

Patients with Acute Behavioral Health Needs: How the BH-CONNECT Demonstration Waiver Can Improve Care

California Hospital Association Behavioral Health Care Symposium
December 8, 2025

Paula Wilhelm, Deputy Director, Behavioral Health

Agenda

- » BH-CONNECT Overview and Key Initiatives
- » Mental Health (MH) Institutions for Mental Disease (IMD) Federal Financial Participation (FFP) Program
- » Community Transition In-Reach Services
- » Evidence-Based Practices: Coordinated Specialty Care for First Episode Psychosis (CSC for FEP)
- » Questions and Discussion

BH-CONNECT: An Overview

- » BH-CONNECT is a historic, multi-pronged initiative to transform and improve behavioral health services for California residents living with significant behavioral health needs.
- » The initiative is comprised of a five-year Medicaid Section 1115 demonstration, State Plan Amendments (SPAs) to expand coverage of evidence-based practices (EBPs) available under Medi-Cal, and complementary guidance and policies to strengthen behavioral health services statewide.

BH-CONNECT: Goals

- **Expand the continuum of community-based services and evidence-based practices (EBPs)** available through Medi-Cal for children, youth, and adults living with mental health and substance use disorders (SUD).
- **Access federal funds for short-term stays in facility-based care**, for Behavioral Health Plans (BHPs) that commit to providing robust community-based services and meeting quality of care standards for such stays.
- **Promote transitions out of facility-based care** and support successful transitions to community-based care settings and community reintegration.
- **Strengthen family-based services and supports** for children and youth living with significant behavioral health needs, including children and youth involved in child welfare.

Key BH-CONNECT Federal Approvals (1 of 2)

Section 1115 Demonstration Approvals

- » Workforce Initiative
- » Activity Funds
- » Access, Reform and Outcomes Incentive Program
- » **Community Transition In-Reach Services**
- » **Short-term Inpatient Psychiatric Care in Institutions for Mental Disease("MH IMD FFP Program")**
- » Transitional Rent*

** Transitional Rent coverage will be available in the Medi-Cal Managed Care delivery system.*

Key BH-CONNECT Federal Approvals (2 of 2)

State Plan Amendment (SPA) Approvals

- » Assertive Community Treatment (ACT)
- » Forensic ACT (FACT)
- » **Coordinated Specialty Care for First Episode Psychosis (CSC for FEP)**
- » Clubhouse Services
- » Individual Placement and Support (IPS) Model of Supported Employment
- » Enhanced Community Health Worker (ECHW) Services

» **Several BH-CONNECT components focused on children and youth rely on existing authorities and do not require federal waiver or SPA approval.*

Mental Health (MH) Institutions for Mental Diseases (IMD) Federal Financial Participation (FFP) Program



IMD FFP Program (1 of 2)



- » BH-CONNECT includes a county option to receive federal financial participation (FFP) for mental health care provided during short-term stays in IMDs.
- » Behavioral Health Plans (BHPs) may “opt in” to the IMD program on a rolling basis by completing an **IMD FFP Plan**.
- » **Behavioral Health Information Notice (BHIN) 25-011:** Released in April of 2025, this information notice contains the requirements for participation in the Mental Health (MH) Institutions for Mental Diseases (IMD) Federal Financial Participation (FFP) Program.

IMD FFP Program (2 of 2)

- » To participate in the IMD FFP Program, BHPs must:
 - Submit and receive DHCS approval of an **IMD FFP Plan**.
 - **Cover a “full suite” of BH-CONNECT EBPs:** ACT, FACT, CSC, IPS, Enhanced CHW Services, and Peer Support Specialist Services (including Peers with forensic specialization)
 - Use FFP received for IMD services to **support services and activities that benefit Medi-Cal members living with behavioral health needs**; and
 - **Meet federal and state requirements** to ensure that IMDs are used only when there is a clinical need and that facilities meet quality standards.

- » As of November 2025, Sacramento, San Diego, and Santa Clara counties have been approved to participate in the IMD program.

