

Date of Hearing: April 30, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 804 (Wicks) – As Introduced February 18, 2025

Policy Committee: Health

Vote: 13 - 1

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill requires the Department of Health Care Services (DHCS) seek federal approval to make housing support services for specified populations a covered Medi-Cal benefit, as specified, subject to an appropriation, federal approval, and availability of federal matching funds.

Specifically, this bill:

- 1) Requires DHCS cover housing support services for specified populations as a covered Medi-Cal benefit, subject to utilization controls and when the Legislature has passed an appropriation for this purpose.
- 2) Requires DHCS seek, by March 31, 2026, any federal approvals necessary to cover housing support services as a Medi-Cal benefit.
- 3) Upon implementation of a federally approved covered Medi-Cal benefit for housing support services, requires housing support services cease to be optional services in Medi-Cal managed care.
- 4) Makes a Medi-Cal beneficiary eligible for housing support services if they are either experiencing homelessness, or at risk of homelessness, as defined.
- 5) Defines housing support services to include the following: housing transition navigation services, housing deposits, housing tenancy sustaining services, and supported employment services, as specified.
- 6) Allows DHCS to implement the bill through non-regulatory bulletin authority and requires DHCS to seek stakeholder input at least two weeks before issuing guidance pursuant to this authority.
- 7) Conditions implementation on necessary federal approvals and the availability of federal financial participation.
- 8) Strikes the requirement that by January 1, 2024, DHCS complete an independent analysis to determine network adequacy to obtain federal approval for a covered Medi-Cal benefit that provides housing support services.

FISCAL EFFECT:

Costs to DHCS in the tens of millions of dollars annually.

This estimate of costs is based on an estimate DHCS provided to the Department of Finance for a similar bill, AB 1085 (Maienschein), of the 2023-24 Legislative Session. DHCS estimated costs related to AB 1085 as follows, assuming it obtained necessary federal approvals:

Annual costs to the Medi-Cal program in the range of approximately \$36.6 million to \$80.9 million (50% General Fund (GF), 50% federal funds (FF)), subject to utilization and benefit structure, to provide the housing supports benefit.

Additional costs of \$154,000 (50% GF, 50% FF) in the first year of implementation and \$145,000 (50% GF, 50% FF) annually thereafter to develop a new rate setting methodology for new housing support service benefits, implement the benefit in the fee-for-service delivery system, and perform monitoring and maintenance over time.

The author has requested an annual, ongoing GF state budget allocation of \$18.3 million to \$40.4 million for the state's 50% share.

COMMENTS:

- 1) **Purpose.** This bill is sponsored by Corporation for Supportive Housing, Housing California, and Western Center on Law & Poverty. According to the author:

[In] December 2024, a statewide homelessness point-in-time count found more than 187,000 Californians experiencing homelessness. These residents—our neighbors—lack adequate access to resources to find and keep stable housing. Unless individuals experiencing homelessness can stabilize in housing, health treatment is often ineffective. In fact, an unhoused patients' acute care costs continually increase so long as they remain homeless, regardless of the quality of treatment. Homelessness also disproportionately impacts disadvantaged communities. For example: a UCSF study released in February 2024 found that 26% of California's unhoused population identifies as Black, compared to 6% of California's overall population.

[I]n 2022 the [California Advancing and Innovating Medi-Cal (CalAIM)] program began providing housing support services to aid eligible Californians in obtaining and keeping housing...[A] statewide benefit would be more equitable, consistent, and available to more Medi-Cal enrollees. It would enable California to take full advantage of federal matching funds for housing as healthcare of at least 50% and up to 90% for the expansion population. This bill also has the potential to save our government more than \$46,000 per year per person.

- 2) **Background.**

CalAIM. CalAIM is a collection of major initiatives that align with the administration's Medi-Cal program improvement goals, including addressing social drivers of health,

reducing program complexity and increasing flexibility, and modernizing payment structures to promote better outcomes. The majority of CalAIM proposals were put forward in 2021 through two comprehensive applications to the federal government for a “Section 1115 demonstration” and “Section 1915(b) waiver.” DHCS received approval for both the demonstration and waiver, effective through December 31, 2026.

Community Supports. One component of CalAIM that addresses social drivers of health is called Community Supports. Community Supports are services that can be provided by Medi-Cal managed care plans as cost-effective alternatives to traditional medical services or settings. DHCS has a pre-approved list of 14 Community Supports, based on experience in prior demonstration programs to address health-related social needs. These supports are designed to provide flexibility to address specific needs of complex populations. CalAIM includes as Community Supports the housing support services required by this bill. Although Medi-Cal managed care plans may choose whether to provide these services, all plans have elected to provide these housing-related services as Community Supports.

According to the January 2023 Community Supports Program Guide issued by DHCS, housing support services can keep people healthier, potentially reducing the need for high-cost and high-intensity services such as emergency and inpatient services, rehabilitation services, and skilled nursing facility services.

- 3) **Prior Legislation.** AB 1085 (Maienschein), of the 2023-24 Legislative Session, was similar to this bill and would have required DHCS to seek federal approval to add housing support services as a Medi-Cal benefit. AB 1085 was vetoed by Governor Newsom, who stated new Medi-Cal benefits must be considered as part of the annual budget process.

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