



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: County Executive Office

Subject: CalAIM Initiative Update

Meeting Date: June 10, 2025

Formal Title: Accept and file report on the County's implementation of the California Advancing and Innovating Medi-Cal (CalAIM) initiative, and take related actions

Recommended Actions

1. Accept and file a report on the County's recent activities to implement the California Advancing and Innovating Medi-Cal (CalAIM) initiative, co-authored by the departments representing the County's CalAIM Governance Committee, which is comprised of the Health Services Agency, Human Services Department, Probation Department, and Sheriff's Office; and
2. Direct the County's CalAIM Governance Committee to return on or before June 30, 2026, with an update on the County's CalAIM implementation activities.

Executive Summary

Representatives from the County's California Advancing and Innovating Medi-Cal (CalAIM) Governance Committee are providing an update as directed by the Board on April 30, 2024. Since the last report, CalAIM activities continue to focus on implementing mandates with the Justice-Involved and Behavioral Health populations, and improving client-facing services through improved data sharing. These efforts are bolstered by over \$11 million in one-time State funding. The CalAIM Governance committee meets bi-weekly to ensure all County departments receive relevant updates and explore opportunities to improve access to services, enhance the quality of services, and improve overall efficiency in delivering services. The County continues to leverage CalAIM to improve care coordination between the County and our community partners.

Discussion

On April 30, 2024, the Health Services Agency (HSA), Human Services Department (HSD), Probation Department, and Sheriff's Office presented to the Board on the County's local implementation of the statewide multi-year CalAIM initiative and planned to return with an update in April 2025. On April 29th, the departments were granted a deferral to provide this update no later than June 10, 2025. Through a series of initiatives, the California Department of Health Care Services (DHCS) aims to transform Medi-Cal and ensure recipients get the care they need to live healthier lives.

CalAIM's goals are to:

- Address the state's physical and mental health needs by improving preventative and personalized care, strengthening mental health and substance use disorder services, and adding new services to address health-related social needs.
- Improve and integrate care by standardizing, simplifying and streamlining how Medi-Cal members access health services.
- Be a catalyst for equity and justice by providing new services designed to address racial and ethnic health disparities in the health care system.

- Work together to build a healthier state through the necessary involvement of a broad network of partners, including health plans and community-based organizations.

Below are highlights of the past year's CalAIM activities.

Impact of Behavioral Health Payment Reform

The Behavioral Health Payment Reform went live in July 2023 and is a major initiative of CalAIM, meant to simplify and modernize the payment process for the County-run Specialty Mental Health Plan (serving over 3,500 adults and over 1,000 youth) and Drug Medi-Cal Organized Delivery System (DMC-ODS) (serving over 1,500 adults and over 150 youth). The policy change includes transitioning the plans to a fee schedule for reimbursement. The fee schedule for each plan is determined by DHCS, and the plans are expected to negotiate rates with their network providers.

The fees developed for the County's Specialty Mental Health Services (SMHS) have led to an approximately 34% reduction in County revenue since Fiscal Year (FY) 2022-23, the final year under the cost-reimbursement model, and decreased reimbursement for HSA's behavioral health contractors. The rates are also disproportionately lower than neighboring counties HSA competes with for staffing and contracted services, impacting network adequacy.

Though this reform did streamline the finance and payment process, the subsequent financial and programmatic challenges are major drivers of the County's Proposed 2025-26 Budget reductions. HSA Behavioral Health is restructuring its programming to maintain mandated services with the new payment structure, which includes ending of long-standing, but not mandated, community services.

Human Services Initiatives

HSD's Housing for Health (H4H) Division is leading efforts to improve care coordination for the unhoused population, most of whom also have behavioral health and physical health needs. On May 2, 2025, H4H applied for nearly \$1.9 million of Path Cited Round 4 funding to support the development of Enhanced Care Management (ECM) and Community Supports (CS). This funding will be used to support community members who are at risk of or currently experiencing homelessness, with an emphasis on integrating care and maximizing resources for members accessing or in need of specialty mental health and substance use treatment services. This support would be delivered through the creation of a Medi-Cal Coordinated Care Hub, as well as training, technical assistance, and other supports to implement CalAIM's Transitional Rent Benefit.

The Medi-Cal Care Hub will centralize the administrative functions of providing housing subsidies to eligible Medi-Cal members by bringing together agencies, programs, and direct service providers into one coordinated system. In addition, this effort will establish the Housing Management Information System (HMIS) as the primary data system of record for CalAIM related housing supports. If funding is granted, these efforts would take place beginning January 2026.

