COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

PALOMA AGUIRRE
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: **June 9, 2026**

DRAFT

XX

TO: Board of Supervisors

SUBJECT

RECEIVE AND APPROVE THE BEHAVIORAL HEALTH SERVICES ACT THREE-YEAR INTEGRATED PLAN FOR FISCAL YEARS 2026-2029 (DISTRICTS: ALL)

OVERVIEW

In March 2024, voters passed Proposition 1, which includes the Behavioral Health Services Act and a $6.4 billion Behavioral Health Bond to support Californians living with the most significant mental health and SUD needs as part of the State's Behavioral Health Transformation initiative. Counties across the state have been leading extensive planning and readiness efforts to prepare for implementation on July 1, 2026.

Key shifts resulting from BHSA include:

- Prioritizing people with the most significant mental health needs,
- Emphasizing housing interventions,
- Expanding allowable funding to include substance use treatment services,
- Increasing priority populations for engagement from 11 to 29,
- Shifting Prevention funds to the State Department of Public Health for population-based prevention, and
- Enhancing oversight, transparency, and accountability.

Included in today's update is a summary of changes brought forth by BHSA implementation, key reinvestment activities as a result of shifts in funding, and outcomes-to-date from the Community Planning Process as required by BHSA.

Today's item also includes Attachment A: The BHSA Three-Year Integrated Plan (Integrated Plan) for Fiscal Years 2026-2029 which reports on all behavioral health funding sources as required by Section 5963.02 of the California Welfare and Institutions Code. Today's action requests the San Diego County Board of Supervisors approve the Integrated Plan and authorize the Behavioral Health Services Director to submit the Integrated Plan to the California Department of Health Care Services and to the Behavioral Health Services Oversight and Accountability Commission.

SUBJECT: RECEIVE AND APPROVE THE BEHAVIORAL HEALTH SERVICES ACT THREE-YEAR INTEGRATED PLAN FOR FISCAL YEARS 2026-2029 (DISTRICTS: ALL)

This action supports the County of San Diego's 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. This action also supports our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities in alignment with the goals of BHSA which seeks to improve accountability, increase transparency, and create pathways to ensure equitable access to care for people with behavioral health needs.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER
Receive and approve the Behavioral Health Services Act Three-Year Integrated Plan (Integrated Plan) for Fiscal Years 2026-2029 and authorize the Behavioral Health Services Director to submit the Integrated Plan to the Department of Health Care Services and to the Behavioral Health Services Oversight and Accountability Commission.

EQUITY IMPACT STATEMENT
The Behavioral Health Services Act (BHSA) supports the State's vision for a more equitable, accountable, and transparent behavioral health system by prioritizing individuals with the greatest needs and expanding access to substance use disorder services, housing-focused interventions, and evidence-based and community-defined practices. These efforts are intended to improve access and outcomes for individuals with serious mental illness or substance use conditions, particularly among high-need populations, including those experiencing, or at risk of, justice involvement, homelessness, child welfare involvement, or institutionalization. The County of San Diego Behavioral Health Services (BHS) is implementing this vision through the development of the Three-Year Integrated Plan (IP) for Fiscal Years 2026-2029.

BHSA also establishes a statewide population health approach that aligns expectations across the behavioral health system and emphasizes quality, equity, and data-driven improvement. The California Department of Health Care Services (DHCS) has identified statewide behavioral health goals focused on improving well-being and reducing adverse outcomes, with specific attention to disparities, including measures of care experience and access to care. These goals guide both state and local planning and the prioritization of BHSA resources. Data indicates persistent disparities across these priority areas. For example, in 2023, the rate of individuals in San Diego County experiencing homelessness who accessed services through a continuum of care (83.2 per 10,000) was lower than the statewide rate (91.2 per 10,000), with lower access among individuals ages 18–24 and 65 and older. Unmet behavioral health needs remain more pronounced among these age groups and among Hispanic individuals, including lower rates of follow-up care after mental health-related emergency department visits and a lower percentage of individuals reporting access to needed care.

