COUNTY OF SAN DIEGO

AGENDA ITEM

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DATE: **October 21, 2025** **XX**

TO: Board of Supervisors

SUBJECT

AUTHORIZE A SINGLE SOURCE CONTRACT FOR THE ADMINISTRATION OF A FLEXIBLE HOUSING POOL PILOT TO SUPPORT THE IMPLEMENTATION OF THE BEHAVIORAL HEALTH SERVICES ACT HOUSING INTERVENTIONS (DISTRICTS: ALL)

OVERVIEW

Beginning January 1, 2026, Transitional Rent will be available to qualifying Medi-Cal beneficiaries with substance use disorders (SUD) or serious mental illness (SMI) through the Medi-Cal managed care plans (MCPs) under the Community Supports component of the Department of Health Care Services (DHCS) Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Initiative. Under BH-CONNECT, this new Transitional Rent benefit, inclusive of rent and temporary housing, will be provided to members who are experiencing or at risk of homelessness, have certain clinical risk factors and meet certain additional eligibility criteria for up to six months. Transitional Rent is intended as a new tool to help address and prevent homelessness and will be available for up to six months to eligible Medi-Cal beneficiaries who meet the Behavioral Health Services Act (BHSA) Housing Interventions funding criteria. The MCP's administration of the Transitional Rent benefit is not contingent on an individual receiving BHSA Housing Interventions. MCPs are responsible for authorizing the Transitional Rent Community Support benefit.

Furthermore, to support the coordination of Transitional Rent and BHSA Housing Interventions across the MCPs, Behavioral Health Services (BHS), and local entities a Flexible Housing Pool (Flex Pool) option may be established to administer multiple streams that fund rental and housing subsidies. A Flex Pool is not a rental assistance program but rather is a mechanism to coordinate rental assistance through braided funding streams and facilitate compliance and reporting; act as a single fiscal intermediary between funders and landlords; secure and support a portfolio of housing units; and coordinate with housing support services providers. It serves as a centralized operator at the community level, creating efficiencies by managing relationships and timely payments across a single network of landlords to support faster access to housing.

Upon determining a Flex Pool was to be established in San Diego County, BHS in partnership with Medical Care Services (MCS) and Housing and Community Development Services (HCDS),

have been engaged with the MCPs to outline options that will support the successful implementation of Transitional Rent that will launch for the Behavioral Health Population on January 1, 2026 and the BHSA Housing Interventions that will launch on July 1, 2026. The accelerated timeline for implementation and the highly complex nature of the process has required extensive levels of coordination between MCPs, the County and existing housing systems. An Administrator is needed at this time to conduct a number of strategic implementation activities for a Flex Pool Pilot while the County works with Technical Assistance Consultants subcontracted by DHCS to determine a permanent program.

Today's action requests the San Diego County Board of Supervisors authorize a single source contract with Brilliant Corners to serve as the Administrator for a Flex Pool Pilot for an Initial Term of up to one year, with two 1-year Options, and up to an additional six months, if needed. Brilliant Corners has been contracted with the San Diego Regional Task Force on Homelessness since 2020 and is the only organization that has experience locally operating a Flex Pool. Currently, all four local MCPs submitted their Model of Care to DHCS and have committed to contracting with Brilliant Corners to administer Transitional Rent which, among other unique qualifications, collectively represents skills and abilities that are not available from other sources.

This item supports the County vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities by supporting faster access to housing for people with behavioral health conditions.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

1. In accordance with Board Policy A-87, Competitive Procurement, approve and authorize the Director, Department of Purchasing and Contracting to enter into negotiations with Brilliant Corners for the provision of Behavioral Health Service Act Housing Interventions to support a Flexible Housing Pool Pilot subject to successful negotiations and a determination of a fair and reasonable price, award single source contract for an Initial Term of up to one year, with two 1-Year Options, and up to an additional six months, if needed; and to amend the contract as needed to reflect changes in program funding or service requirements, subject to the availability of funds and the approval of the Director of Behavioral Health Services or designee.

