



COUNTY OF SAN DIEGO

BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

AGENDA ITEM

DATE: May 19, 2026

28

TO: Board of Supervisors

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

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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**

1. 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

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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

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The County’s Office of Homeless Solutions (OHS) was established in 2021 to centralize and expand direct homeless outreach and case management across the region. OHS serves residents across all five districts, with a particular focus on unincorporated communities. Referrals come from Board offices, city jurisdictions, the CAO’s office, and community partners. Its programs include the Regional Homeless Services, Compassionate Emergency Solutions and Pathways to Housing programs (Safe Parking, Regional Homeless Assistance Program, Inclement Weather Program, Troy Street sleeping cabins and Local Rental Subsidy Program), Shallow Rental Subsidy Program for seniors, Encampment Resolution grant programs, Housing Our Youth program, LGBTQ+ Innovative Housing program, Housing and Disability Advocacy program, and

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Community Care Coordination set of programs for justice involved individuals. The OHS Regional Homeless Services team conducts street outreach, crisis intervention, case management, and housing navigation to connect people experiencing homelessness to services and stable housing.

OHS's work has always been at the intersection of homelessness and healthcare. An estimated 90% of OHS clients are Medi-Cal eligible, and the conditions driving their homelessness, including untreated behavioral health needs, chronic illness, and housing instability, are fundamentally health issues. Yet until recently, the healthcare system had no mechanism to reimburse counties for the community-based outreach and housing support services that address those conditions upstream, before they become emergency room visits and crisis interventions.

CalAIM changed that. Launched statewide in 2022, it represents the most significant restructuring of Medi-Cal in a generation, expanding reimbursable services to include community-based interventions that address the social drivers of health. For the first time, housing navigation, security deposit assistance, and housing tenancy sustaining services are billable under Medi-Cal. In 2024, the County engaged state technical assistance consultants to assess CalAIM opportunities, and those consultants identified OHS operations as strongly aligned with CalAIM goals.

The County moved quickly. In December 2024, the Board authorized contracts with San Diego's four Managed Care Plans. In March 2026, OHS and Medical Care Services launched an initial four-person pilot, testing referral workflows, billing processes, and administrative systems, with a planned expansion to Enhanced Care Management by end of 2026. The PATH CITED grant, accepted by the Department of Health Care Services at \$3.5 million, funds the infrastructure, data systems, and staff training needed to bring the full OHS team into CalAIM billing through December 2026. The \$3.5 million budget for the PATH CITED grant includes a required 50% local match. Staff not covered by the grant are able to draw down Medi-Cal Administrative Activities funding for additional offset of GPR costs.

When the full OHS Regional Homeless Services team is billing under CalAIM in 2027, projections indicate up to \$5.6 million in annual Medi-Cal revenue against an estimated \$7.1 million budget, a potential 78% offset of what has always been a primarily County-funded operation. The County is working carefully with Managed Care Plans and its own departments to design a service model that maximizes reimbursement while ensuring continued outreach and support for all populations, including those who do not meet Medi-Cal eligibility criteria.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's actions support the County of San Diego's 2026–2031 Strategic Plan initiatives of Sustainability, Equity, and Community, by ensuring resiliency through adding capacity to respond to immediate needs for individuals and families, creating initiatives that reduce and eliminate poverty by promoting economic opportunity; creating programs that value health, and housing; and by improving the quality of life for individuals experiencing or at-risk of experiencing homelessness.

Respectfully submitted,

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Supervisor, Third District



MONICA MONTGOMERY STEPPE
Supervisor, Fourth District

ATTACHMENT(S)
N/A