BHS consistently applies an equity-focused approach to planning, funding, and service delivery, including investments in culturally responsive, community-based programs. Through development of the Integrated Plan, BHS engaged stakeholders to align funding with community-identified needs and advance equitable access. BHSA-funded services will also incorporate enhanced demographic and social needs data collection to better identify, monitor, and address disparities.

Collectively, these efforts support the County's commitment to improving equitable access to culturally responsive, trauma-informed behavioral health services.

SUSTAINABILITY IMPACT STATEMENT
The Behavioral Health Services Act (BHSA) programs support the County of San Diego (County) Sustainability Goal #1 to engage the community in meaningful ways and seek stakeholder input to foster inclusive and sustainable communities. County Behavioral Health Services engages the community through the Community Planning Process, advisory boards, and stakeholder engagements to collaborate and encourage the community and stakeholders to partner and participate in decisions that impact their lives and communities.

Additionally, BHSA programs support the County Sustainability Goal #2 to provide just and equitable access through the regional distribution of services, by allowing chronically unserved and underserved communities and individuals with behavioral health conditions to receive care near where they live. Services are provided at County locations, as well as through community-based providers to ensure care is geographically dispersed throughout the region.

FISCAL IMPACT
Funds for this request are included in the Fiscal Year (FY) 2026-27 CAO Recommended Operational Plan for the Health and Human Services Agency. If approved, this request will result in estimated Behavioral Health Services Act (BHSA) revenue of approximately $329.5 million in FY 2026-27. The funding source is BHSA. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT
N/A

ADVISORY BOARD STATEMENT
On May 7, 2026, the Behavioral Health Advisory Board voted to _____ the recommendation.

BACKGROUND
In March 2024, voters passed Proposition 1, which includes the Behavioral Health Services Act and a $6.4 billion Behavioral Health Bond to support Californians living with the most significant mental health and SUD needs as part of the State's Behavioral Health Transformation initiative. Counties across the state have been leading extensive planning and readiness efforts to prepare for implementation on July 1, 2026.

Included in today's update is a summary of changes brought forth by BHSA implementation, reinvestment activities as a result of shifts in funding, and learnings-to-date from Community Planning Process (CPP) activities required by counties under BHSA. Today's item also includes Attachment A: The BHSA Three-Year Integrated Plan (Integrated Plan) for Fiscal Years 2026-2029 which reports on all behavioral health funding sources as required by Section 5963.02 of the California Welfare and Institutions Code. Today's action requests the San Diego County Board of Supervisors approve the Integrated Plan and authorize Behavioral Health Services (BHS) Director

to submit the Integrated Plan to the California Department of Health Care Services (DHCS) and the Behavioral Health Services Oversight and Accountability Commission.

Changes Under BHSA
While BHSA does not change the role of County behavioral health plans or establish any new revenue sources, it includes many significant changes.

Increases State Funding Share From 5% to 10%
These funds will be used by State agencies for administration as well as a statewide population prevention program and workforce development. This change results in counties receiving 5% less of the annual funding share.

Expands Service Population to People with Standalone Substance Use Disorder
Previously, MHSA funds could be used only for mental health treatment and the treatment of co-occurring conditions.

Outlines Priority Populations for Service Provision
The target population for BHSA includes people who have significant behavioral health needs who are enrolled in or eligible for Medi-Cal. In addition to expanding the target population to include people with standalone substance use disorder, BHSA also defines new priority populations for services. These include eligible children, youth, and adults who are:

- Chronically homeless, experiencing, or at risk of homelessness,
- In, or at risk of being in, the justice system,
- Re-entering the community from prison, jail, or a youth correctional facility,
- At risk of conservatorship or in the child welfare system, or
- At risk of institutionalization.