EQUITY IMPACT STATEMENT

A Flex Housing Pool Pilot will allow for braided funding from Transitional Rent supports available through State Medi-Cal Transformation and BHSA Housing Interventions that will help prevent and address the adverse health outcomes that result from homelessness. The disparities in health outcomes between individuals who are housed and those experiencing homelessness are stark. Non-elderly individuals experiencing homelessness have 3.5 times the mortality risk of those who are housed, and a 40-year-old person experiencing homelessness faces a similar mortality risk to a housed person nearly 20 years older. Individuals experiencing homelessness also have

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significantly higher rates of chronic conditions and behavioral health needs than the housed population, along with higher rates of acute and emergent health services utilization.

SUSTAINABILITY IMPACT STATEMENT
Today's actions support the County of San Diego (County) Sustainability Goal #2 to provide just and equitable access to County services and Sustainability Goal #4 to protect the health and well-being of everyone in the region. This action will maximize the housing-related supportive services provided through Medi-Cal Transformation through the coordination of rental assistance for eligible individuals as they transition from Transitional Rent to the BHSA Housing Interventions available in July 2026.

FISCAL IMPACT
Funds for this request are not included in the Fiscal Year (FY) 2025-2027 Operational Plan for the Health and Human Services Agency. If approved, this request will result in estimated costs and revenue ranging from XX million to XX million in Fiscal Year (FY) 2026-27 during the Flex Pool Pilot's initial term. If option years are exercised, it will result in estimated costs and revenue ranging from XX million to XX million in FY 2027-28. The funding source is Behavioral Health Bridge Housing and Behavioral Health Services Act. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT
N/A

ADVISORY BOARD STATEMENT
At their regular meeting on October 2, 2025, the Behavioral Health Advisory Board voted to _____ this recommendation.

BACKGROUND
California is transforming Medi-Cal to improve health care quality, access, and outcomes for Medi-Cal beneficiaries. The drivers of this transformation are a series of Department of Health Care Services (DHCS) initiatives in the managed care and behavioral health delivery systems, including initiatives under the California Advancing and Innovating Medi-Cal (CalAIM) Section 1115 demonstration and the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Initiative. Under BH-CONNECT, DHCS will begin providing the new Transitional Rent benefit, inclusive of rent and temporary housing, to members who are experiencing or at risk of homelessness, have certain clinical risk factors, and meet certain additional eligibility criteria for up to six months.

Beginning January 1, 2026, Transitional Rent will be available to qualifying Medi-Cal beneficiaries with substance use disorders (SUD) or serious mental illness (SMI) through the Medi-Cal managed care plans (MCPs) under Community Supports. Community Supports are in lieu of services which provide social supports to improve overall health and well-being beyond traditional health services.

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Transitional Rent is intended as a new tool to help address and prevent homelessness and will be provided in conjunction with other Medi-Cal services. These services include the Housing Trio Community Supports (Housing Transition Navigation Services, Housing Deposits, and Housing Tenancy Services); Enhanced Care Management (ECM), physical and behavioral health services; and non-Medi-Cal social supports. Coverage of Transitional Rent is the first Community Supports benefit mandatory for MCPs to cover, and eligible Medi-Cal beneficiaries can utilize the new benefit once per five-year demonstration period.

Transitional Rent is available for up to six months to eligible Medi-Cal beneficiaries who meet the Behavioral Health Services Act (BHSA) Housing Intervention funding criteria. Behavioral health assessments will be required for individuals not currently engaged in County of San Diego (County) Behavioral Health Services (BHS) services. To effectively identify and serve this population, BHS recommends the initial focus be on housing individuals enrolled in Assertive Community Treatment (ACT) services. By prioritizing clients engaged in ACT, who present with the highest levels of need and require comprehensive, wraparound support, we can ensure housing stability is closely integrated with intensive case management, treatment, and recovery-focused services. The MCP's administration of the Transitional Rent benefit is not contingent on an individual receiving BHSA Housing Interventions.