Key Requirements for IMD Facilities (1 of 2)

- » BHPs may receive FFP under the MH IMD FFP Program for three types of hospitals and residential treatment settings; the "**Participating Psychiatric Settings**".
 - Mental Health Rehabilitation Centers (MHRCs)
 - Psychiatric Health Facilities (PHFs)
 - Freestanding Acute Psychiatric Hospitals (APHs)
- » Length of Stay Restrictions:
 - FFP shall only be claimed for SMHS IMD **short term stays of 60 days or less**. FFP is not available for any day of the treatment episode if the stay exceeds 60 days.
 - Average Length of Stay (ALOS): BHPs must maintain an **average length of stay of 30 days** among its Medi-Cal members with IMD stays for which FFP has been claimed.

Key Requirements for IMD Facilities (2 of 2)

- » The MH IMD FFP Program includes **program accountability requirements** to ensure quality of care, improve care coordination and support transitions to community-based care.
- » BHPs are responsible for ensuring the following accountability requirements are met by Participating Psychiatric Settings:
 - Screening for Co-Morbid Conditions
 - Intensive Pre-Discharge Planning
 - Member and Provider Contact within 72 Hours of Discharge
 - Closed Loop Referrals and E-Referrals
 - Tracking and Availability of Inpatient and Crisis Stabilization Beds
 - Use of an Evidence-Based Level of Care Assessment Tool

Community Transition In-Reach Services



Community Transition In-Reach Services (1 of 3)

- » Community Transition In-Reach Services (see [BHIN 25-041](#) and [Enclosures](#)) will support individuals who are **experiencing or at-risk for long-term stays in institutional settings in returning to the community**.
- » Participating BHPs will have the option to establish **community-based, multi-disciplinary care transition teams**.
 - The team will provide intensive pre- and post-discharge care planning and transitional care management services.
 - Services available for up to 180 days prior to discharge.
- » Qualifying BHPs may provide Community Transition In-Reach Services in **inpatient, residential, or subacute settings**, including IMDs.

Community Transition In-Reach Services (2 of 3)

BHPs must meet the following criteria and be approved by DHCS:

- » Submit a plan to DHCS to describe how they will assess availability of mental health and/or SUD services and housing options and ensure an appropriate behavioral health continuum of care;
- » Track and report data and trends in the number and utilization of beds across inpatient, subacute, and residential facilities; and
- » Provide ACT, FACT, and Individual Placement and Support model of Supported Employment and Peer Support Services.

Community Transition In-Reach Services (3 of 3)

- » Community Transition Teams provide in-reach and post-discharge care planning, transitional care management, and community reintegration services.
- » Transitional care management includes, and is not limited to:
 - Comprehensive assessment and periodic reassessment of individual needs;
 - Comprehensive individualized care plan;
 - Referral and related activities;
 - Monitoring and follow-up activities; and
 - Identifying and addressing system barriers.
- » After transitioning members into the community, Community Transition Teams offer post-discharge care planning and transitional care management services using existing Medi-Cal-covered outpatient behavioral health service codes.
- » To claim the bundled rate, the Community Transition Team must provide a minimum of 4 contacts on 4 different days each month, with at least 3 contacts being in-person with the member.

Evidence-Based Practices: Coordinated Specialty Care (CSC) for First Episode Psychosis



Evidence-Based Practices

- » In 2024, CMS approved three SPAs that expand Medi-Cal coverage for five EBPs:
 - Assertive Community Treatment (ACT) and Forensic ACT (FACT),
 - **Coordinated Specialty Care (CSC) for First Episode Psychosis**,
 - Clubhouse Services,
 - Enhanced Community Health Worker (CHW) Services, and
 - Individual Placement and Support (IPS) Model of Supported Employment.
- » [**BHIN 25-009 Coverage of BH-CONNECT Evidence-Based Practices**](#) was released in April 2025 and the [**BH-CONNECT EBP Policy Guide**](#) was published in May 2025.
- » DHCS is also in the process of finalizing its Evidence-Based Practice Training, Technical Assistance, Fidelity Monitoring and Data Collection Policy Manual. This guidance is forthcoming.

Overview: Coordinated Specialty Care

- » **Coordinated Specialty Care (CSC) for First Episode Psychosis** is a team-based, comprehensive community-based treatment option that is tailored for individuals experiencing a first psychotic episode.
- » **CSC promotes recovery** by providing timely and integrated support during the critical initial stages of psychosis to help members cope with the symptoms of their mental health condition and to function and remain integrated in the community.
- » **Evidence Base for CSC.** Previous research on CSC for FEP found that individuals who received CSC were much less likely to develop a serious mental illness later in life compared to those who received typical care. Other benefits to providing CSC for FEP include improved psychopathology and overall quality of life.

