



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 1/27/2026

To: County of Sonoma Board of Supervisors

Department or Agency Name(s): Department of Health Services

Staff Name and Phone Number: Nolan Sullivan, 707-565-4774; Jan Cobaleta-Kegler, 707-565-5157

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Behavioral Health Revenue Agreements

Recommended Action:

- A) Authorize the County Executive Officer, or designee, to execute an agreement with Kaiser Foundation Health Plan, Inc. to reimburse the County for providing Transitional Rent Provider services to Kaiser Medi-Cal Members experiencing or at risk of homelessness in order to promote housing stability and facilitate access to health care services with for a term beginning on January 1, 2026 and renewed annually thereafter unless cancelled by either party.
- B) Authorize the County Executive Officer, or designee, to execute an agreement with Partnership HealthPlan of California to reimburse the County for providing Transitional Rent Provider services to Partnership Medi-Cal Members experiencing or at risk of homelessness in order to promote housing stability and facilitate access to health care services, with non-standard indemnification language for a term beginning on January 1, 2026 and shall continue unless cancelled by either party with thirty (30) days written notice.
- C) Authorize the County Executive Officer, or designee, to execute an agreement with Independent Living Systems LLC, a third party administration for Kaiser Permanente North and South Regional Plans, to reimburse the County for providing Community Support and Enhanced Care Management Services to Kaiser Medi-Cal Members experiencing homelessness and/or who have complex health, disability, and/or behavioral health conditions, with non-standard indemnification language and an agreement to submit to binding arbitration administered by JAMS in Los Angeles County in accordance with the JAMS rules applicable to commercial arbitrations in the event of a dispute between the parties, for a term beginning on January 1, 2026 and renewed annually thereafter unless cancelled by either party.
- D) Authorize the County Executive Officer, or designee, to execute modifications to the agreement in this Board Item to address increased service needs and/or will not significantly change the scope of services, subject to approval by County Counsel.

Executive Summary:

The Sonoma County Department is seeking to execute three Memorandums of Understanding (MOUs) with Medi-Cal Managed Care Plans to expand services under California's Advancing and Innovating Medi-Cal initiative. The first MOU with Independent Living Systems (Kaiser's third-party administrator) would establish the Department as a provider of Enhanced Care Management and Community Supports for Kaiser Medi-Cal

members, matching their existing provider status with Partnership Health Plan.

The remaining two MOUs with Partnership Health Plan and Kaiser Health Plan would add Transitional Rent as a new Community Supports service, which becomes mandatory for these plans to offer on January 1, 2026.

These agreements allow for the Department of Health Services to render services and receive Medi-Cal reimbursement.

Discussion:

The Department is seeking to execute three MOUs with the Medi-Cal Managed Care Plans: 1) Enhanced Care Management and Community Supports MOU with Independent Living System (the third-party administrator designated by Kaiser Health Plan); 2) Transitional Rent MOU with Partnership Health Plan; and 3) Transitional Rent MOU with Kaiser Health Plan.

Background

California Advancing and Innovating Medi-Cal ("CalAIM") is a series of initiatives and reforms overseen by the California Department of Health Care Services (DHCS) to improve the quality of life and health outcomes of Medi-Cal Members by implementing broad delivery system, program, and payment reform across Medi-Cal. A key feature of CalAIM is the offering of Enhanced Care Management (ECM) and Community Supports (CS) services.

The Whole Person Care statewide pilot ended December 31, 2021. The program known as ECM was offered at that time to replace this program in collaboration with Partnership HealthPlan of California, which was the designated Medi-Cal Managed Care Plan for this region. The Department continued the Whole Person Care program as an ECM provider, and then subsequently also as a CS Provider. The current Whole Person Care program provides wraparound services for enrolled individuals, serving beneficiaries who have a serious mental illness and are homeless or at risk of homelessness.

In January of 2024, Kaiser Health Plan officially became a Medi-Cal Managed Care Plan across the state. DHCS requires that County Behavioral Health Plans execute MOU's with the Medi-Cal Managed Care Plans in their region, which for Sonoma County now includes both Partnership Health Plan and Kaiser Health Plan. Thus, the Department is seeking to execute an MOU with Kaiser's third-party administer agency (Independent Living Systems) to become an ECM and CS provider with Kaiser Health Plan in parity with Department's current provider status with Partnership Health Plan.

The CS benefits currently provided by the Department include: Housing Transition Navigation Services, Housing Deposits, Housing Tenancy and Sustaining Services, and Short-Term Post-Hospitalization Housing. Effective July 1, 2025, DHCS added Transitional Rent as a new CS service, with Managed Care Plan coverage becoming mandatory for Partnership Health Plan and Kaiser Health Plan to offer on January 1, 2026. The Department seeks to opt-in for this benefit by executing MOUs with Partnership Health Plan and Kaiser Health Plan respectively to add this service category to the current CS benefits.

ECM and CS MOU with Independent Living Systems

As required by DHCS, the Department seeks to execute an MOU with Independent Living Systems, the third-party administrator designated by Kaiser Health Plan, in order to become a provider of ECM and CS for Kaiser Medi-Cal members. ECM and CS are foundational parts of the transformation of Medi-Cal, focused on:

- Breaking down the traditional walls of health care, extending beyond hospitals and health care settings

into communities

- Introducing a better way to coordinate care
- Providing high-need members with in-person care management where they live

Enhanced Care Management (ECM)

Medi-Cal members frequently have several complex health conditions involving physical, behavioral, and social needs. Members with complex needs must often engage several delivery systems to access care, including primary and specialty care, dental, mental health, substance use disorder treatment, and long-term services and supports. More than half of Medi-Cal spending is attributed to the 5 percent of members with the highest-cost needs.