Expands Outreach, Engagement and Collaboration Emphasizing Equity and Access
BHSA expands priority populations for CPP engagement to 29 groups, which was previously 11 groups under MHSA. BHSA requires coordination with Medi-Cal Managed Care Plans (MCPs) and the local health jurisdiction as part of local planning. The BHSA framework also emphasizes engagement with Tribal partners and other cross-sector community stakeholders, such as schools and public safety agencies, to support implementation of Integrated Plan priorities.

Redesigns Prevention and Early Intervention
Under BHSA, population-based prevention is now the primary responsibility of the State. The California Department of Public Health (CDPH) will lead statewide population prevention activities using a portion of the State's 10% allocation. The responsibility of County behavioral health plans narrows to focus on providing early intervention services that are evidence-based, sustainable, and integrated with intensive treatment services.

Places Greater Emphasis on Outcomes and Transparency with New Reporting Requirements.
BHSA expands financial reporting requirements, requiring counties to report on all behavioral health funding sources in the Integrated Plan. The Behavioral Health Outcomes Accountability

DRAFT

and Transparency Report (BHOATR) introduces a new mechanism for tracking how counties are spending behavioral health funding and administering behavioral health programs. Reporting for the first BHOATR begins in FY 2026-2027, with a draft due to DHCS on January 30, 2028.

BHSA Service Categories

Like MHSA, BHSA provides funding to counties to address a broad continuum of behavioral health service needs, including early intervention, housing, and evidence-based practices to effectively support the public behavioral health system. County BHSA allocations are distributed in full across three defined funding components, described below, each with required minimum funding levels.

- *Behavioral Health Services and Supports (45%):* Behavioral Health Services and Supports (BHSS) includes programs to treat and support people with mental health conditions and substance use disorders, including early intervention services, outreach and engagement, workforce supports connected to care teams, and evidence-based practices that strengthen the public behavioral health system.
    - Counties must spend 51% of BHSS funds on early intervention (EI), with a further 51% of these EI funds dedicated to programs for people ages 25 and younger.
- *Full-Service Partnership (28%):* Full-Service Partnership (FSP) services are for individuals with serious behavioral health challenges and complex needs. These programs include numerous Evidence-Based Practice (EBP) models and provide a wide range of integrated services including, but not limited to, housing, daily living skills, therapy, case management, and crisis services.
- *Housing (27%):* The Housing category includes a variety of supportive services to help eligible people with serious mental health or substance use disorders achieve housing stability. The overall aim of BHSA housing interventions is to create pathways to permanent housing.
    - Counties must spend 50% of Housing funds on the chronically homeless population.

Local System Changes and BHSA Investments

To meet new BHSA mandates and minimum funding requirements, BHS reviewed all services across the system and made significant changes to the behavioral health service network. The service review was guided by tenants of the Triple Aim – better access to care, better health outcomes, and lower 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.
- *Financial sustainability* – services that are more financially sustainable, align with the State's behavioral health funding framework, and reduce reliance on General Purpose Revenue.
- *Advancing equity* – programs that serve priority populations, support population health goals, and/or serve an area of high local need.

Under MHSA, counties had greater flexibility to fund programs beyond minimum requirements. Under BHSA, allocations are more structured in alignment with the State's behavioral health framework. As a result, leading up to BHSA implementation, BHS discontinued approximately 12% of contracts that were not in alignment with the criteria above. Additionally, other programs

have been redesigned or have undergone changes to make them sustainable long-term and aligned with BHSA requirements.

While the implementation of BHSA comes with many changes, the majority of previously MHSA-funded programs are continuing under BHSA. Nearly $40 million in BHS funds, reallocated as part of aligning programs with the more structured BHSA funding components and requirements, is being reinvested into the system to support evidence-based practice models, early intervention programs, and new housing requirements. Examples of these reinvestments are indicated in the section below.