On July 1, 2026, BHSA Housing Interventions will launch to align with Transitional Rent. To support a pathway to long-term housing stability, eligible Medi-Cal beneficiaries may transition to BHSA Housing Interventions after receiving six months of Transitional Rent. BHSA replaces the Mental Health Services Act (MHSA) passed by voters in 2004. It reforms behavioral health care funding to prioritize services for people with the most significant mental health needs, while adding the treatment of substance use disorders.

BHSA creates pathways to ensure equitable access to care by advancing equity and reducing disparities for individuals with behavioral health needs. BHSA requires behavioral health agencies to dedicate 30 percent of their BHSA funding allocation on housing interventions for individuals with significant behavioral health needs who are experiencing or at risk of homelessness. Under California Welfare & Institutions (W&I) Code section 5830(c)(2), BHSA funds shall not be used for housing interventions covered by a Medi-Cal managed care plan and Medi-Cal members will not be permitted to receive rental assistance under the BHSA until the Transitional Rent Medi-Cal benefit is exhausted. This will require coordination between the County and MCPs to develop successful pathways into BHSA Housing Interventions from Transitional Rent.

Key roles and functions that will support implementation of Transitional Rent include:

- **DHCS**: Administers payments for Transitional Rent to participating MCPs and provides technical assistance to MCPs, counties, and partners.
- **MCPs**: Administers payments for Transitional Rent to their contracted Transitional Rent Providers. Conducts eligibility and service authorization determinations, establishes referral pathways, connects members to other Community Supports, and coordinates with BHS for members with SMI and/or substance use disorders.

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- **BHS**: Connects people with SMI/SUD to the MCPs for coverage of Transitional Rent (first six months), coordinates with MCPs to develop individualized plans, confirms eligibility for the BHS Population of Focus for Transitional Rent and facilitates the transition of members from Transitional Rent to month seven when BHSA Housing Interventions funds kick in.
- **Transitional Rent Providers**: Contracts with MCPs to provide Transitional Rent and pays housing providers for rental costs on behalf of eligible members.

Flexible Housing Pool
To support the coordination of Transitional Rent and BHSA Housing Interventions across MCPs, BHS, and local entities, a Flexible Housing Pool (Flex Pool) option may be established to administer multiple streams that fund rental and housing subsidies. Flex Pools support continuity of rental assistance while people transition from one funding source to another and coordinate the sequence of rental assistance with housing-related supportive services, including Community Supports. Varying eligibility criteria for different rental assistance programs makes it challenging for all entities locally to optimize matching of individuals to programs, effectively manage landlord relationships and housing acquisition, and smoothly transition people between programs.

A Flex Pool is not a rental assistance program but rather is a mechanism to coordinate rental assistance through braided funding streams and facilitate compliance and reporting; act as a single fiscal intermediary between funders and landlords; secure and support a portfolio of housing units; and coordinate with housing support services providers. It serves as a centralized operator at the community level, creating efficiencies by managing relationships and timely payments across a single network of landlords to support faster access to housing.

To determine whether a Flex Pool is the most optimal path locally, BHS applied for and was conditionally awarded $115,000 for the Flex Pools Planning Grant (Planning Grant) and was accepted to participate in the Flex Pool Technical Assistance (TA) Academy by DHCS on July 31, 2025, along with 12 other counties. The intent of the Planning Grant is to support the formation and sustainability of Flex Pools, aims to leverage vouchers, and coordinate with housing authority plans to expand the available housing inventory across our Behavioral Health Services (BHS) population. TA Consultants have been subcontracted with DHCS over an 18-month period to assist the County in making these informed decisions. At the conclusion of the TA consultation, BHS will return to the Board with additional recommendations.