To address this issue, DHCS introduced ECM as a statewide Medi-Cal benefit available to select members with complex needs. Enrolled members receive comprehensive care management from a single lead care manager who coordinates all their health and health-related care, including physical, mental, and dental care, and social services. ECM makes it easier for members to get the right care at the right time in the right setting, and receive comprehensive care that goes beyond the doctor's office or hospital. ECM offers seven types of services to help a member manage and improve their health (See Attachment 4 for service details and eligibility).

Community Supports (CS)

CS are services provided by Medi-Cal managed care plans (MCP) to address Medi-Cal members' health-related social needs, help them live healthier lives, and avoid higher, costlier levels of care. Members may receive a CS service if they meet the eligibility criteria and if the MCP determines it is a medically appropriate and cost-effective alternative to services covered under the California Medicaid State Plan. The Department is currently authorized to provide four CS services (See Attachment 4 for service details and eligibility).

Transitional Rent MOU with Partnership Health Plan and Transitional Rent MOU with Kaiser Health Plan

Transitional Rent is the newest addition to the suite of CS to support Medi-Cal Members experiencing or at risk of homelessness. Transitional Rent provides up to six months of rental assistance in interim and permanent settings to Members who are experiencing or at risk of homelessness, have certain clinical risk factors, and have either recently undergone a critical life transition (such as exiting an institutional or carceral setting or foster care), or who meet other specified eligibility criteria, as described further below.

On January 1, 2026, the MCPs, Partnership and Kaiser, will be required to offer Transitional Rent for Members who meet the Behavioral Health Population of Focus criteria. While the MCPs hold the responsibility for administration of the transitional rent benefit, the County MHP has the right of first refusal on becoming a provider for this benefit. As a provider, the County MHP would pay the benefit directly to landlords and then submit claims for reimbursement through the MCP. The Department seeks to exercise this right and opt-in as a provider of Transitional Rent with both MCPs.

With the passage of Proposition 1 and the Behavioral Health Services Act (BHSA), county behavioral health plans are to assume a larger role in addressing homelessness among the populations they serve. A central reform of BHSA is a new requirement, effective July 1, 2026, that county behavioral health plans spend 30 percent of the BHSA funds on Housing Interventions for individuals with significant behavioral health needs who are experiencing or at risk of homelessness.

Importantly, under [California Welfare & Institutions \(W&I\) Code section 5830\(c\)\(2\)](#)

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=WIC&division=5.&title=&part=3.2.&chapter=&article=>

BHSA “funds shall not be used for housing interventions covered by a Medi-Cal managed care plan.” This means that Members will not be permitted to receive rental subsidies under the BHSA so long as Transitional Rent is available to the Member. The Transitional Rent benefit is intended to cover 6 months of rental costs. DHCS expects the mental health plan to then utilize BHSA Housing Interventions at month 7. This sequencing of benefits will require careful coordination between the MCPs and County Behavioral Health, which will be easier to facilitate and manage as a direct provider of the benefit.

Reimbursement

The reimbursement ceiling is set at 110% of the Small Area Fair Market Rate for the applicable unit size. In Sonoma County, that ranges from \$2,079 - \$2,761 for a one-bedroom apartment.

Additionally, the County Mental Health Plan will be eligible for an Administrative Fee Reimbursement rate.

The MCPs have issued rates as a percentage of the State rate for Sonoma. The DHCS rates for Region C are as follows:

- \$1,443.61 per member for the first month of member placement in a permanent setting
- \$205.40 per member per month for the remaining 5 months of the benefit

Funds flow from the Medi-Cal MCPs to the Department on a fee-for-service basis after services are delivered. The Department either provides care management services directly or pays third parties, such as landlords for Transitional Rent, and then submits claims to the applicable MCP for reimbursement at DHCS-approved rates, including allowable administrative fees.

Strategic Plan:

This item directly supports the County’s Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Healthy and Safe Communities

Goal: Goal 1: Expand integrated system of care to address gaps in services to the County’s most vulnerable.

Objective: Objective 3: Create a “no wrong door” approach where clients who need services across multiple departments and programs are able to access the array of services needed regardless of where they enter the system.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

On February 8, 2022, the Board approved the County’s participation as a Community Supports provider and authorized the Health Services Interim Director, or designee, to enter into an agreement with Partnership HealthPlan of California to provide Community Supports services to referred members.

FISCAL SUMMARY

Expenditures	FY 25-26 Adopted	FY 26-27 Projected	FY 27-28 Projected
Budgeted Expenses	\$250,000	\$250,000	\$250,000
Additional Appropriation Requested			
Total Expenditures	\$250,000	\$250,000	\$250,000
Funding Sources			
General Fund/WA GF			
State/Federal	\$125,000	\$125,000	\$125,000
Fees/Other	\$125,000	\$125,000	\$125,000
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$250,000	\$250,000	\$250,000

Narrative Explanation of Fiscal Impacts:

Funding for these rent and housing related expenditures are included in the Fiscal Year 2025-2026 adopted budget, and is supported by annual Measure O tax revenues. Appropriations are sufficient to cover the associated costs. Any future fiscal year funding requests will be included in the annual budget development process.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment 1 - Draft Kaiser Foundation Health Plan Agreement

Attachment 2 - Draft Partnership HealthPlan of California Agreement

Attachment 3 - Draft Independent Living Systems LLC Agreement

Attachment 4 - Services and Eligibility Criteria

Related Items “On File” with the Clerk of the Board:

None