- The Full-Service Partnership category was previously part of the MHSA Community Services and Supports component. Under BHSA, BHS is implementing new evidence-based practice standards but will be continuing programs such as Assertive Community Treatment, Individual Placement and Supported Employment, Clubhouses, and High-Fidelity Wraparound Services.
- BHS is exceeding the required 51% requirement for BHSS early intervention programs. In alignment with community priorities, the department is dedicating nearly 79% of BHSS funds toward early intervention programs in FY 2026-27. Of these funds, nearly 52% are dedicated to early intervention programs for children, youth, and young adults under age 25.
- A majority of Housing funds are dedicated to continuing housing interventions previously funded via MHSA, including permanent supportive housing, licensed board and cares, and transitional housing. After FY 2026-27, the Housing category will absorb housing services that were previously grant-funded. These include licensed board and care slots currently funded by the Community Care Expansion Preservation grant and the Behavioral Health Bridge Housing grant. BHS is also expanding housing interventions to support Homekey+, the State-funded program advancing permanent supportive housing for people with behavioral health challenges who are experiencing homelessness, and the Medi-Cal MCP Transitional Rent benefit through contributions to a flexible housing pool.

BHSA Stakeholder Engagement – Community Planning Process

As with MHSA, BHSA requires stakeholder engagement through Community Planning Process (CPP). As previously noted, BHSA increases the number of stakeholder populations for engagement from 11 to 29, including individuals with lived behavioral health experience, providers and system partners, community-based and advocacy organizations, and public agencies. DHCS released initial information about expanded stakeholder engagement expectations in January 2025, with more detailed CPP guidance issued in August 2025. Consistent with this phased release of State guidance, the department's engagement activities evolved throughout 2025 as additional direction became available from the State. Initial engagement activities to support CPP were conducted from April 2025 through December 2025 and included participation from more than 1,500 individuals representing over 280 organizations and stakeholder groups. In addition to these CPP activities, BHS conducts engagement activities year-round through dialogue with the Behavioral Health Advisory Board, professional associations operating in the behavioral health field, community-based organizations, service providers, and other partners to help identify behavioral health priorities.

DRAFT

A 30-day public review and comment period for the draft Integrated Plan began on March 17, 2026, and concluded with final comments heard at the Public Hearing held at the BHAB meeting on May 7, 2026. Additional outreach, education, and engagement activities were conducted during the public comment period to support community awareness of the draft Integrated Plan and opportunities for input. Over 150 public comments on the draft were recorded from community members through the use of emails, voicemails, an online public comment form, community review sessions, and through utilization of Engage San Diego County, the County's digital engagement platform. Feedback gathered through CPP activities, ongoing engagement efforts, and the public comment process was documented, synthesized, and used to inform development of the final Integrated Plan, including proposed funding priorities for specialty behavioral health programs, identification of community needs, demographic considerations, and alignment with statewide BHSA goals.

If approved, the adoption of this first Integrated Plan marks the County of San Diego's official shift to BHSA and includes BHSA funding of $329.5 million. The initial Integrated Plan will be followed by annual updates beginning in FY 2027-2028 and the Behavioral Health Outcomes Accountability and Transparency Report (BHOATR) in 2028. Through these shifts in the County's service delivery system, BHSA seeks to improve accountability, increase transparency, expand substance use treatment services and housing interventions, and create pathways to ensure equitable access to care for individuals with behavioral health needs.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the County of San Diego (County) 2026-2031 Strategic Plan Initiatives of Equity (Health) and Community (Quality of Life) as well as the regional *Live Well San Diego* vision. This is accomplished by addressing the social determinants of health by providing accessible behavioral health services and meeting the needs of a diverse population through a fully optimized mental health and social service delivery system. These efforts reduce disparities and strengthen the well-being of all San Diegans.

Respectfully submitted,

USE "INSERT PICTURE" FUNCTION TO INSERT SIGNATURE

EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Attachment A – Behavioral Health Services Act (BHSA) Three-Year Integrated Plan: Fiscal Years 2026-2029

DRAFT