

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, MAY 19, 2026**

MINUTE ORDER NO. 28

**SUBJECT: A NEW HEALTHCARE PARTNERSHIP TO DELIVER HOMELESS SERVICES
AND SAVE MILLIONS IN COUNTY TAXPAYER DOLLARS
(DISTRICTS: ALL)**

OVERVIEW

This item is part of a broader effort by the County to identify every reasonable efficiency, cost-saving opportunity, and new revenue source before any service reductions are considered. This effort has already produced millions in ongoing savings through modernizing County communications technology, centralizing space management, and right-sizing our vehicle fleet.

For decades, local governments have paid for homeless outreach while the healthcare system paid for the downstream consequences, including emergency room visits and crisis care. The California Advancing and Innovating Medi-Cal (CalAIM) initiative, California's landmark Medi-Cal reform, begins to change that equation. For the first time, the healthcare system will pay for housing-focused services that help people move off the streets and stay stably housed, including housing navigation, security deposit assistance, and housing tenancy sustaining services.

These are services the County is already delivering. The County's Office of Homeless Solutions (OHS) is a team of social workers, analysts, and specialists who conduct homeless outreach, case management, and housing referrals across the region. Since launching in 2021, OHS has spearheaded outreach and street case management in the unincorporated communities and regionwide in partnership with the local cities through OHS Regional Homeless Services. OHS also implemented the County's safe parking programs at three locations and is advancing the County's first emergency shelter, the Troy Street sleeping cabins. OHS also advanced multiple programs for seniors, youth, people with disabilities, LGBTQ+ and justice involved individuals and is administering the State's HomeSafe and Encampment Resolution grants.

An estimated 90% of OHS clients are Medi-Cal eligible. This is the same population the healthcare system is now tasked with supporting through CalAIM. The County has long worked at the intersection of homelessness and behavioral health; this partnership creates the funding structure to match that reality. Importantly, the County remains committed to ensuring service delivery for all populations, including those who do not meet Medi-Cal reimbursement criteria, and will design its outreach and service model accordingly.

The OHS Regional Homeless Services team carries an estimated annual budget of approximately \$7.1 million, costs that have historically been funded primarily by County taxpayers. By contracting with Managed Care Plans, the County can bill the healthcare system for services our social workers are already delivering and use that revenue to offset costs. The County has already launched an initial four-person pilot to test billing and administrative processes. This year, the County secured \$1.7 million through the Providing Access and Transforming Health Capacity and Infrastructure Transition, Expansion and Development (PATH CITED) initiative, which requires a 50% local match, for a total of \$3.5 million to support associated OHS costs. PATH CITED is a state-administered grant program designed to help counties build the billing infrastructure, data systems, and staff training needed to

participate in CalAIM. This will cover a portion of OHS costs during that ramp-up period and position the full team to begin billing in 2027.

Today's action directs the Chief Administrative Officer to expand the CalAIM pilot across the full OHS Regional Homeless Services team and authorizes the County to negotiate contracts with Managed Care Plans to begin billing for these services countywide.

The OHS Regional Homeless Services case management and housing navigation work has historically been funded primarily by County taxpayers. This partnership changes that. This year, the \$3.5 million state grant offsets nearly half of the projected OHS costs while staff are trained and systems come online. Beginning in 2027, as OHS transitions to full billing with Managed Care Plans, projections indicate up to \$5.6 million in ongoing annual Medi-Cal revenue, potentially offsetting up to 78% of OHS Regional Homeless Services costs, depending on final service design and population mix. These are projections; the County will work carefully with Managed Care Plans and its own departments to design a service model that maximizes reimbursement while ensuring no one in need is left without outreach and support. Every dollar the healthcare system contributes to this work is a dollar the County can direct toward other services our residents depend on. Every new revenue stream we secure today preserves our ability to sustain health, housing, and safety net programs when it matters most. This healthcare partnership is how we stay ready.

RECOMMENDATION

SUPERVISOR TERRA LAWSON-REMER AND SUPERVISOR MONICA MONTGOMERY STEPPE

Direct the Chief Administrative Officer to expand the CalAIM pilot across the full Office of Homeless Solutions social work team, develop a service design model that maximizes Medi-Cal reimbursement while maintaining outreach and support for all populations including those not Medi-Cal eligible, and negotiate and execute contracts with San Diego's four Medi-Cal Managed Care Plans for the provision of Enhanced Care Management and Community Supports services.

EQUITY IMPACT STATEMENT

CalAIM creates an opportunity to direct more resources toward the populations the County's homeless outreach system was built to serve. People experiencing homelessness are disproportionately low-income, face significant behavioral health challenges, and are more likely to be people of color, the same populations Medi-Cal was designed to support. By aligning OHS operations with CalAIM, the County can sustain and expand services for its highest-need residents while reducing the fiscal pressure that can force difficult tradeoffs between programs. The County is committed to ensuring that CalAIM reimbursement does not narrow the scope of who OHS serves. Service design will prioritize maintaining outreach and support for all populations, including those who do not meet Medi-Cal eligibility criteria, so that fiscal opportunity does not come at the cost of equitable access.

SUSTAINABILITY IMPACT STATEMENT

This partnership directly strengthens the long-term sustainability of the County's homeless services. Homeless outreach funded entirely by General Purpose Revenue is vulnerable to budget pressures, federal retrenchment, and competing priorities. By diversifying OHS's funding base through Medi-Cal reimbursement, the County reduces that vulnerability and creates a more durable foundation for ongoing outreach and housing support services.

Beginning in 2027, projected Medi-Cal revenue of up to \$5.6 million annually represents a recurring, structural offset, rather than a one-time grant, that grows as CalAIM services expand across the OHS team. The County will continue modeling service configurations and reimbursement scenarios to maximize long-term revenue while maintaining service quality and population coverage.

FISCAL IMPACT

Funds for the actions requested are included in the Fiscal Year 2025-26 Operational Plan based on existing staff time in the Office of Homeless Solutions funded by existing General Purpose Revenue and social services administrative revenue. There will be no change in net General Fund cost and no additional staff years. There may be fiscal impacts associated with future related recommendations which staff would return to the Board for consideration and approval.

BUSINESS IMPACT STATEMENT

N/A

ACTION:

ON MOTION of Supervisor Montgomery Steppe, seconded by Supervisor Aguirre, the Board of Supervisors took action as recommended.

AYES: Aguirre, Montgomery Steppe, Desmond

NOT PRESENT: Anderson

ABSENT: Lawson-Remer

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER

Clerk of the Board of Supervisors



Signed

by Andrew Potter