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TO: Behavioral Health Advisory Board (BHAB)

FROM: Nadia Privara Brahms, MPA, Acting Director, Behavioral Health Services

BEHAVIORAL HEALTH SERVICES (BHS) DIRECTOR'S REPORT – June 2025

PROPOSITION 1 UPDATES

Proposition 1 (Prop 1) was approved by voters in March 2024 and included the Behavioral Health Infrastructure Bond Act and the Behavioral Health Services Act (BHSA).

- **Behavioral Health Infrastructure Bond Act (AB 531**): Establishes $6.38 billion general obligation bond for new treatment beds and supportive housing.
- **Behavioral Health Services Act (SB 326)**: Reforms behavioral health care funding in California through significant changes to the Mental Health Services Act (MHSA).

These pieces of legislation are known as the Behavioral Health Transformation and are part of broader statewide efforts to transform behavioral health care in California. BHS is working to leverage and implement the Behavioral Health Transformation locally in a way that is supportive of the department's vision for the local continuum of care and BHS efforts to be a more optimally structured health plan.

Behavioral Health Infrastructure Bond Act

In December 2024, the County submitted two Bond Behavioral Health Continuum Infrastructure Program (BHCIP) Round 1 grant applications for the Children's Crisis Residential Care facility and the Substance Use Recovery & Treatment Services facility. On May 12, 2025, it was announced that County of San Diego (County) BHS was awarded full funding, totaling $29.1 million, for the two submitted proposals. These capital projects will establish critical capacity and dedicated infrastructure to support people who are Medi-Cal eligible and experiencing behavioral health conditions. Additionally, five other behavioral health providers in San Diego County were awarded BHCIP grant funds.

Children's Crisis Residential Care

The County Children's Crisis Residential Care (CCRC) project will create new regional access to behavioral health care across San Diego County for children and youth. More specifically, the CCRC facility will establish new children's crisis residential care infrastructure and services to support children and youth experiencing mental health crises who are Medi-Cal eligible. Currently, this type of service does not exist in San Diego County or within other counties across the state. The CRCC project will rehabilitate administrative space within an existing County-owned building to establish approximately 16 new children's crisis residential beds within an established children and youth campus.

Substance Use Recovery & Treatment Services (SURTS)

The County's Substance Use Recovery & Treatment Services (SURTS) facility will establish new substance use residential and treatment services to enhance access to care locally for people with substance use conditions who are Medi-Cal eligible. Located on a County-owned parcel of land, the SURTS facility will require renovations, including mechanical, electrical, and plumbing systems, and modernization of residential rooms and office spaces. The SURTS facility will establish approximately 89 new behavioral health beds, inclusive of 72 new substance use residential treatment beds and 16 recuperative care beds.

Behavioral Health Services Act (BHSA)

BHSA, which will be fully implemented by July 1, 2026, updates the Mental Health Services Act, by:

- Prioritizing funding for people with the most significant mental health needs;
- Expanding services to include treatment for substance use disorders;
- Incorporating housing interventions, and
- Enhancing oversight, transparency and reporting requirements.

Similar to MHSA, BHSA will be funded by a 1% tax on personal income over $1 million dollars. No additional funding has been allocated through the new legislation; however, BHSA shifts additional funds to the state for administration and state-led investments in workforce and prevention. In alignment with this change, BHSA funds allocated to counties is now 90%, down from the previous 95% under MHSA. BHSA also changes the yearly reporting structure. Going forward, the County will now submit a County Integrated Plan for Behavioral Health Services & Outcomes and County Behavioral Health Outcomes, Accountability and Transparency Report. These reports will include information on all BHS funding sources and will also include enhanced service utilization and outcomes reporting with a health equity lens.

Community Program Planning Process

BHSA outlines a number of enhancements to the Community Program Planning (CPP) process. Among those is an expanded group of priority populations for stakeholder engagement – up to 29 groups, in comparison to the 11 groups specified under MHSA. Stakeholder engagement requirements for development of the Integrated Plan went into effect January 1, 2025.

BHS continues to build its community engagement capacity to support the BHSA CPP and will collaborate with groups across the Health and Human Services Agency and County enterprise to leverage existing efforts in community engagement to maximize opportunities to reach a wide network of diverse stakeholder communities.

Change in Component Structure

Under BHSA, the component structure previously established under MHSA is changing significantly. MHSA traditionally included five components: 1) Community Services and Supports, 2) Prevention and Early Intervention, 3) Innovation, 4) Capital Facilities and Technological Needs, and 5) Workforce Education and Training. BHSA now outlines three components: 1) Behavioral Health Services and Supports, 2) Full Service Partnership, and 3) Housing. Within these three components there are also the following percentage funding requirements.

- 35% | Behavioral Health Services and Supports
- 35% | Full Service Partnership
- 30% | Housing

System Impacts

To meet BHSA mandates and minimum funding requirements, BHS is reviewing services across the system and anticipates making significant changes which may include sunsetting certain programs. The service review is guided by tenets of the Triple Aim – better access to care, better health outcomes, and lower per capita costs – as well as:

- **Service mandates** – As the specialty behavioral health plan, BHS is required to provide certain services to Medi-Cal clients and maintain network adequacy within mandated service lines.
- **Revenue sustainability** – Services that are more financially sustainable and reduce reliance on General Purpose Revenue.
- **Advancing equity** – Programs that serve priority populations, support population health goals, or serve an area of high local need.

Boston Consulting Group
Boston Consulting Group (BCG) is a State contractor working with the County of San Diego to provide customized analyses and recommendations to support identification of technical assistance needs. In April, BCG concluded in-person workshops with BHS with a session addressing County-selected areas of low preparedness for the Behavioral Health Transformation. The session provided an opportunity for brainstorming and prioritization of solutions and identified areas where San Diego County and other California counties will require significant changes to adapt to Prop 1 reforms include housing, revenue management and maximization, and reporting.

In May, the BCG team completed the initial diagnostic phase on Prop 1 implementation challenges. BCG is presenting their final deliverable and findings to DHCS and is currently working with the state to determine next steps in the process.

Stay Informed
BHS has published a BHSA website which will be updated regularly as the department works to implement the Behavioral Health Transformation. The public can find more information on BHSA, details on the CPP process, and Frequently Asked Questions at the following link:
sandiegocounty.gov/content/sdc/hhsa/programs/bhs/bhsa/

Moving forward the BHAB Director's Report will also include regular updates on actions related to implementation of the Behavioral Health Transformation and updates on County progress.

BHS SPECIAL EVENTS & ANNOUNCEMENTS

Update on Expanding Recuperative Care Program Contracts
BHS is in the final stages of awarding new Recuperative Care (RC) program contracts aimed at expanding critical post-acute services for individuals experiencing homelessness who are being discharged from hospitals or other institutional settings. These programs will offer short-term residential care that includes medical oversight, case management, and linkages to housing and behavioral health services.

The soon-to-be-awarded RC programs will strengthen our system of care by:
- Reducing unnecessary hospital stays and emergency room visits;
- Supporting recovery in a safe, supportive environment;
- Promoting long-term housing stability, and
- Improving coordination between healthcare and behavioral health systems

These new contracts reflect the County's commitment to investing in equitable, trauma-informed care that meets the complex needs of our most vulnerable residents.

Respectfully submitted,



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