to Medicaid eligibility may mean for RHCB and the populations they serve remains a key concern.

Even amid these uncertainties, RHCB staff feel incredibly proud of what they've built, and hope that the political shifts and fiscal environment don't undermine the progress they've made. As RHCB's executive director concluded, "They don't

understand what an impact CalAIM has had on members who don't usually get this kind of support. The level and coordination of care that's currently being provided by CalAIM plays a huge role in lowering the costs of homelessness and the drain on other resources if we continue to let people be unhoused. That's what policymakers are at risk of losing."

RHCB's experience illustrates both the potential and the complexity of implementing CalAIM within PSH properties. First, Medi-Cal payments for HTSS and ECM can significantly bolster resources for supportive services, allowing for more robust property staffing to meet the needs of PSH residents. However, other forms of local and state funding are needed to ensure the financial stability of each property, especially for buildings where the total number of units may not be sufficient to ensure that payments will cover onsite staffing needs.

Second, the State has undertaken several important efforts to address the housing and health needs of people experiencing homelessness, recognizing that both are necessary to successfully address the crisis. Approximately 48 percent of people experiencing homelessness have complex health needs;[29] ensuring that they are able to sustain housing after securing a PSH unit will require ongoing supportive services. However, initiatives like CalAIM and BHSA are complex, and there is a need for more investment in building coordination capacity across MCPs, county behavioral health departments, and PSH providers to ensure effective implementation. Without stronger system alignment, there is a risk that shifts across funding sources will both disrupt participant access to services and undermine PSH provider financial stability.

> *"The level and coordination of care that's currently being provided by CalAIM plays a huge role in lowering the costs of homelessness."*
>
> - RH Community Builders Executive Director

The rollout of Transitional Rent underscores the need for coordinated tracking of Medi-Cal members' use of "room and board" services, including recuperative care and Transitional Rent, and for timely transitions to BHSA supports when longer housing assistance is needed.

Finally, continued efforts to standardize MCP policies for Community Supports—including payment structures, eligibility criteria, and reauthorization processes—will make it easier for providers to participate and support more consistent implementation across regions. Together, these improvements would help CalAIM better realize its promise as an enduring source of support for integrating housing and health care for people at risk of or experiencing homelessness in California.

ENDNOTES

1. The case study draws on document review and on interviews with RH Community Builders staff, representatives from Anthem Blue Cross and Health Net of California/ CalViva Health, and Continuum of Care (CoC) leads, as well as site visits to three RH Community Builders developments—EPOCH, Phoenix Landing, and Crossroads Village in Fresno.

2. For more information, see Community Supports Policy Guide Volume 2: Community Supports to Support Members Experiencing or at Risk of Homelessness (April 2025): **https://www.dhcs.ca.gov/Documents/MCQMD/DHCS-Community-Supports-Policy-Guide-Volume-2.pdf**

3. For more information, see: **https://www.dhcs.ca.gov/CalAIM/Documents/CalAIM-ECM-a11y.pdf**

4. Carol Wilkins et al. (2024). "Understanding CalAIM Implementation Across California." Terner Center for Housing Innovation, University of California, Berkeley. Retrieved from: **https://ternercenter.berkeley.edu/wp-content/uploads/2024/02/CalAIM-Brief-February-2024.pdf**

5. Throughout this report, CalAIM is used as a shorthand to refer to Medicaid payments provided to MCP members, and that are established through MCP contracts for Community Supports and ECM.

6. Reid, C., Finnigan, R., & Manji, S. (2022). "California's Homekey Program: Unlocking Housing Opportunities for People Experiencing Homelessness," Terner Center for Housing Innovation, UC Berkeley. Retrieved from: **https://ternercenter.berkeley.edu/research-and-policy/homekey-1-0-lessons-learned/**

7. Full Service Partnership (FSP) programs are recovery-oriented, comprehensive services targeted to individuals who are unhoused, or at risk of becoming unhoused, and who have a severe mental illness, often with a history of criminal justice involvement and repeat hospitalizations. For more information, see: **https://bhsoac.ca.gov/initiatives/full-service-partnerships/**

8. Guy, J. (2024, June 10). "The glory days of Fresno's Hacienda: Was it the largest motel in America?" *The Fresno Bee*. Retrieved from: **https://www.fresnobee.com/news/local/article288952092.html#storylink=cpy**

9. Fresno/Madera CoC 2018–2019 Homeless Emergency Aid Program (HEAP) Annual Report. Retrieved from: **https://bcsh.ca.gov/calich/annual_reports_1819.html**

10. For more information on Project Roomkey, see: **https://www.cdss.ca.gov/inforesources/cdss-programs/housing-programs/project-roomkey**

11. CalViva Health is a licensed health plan that contracts with Health Net to serve Medi-Cal enrollees in Fresno, Kings, and Madera Counties.