Data Sharing Initiatives

Central to CalAIM is improved data sharing for better care coordination of Medi-Cal beneficiaries. This is particularly critical for the ECM eligible population with complex needs who touch multiple systems of care.

The Building Resilient Integrated Data for Government Efficiency (BRIDGE) project is creating the foundation to enhance data sharing and coordination among County departments. BRIDGE is formulating a Memorandum of Understanding (MOU), policies, procedures, and a Universal Consent Form to strengthen data sharing and improve service delivery across County departments. As part of this effort, the County conducted a Health Insurance Portability and Accountability Act (HIPAA) Risk Assessment to identify and address potential privacy and security vulnerabilities, helping to ensure compliance and reduce risk as data-sharing infrastructure is developed. The project offers long-term benefits, such as more efficient operations and better experiences for residents accessing County services. Additionally, this effort has fostered stronger cross-departmental collaboration and will establish on-going data governance structure that will sustain data sharing beyond this project.

The initial goal of this work is to have an MOU and policies and procedures in place by June 2025 to help inform a grant funded data sharing project which will launch in the Fall of 2025. With \$4.8 million Capacity and Infrastructure Transition, Expansion, and Development (CITED) Round 3 funding and support from the Providing Access and Transforming Health (PATH) Technical Assistance Marketplace, HSA is collaborating across County departments to implement a system of sharing data towards improving care coordination. The goal is to buy or build a technology that benefits all departments providing direct services. With a project charter in place, County departments are engaged in developing use cases and outlining a Request for Proposal.

Justice-Involved Initiative

The Justice-Involved (JI) initiative aims to improve the health and well-being of individuals who are incarcerated or have been incarcerated. It focuses on connecting these individuals with Medi-Cal benefits and pre-release services to help them transition back into the community, particularly those with chronic health conditions, mental health needs, or substance use disorders. The JI initiative aims to ensure that individuals transitioning from correctional settings have continuous access to Medi-Cal services upon release, addressing health disparities, and reducing recidivism.

Justice-involved individuals often experience gaps in healthcare services due to incarceration. Ensuring that these individuals are enrolled in Medi-Cal prior to release helps stabilize their health needs, facilitates successful community reintegration, and reduces the overall societal costs associated with untreated health issues. The JI initiative also brings together multiple stakeholders directly—Sheriff, Probation, Health Services, Human Services, Medi-Cal Managed Care Plans (MCPs), and ECM providers, each of whom plays a key role in the process.

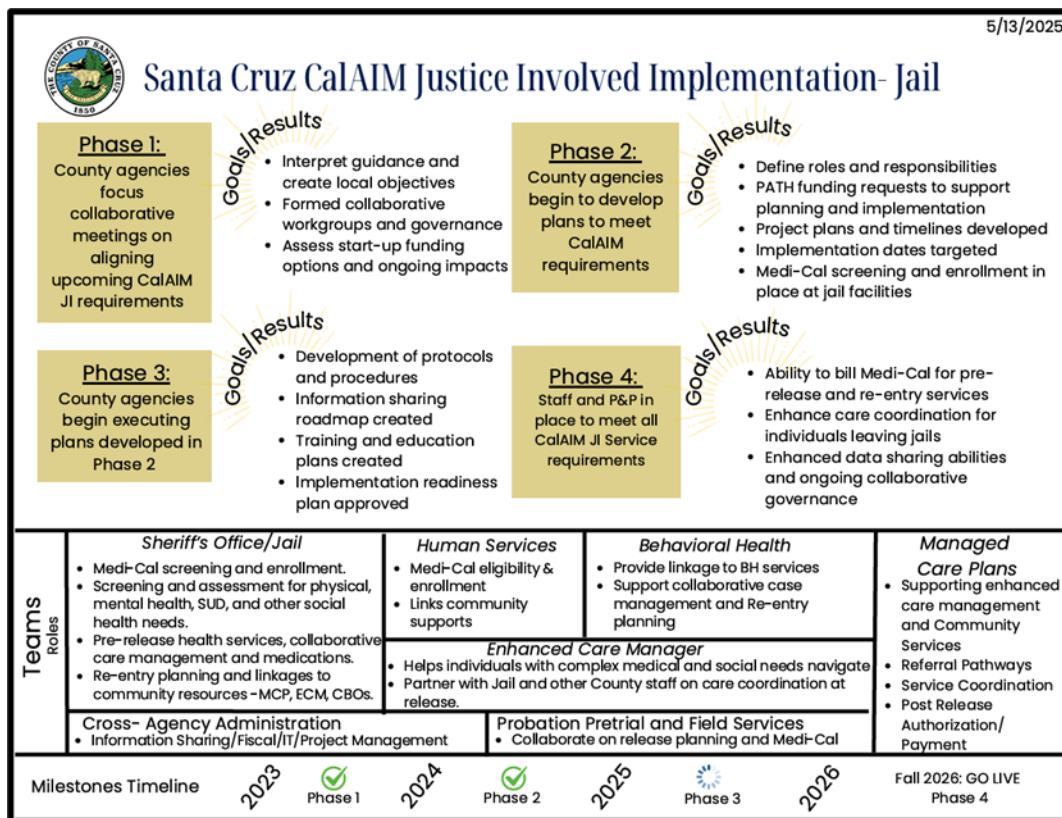
The Jail system (overseen by the Sheriff) and Juvenile Hall (overseen by Probation) have formed workgroups to address key implementation issues, focusing on CalAIM requirements, the unique needs of their specific facilities, and opportunities to leverage the skills, knowledge, experience and collaboration of community partners.