Administrator for Flex Pool Pilot
Upon determining a Flex Pool was to be established in San Diego County, BHS, in partnership with Medical Care Services (MCS) and Housing and Community Development Services (HCDS), have been engaged with the MCPs to outline options that will support the successful implementation of Transitional Rent and BHSA Housing Interventions that will launch on July 1, 2026. The accelerated timeline for implementation and the highly complex nature of the process has required extensive levels of coordination between MCPs, the County, and existing housing systems. An Administrator is needed at this time to conduct a number of strategic implementation activities for a Flex Pool Pilot including:

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- Develop an approach that maximizes the Transitional Rent and Medi-Cal Community Supports services for housing for eligible beneficiaries for the first six months.
- Transition people meeting criteria for specialty mental health and substance use disorders to BHSA Housing Intervention options in months 7 through 12.
- Support the exploration of ongoing Flex Pool operations beyond month 12 to ensure continued housing stability and support
- Share best practices in the areas of securing funds for administrative efforts such as start-up costs, and administrative and expert staff to process timely health plan reimbursements, locate units, secure property management, and engage landlords.
- Inform the development of a purposeful and strategic Flex Pool model that integrates housing funded through various funding streams and incorporates operational and financial best practices.
- Develop and maintain a robust portfolio of units, including proactive landlord engagement, master leasing, and troubleshooting for lease violations.
- Strengthen and coordinate service delivery by ensuring robust housing navigation, effective tenancy support, and ongoing sustaining services that promote stability and long-term housing retention for individuals with behavioral health needs.

The Administrator development efforts will also support the planning to operationalize the referral process by establishing a centralized single point of access, streamlining coordination across providers, and improving timely connections to housing resources, thereby ensuring seamless client navigation through complex systems. Lastly, the Administrator will also support engagement and coordination with key regional stakeholders to create a model that has buy in locally from the various entities involved.

Next Steps
The timeline for implementation of the Transitional Rent benefit on January 1, 2026, and BHSA Housing Interventions on July 1, 2026, has required immediate and quick planning between the County and the MCPs. To ensure successful implementation in San Diego County, the most efficient path forward is to enter into a single source contract with Brilliant Corners, a non-profit organization that partners with State and local agencies and private organizations to create community-based housing and administers flexible housing pools.

Brilliant Corners has been contracted with the San Diego Regional Task Force on Homelessness since 2020 and is the only organization that has experience locally operating a Flex Pool model. Currently, all four local MCPs submitted their Model of Care to DHCS and have committed to contracting with Brilliant Corners to administer Transitional Rent. Therefore, a single source procurement with Brilliant Corners is justified pursuant to Policy A-87 § 1.D.3 "*the procurement is for services from a provider with unique knowledge, skill, or ability not available from other sources*."

Today's action requests the Board authorize a single source contract with Brilliant Corners to administer BHSA Housing Interventions to support a Flex Pool with braided funding for an Initial Term of up to one year, with two 1-year Options, and up to an additional six months, if needed. If

approved, today's actions will support accelerated implementation of the new Transitional Rent benefit and BHSA Housing Interventions by establishing Brilliant Corners as the Administrator for the Flex Pool Pilot as an interim solution to support coordinated and streamlined access to housing for eligible Medi-Cal beneficiaries enrolled in BHS ACT services.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN
Today's actions support the County of San Diego (County) 2025-2030 Strategic Plan Initiatives of Equity (Housing, Health, and Economic Opportunity), and Community (Quality of Life and Partnership) by supporting community development and partnerships that reflect value areas identified by the San Diego County Board of Supervisors by establishing a centralized operator at the community level that creates efficiencies by managing relationships and timely payments across a single network of landlords to support faster access to housing for individuals with behavioral health conditions.

Respectfully submitted,

USE "INSERT PICTURE" FUNCTION TO INSERT SIGNATURE

EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)
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