12. To be eligible for ECM, members must be enrolled in a Medi-Cal managed care plan and meet at least one of the ECM Populations of Focus definitions established by DHCS. For the full list of eligible populations, see p. 9 in DHCS's ECM Policy Guide, available at: **https://www.dhcs.ca.gov/Documents/MCQMD/ECM-Policy-Guide.pdf**

13. Phoenix Landing provides a low-barrier shelter with enhanced services to help individuals find permanent housing options. For more information on Phoenix Landing and its funding model, see: **https://www.chcs.org/resource/braiding-medi-cal-funds-to-sustain-aging-disability-housing-and-behavioral-health-services/#1**

14. EPOCH provides shelter and services for individuals who were experiencing homelessness prior to hospitalization or entering residential substance abuse treatment, and who need a place to live as a transition to permanent housing.

15. Day habilitation services provide members with training on life skills that are essential for living independently, including things like managing interpersonal conflict, setting up appointments, or paying rent.

16. Reid, C., Finnigan, R., & Manji, S. (2022). "California's Homekey Program: Unlocking Housing Opportunities for People Experiencing Homelessness," Terner Center for Housing Innovation, UC Berkeley. Retrieved from: **https://ternercenter.berkeley.edu/research-and-policy/homekey-1-0-lessons-learned/**

17. The U.S. Department of Education and the U.S. Department of Housing and Urban Development have different definitions of homelessness, which creates bureaucratic barriers to serving vulnerable homeless children/youth and their families. See: **https://nche.ed.gov/wp-content/uploads/2018/10/hud.pdf**

18. RHCB employs a team of CalAIM coordinators, which are shared positions across their site-based and community-based programs. CalAIM coordinators serve as the bridge between the MCPs and the direct service staff who provide Community Supports and Enhanced Care Management.

19. For more information, see: **https://spritehealth.com/**

20. California is implementing a new Community Support, Transitional Rent, which will provide up to six months of rent payments for eligible members through Medi-Cal MCPs. See the Conclusion section for more detail.

21. See also: **https://ternercenter.berkeley.edu/research-and-policy/psh-homelessness-cost/** and **https://ternercenter.berkeley.edu/wp-content/uploads/2024/02/Homelessness-Service-Providers-Feb-2024.pdf**

22. HHIP was a State voluntary incentive program for Medi-Cal managed care plans to encourage investment in housing and homelessness efforts, such as partnerships with homeless systems of care. See: **https://www.dhcs.ca.gov/services/Pages/Housing-and-Homelessness-Incentive-Program.aspx**

23. In December 2024, California received federal approval for another Medicaid waiver, California Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-Connect). This new waiver is authorized for a five-year period that will end in December 2029.

24. Other eligible populations include those transitioning out of a range of settings or experiences that include interim housing, recuperative care or short-term post-hospitalization housing, incarceration, institutional or congregate residential settings, or foster care. MCPs could offer Transitional Rent to one or more eligible population groups beginning July 1, 2025. Beginning January 1, 2026, all MCPs will be required to offer Transitional Rent for members who meet the Behavioral Health Population of Focus criteria.

25. ERAP refers to the U.S. Department of the Treasury's Emergency Rental Assistance (ERA) programs that provided funding to local communities to support housing stability for eligible renters throughout the COVID pandemic. For more information, visit: **https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program**

26. For Transitional Rent, the time limit is a total of six months during the Medicaid waiver period (which ends December 2029). For some other Community Supports that include "room and board," including recuperative care (medical respite) and short-term post-hospitalization housing, the time limit ("Global Room and Board Cap") is a total of six months within a rolling 12-month period. For more details on the time limits for Transitional Rent and other Community Supports that include "room and board" and the alignment between Transitional Rent and BHSA Housing Interventions, see the BHSA Housing Interventions and Medi-Cal Community Supports Frequently Asked Questions (FAQ), available at: **https://www.dhcs.ca.gov/BHT/Documents/BHSA-Housing-Interventions-and-MCP-Community-Supports-FAQ.pdf**

27. In March 2024, voters passed Proposition 1, a transformation of California's behavioral health system. The new law includes two parts: the Behavioral Health Services Act and a $6.4 billion Behavioral Health Bond for community infrastructure and housing with services. See: **https://www.dhcs.ca.gov/BHT/Pages/BHSA-Using-Funds-for-Housing.aspx**

28. For more information, see: **https://www.dhcs.ca.gov/CalAIM/Documents/Medi-Cal-Transformation-Concept-Paper.pdf**

29. California Health Care Foundation (2024). People Experiencing Homelessness in California Almanac, 2024 – Quick Reference Guide. Retrieved from: **https://www.chcf.org/resource/people-experiencing-homelessness-in-california-almanac/**

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