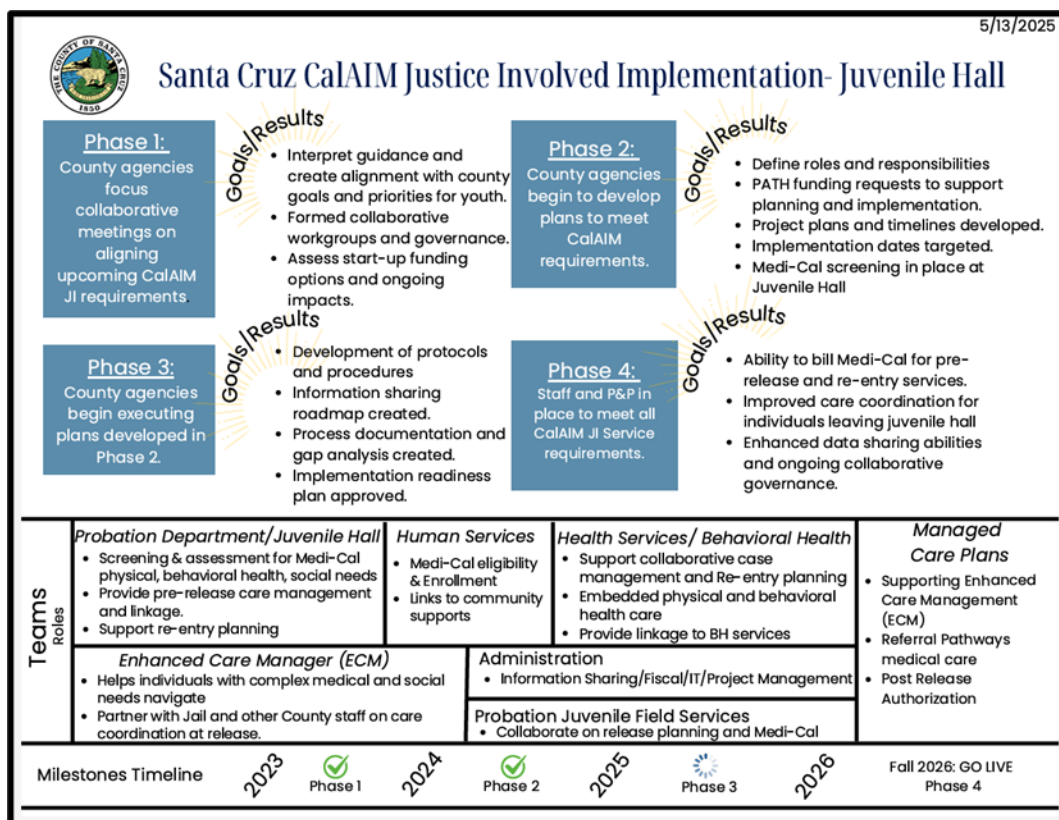
The Jail and Juvenile Hall implementations share similar requirements, but differ in their populations, with the Jail primarily serving adults and Juvenile Hall primarily serving youth. Implementation is focused on aligning operations and programs to the DHCS requirements such as:

- Medi-Cal Screening and Applications
- Pre-release Physical and Mental Health Care
- Provide Medication and Medical Equipment at Release
- Health and Social Needs Assessment
- Re-Entry Planning
- Care Coordination and Warm handoffs to Community Providers and organizations

The JI Initiative also ensures more client-centered goals that align services, improve processes, and reduce barriers for people being released from custody. In 2024, nearly 7,000 people were released from the Jail, and 200 were released from the Juvenile Hall, with a majority of those booked as well as the daily population being covered by this new initiative.

Both the Jail and Juvenile Hall are targeting a fall 2026 “Go-live” date for services. See the figures below for details of the JI Initiative roll-out.





Utilizing one-time state funding allocated for specific improvements and startup efforts, the County will be able to provide and be reimbursed for services that are billable under Medi-Cal for individuals both pre-release and in the community starting in 2026. Ongoing governance and collaboration will enable continuous improvement, alignment, monitoring, and service linkage in a fiscally sustainable way.

Improving Care Coordination

CalAIM vehicles to provide client-centered, whole person care for individuals with complex needs. HSA continues to fine tune its ECM and CS programs along with collaborating across County departments to improve direct services to Medi-Cal recipients.

The following stories highlight the impact of CalAIM in our community. These stories were provided by both ECM and H4H care coordination staff and are typical of the complex needs of clients and high touch care provided through CalAIM. Note: real names have been changed.

Denise, 45: engages with multiple providers and resources and becomes more confident and independent. *"Working with this client and seeing her transformation over the last almost two years -- has been a beautiful thing to both watch and be of support to. Like wow. This is why we do the work!"*

David, 46: initial assessment, he identified needing assistance with rent, in-home help and medical care. Barriers to care included alcohol use disorder, memory loss and a lack of natural supports. ECM provided transportation and assistance to out-of-county specialist appointments along with medication management and basic needs such as groceries. When David lost his housing, ECM helped get a shelter bed and continued to support him with medical care and substance use treatment. Housing Matters stepped

in as a CS provider of housing navigation services. Due to the extended support and persistence from the ECM case management team and CS provider, David is six months sober, housed, has social security benefits and an IHHS worker. He “graduated” from ECM and has connected with family for support, is engaged in therapy and finding activities that bring him joy.

Gerry, 72: frequently with Gerry, coordinating medical and dental appointments along with connections to community resources such as an In Home Supportive Services (IHSS) worker. Gerry’s focus is now on maintaining his housing and improving his health.

Jose, 37: previous drug use, was referred to HSA’s ECM in March 2025. The LCM met with Jose and together they established four initial care plan goals: 1. Connect to food resources. 2. Attend all specialty medical appointments, 3. Take medications as prescribed, and 4. Connect to transportation, vocational, and budgeting services. The LCM outlined a plan with one of the team’s Community Health Workers (CHW) who is Jose’s main point of contact. The CHW makes sure Jose gets his medication and provides support at medical appointments. In addition, the CHW is working with Jose to get an ID, insurance card, and a phone, all of which are steps needed to secure housing and other benefits. With this layer of support from ECM, Jose has maintained his sobriety and reduced his visits to the Emergency Department.

Federal and State Policy Changes

There is indication that the federal Medicaid 1115 and 1915(b) waivers allowing for CalAIM will be rescinded prior to their expiration at the end of December 2026. This includes the federal approval for capacity-building activities funded with PATH grant funds. However, there is uncertainty if the waiver will be renewed and how to sustain the new programs built to support CalAIM. The impact may come through federal policy changes impacting access to Medicaid.

At the State level, the Governor’s May Revision proposes elimination of Medi-Cal access for adults (19 years old and up) who are undocumented. There is the potential for large sectors of the community to lose access to health care benefits with changes to eligibility and/or how states receive Medicaid funding. Decreased access to Medi-Cal will lead to decreased reimbursements for these new mandated services in the community. County departments will continue to assess sustainability, funding, and community impacts as federal and state policy changes are announced.

Financial Impact

Through prior Board action, the County has accepted one-time funding from DHCS to build CalAIM programming in departments. In FY 2024-25, HSA received PATH CITED funding in the amount of \$4,801,936 over two years. This funding supports data sharing infrastructure with the goal of improving internal coordination for care management. The Sheriff’s Office, Probation, HSD and HSA (Behavioral Health) continue to utilize PATH CITED JI funding, totaling approximately \$7 million, to develop readiness for the Jail and Juvenile Hall, training staff, developing technology infrastructure, and a community-based organization to engage people on their Medi-Cal application. In the Governor’s May Revision to his 2025-26 Proposed Budget, the State is expected to maintain commitment of State funding to support full implementation of the CalAIM JI Initiative.

Strategic Initiatives

Equity Framework - Plans, Policies & Budgets, Leadership, Operations & Services

Operational Plan - Comprehensive Health & Safety

Submitted By:

Carlos J. Palacios, County Executive Officer

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.