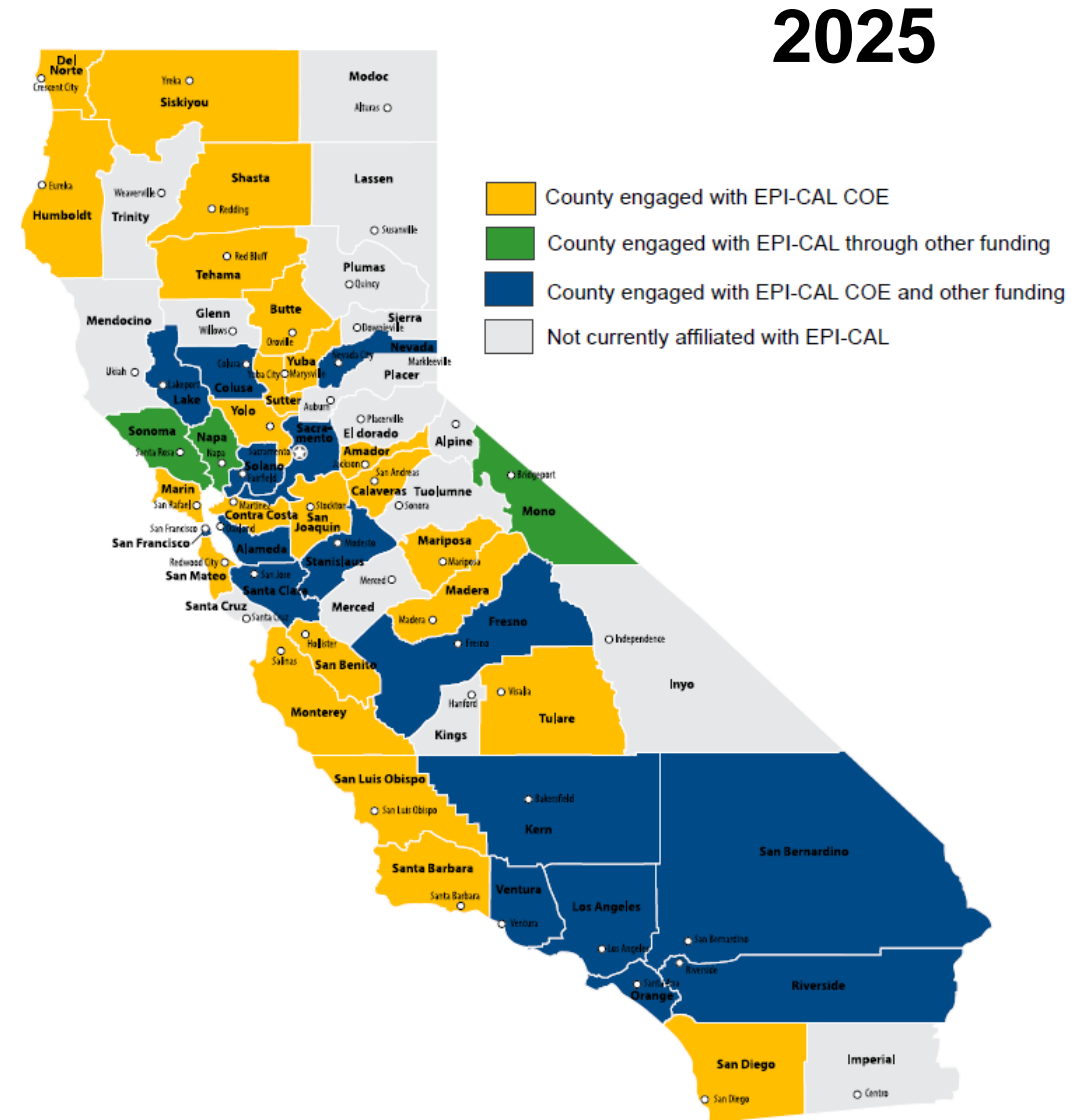
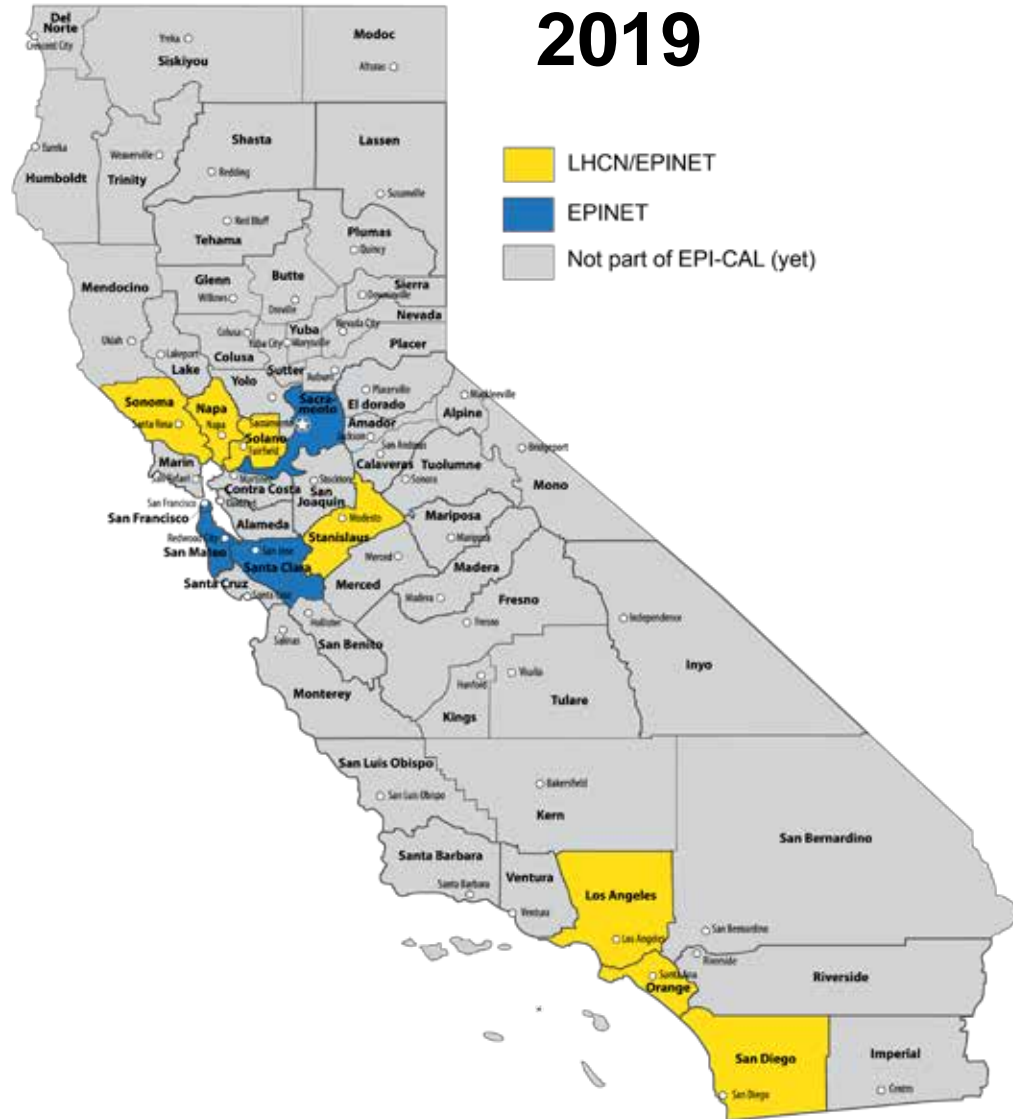
State Landscape: CSC for FEP in California (1 of 2)

- » Many counties in California already implement programs to support members experiencing their first psychotic episode. **BH-CONNECT builds upon work already underway in California** to expand access to evidence-based treatment for first episode psychosis.
- » **Behavioral Health Transformation Act (BHSA).** Under BHSA, county Early Intervention programs must also include a Coordinated Specialty Care for First Episode Psychosis (CSC for FEP) program beginning July 2026.
- » **SAMHSA Community Mental Health Services Block Grant (MHBG) Funding.** Over half of California counties have developed or are developing CSC for FEP programs. Most programs are currently funded using Mental Health Services Act (MHSA) and SAMHSA MHBG funds. Federal law requires SAMHSA to set aside 10 percent of the MHBG allocation for each state to support evidence-based programs for FEP. California allocates 11 percent of its MHBG allocation to support FEP.

State Landscape: CSC for FEP in California (2 of 2)

- » **Mental Health Services Oversight & Accountability Commission (MHSOAC).** AB 1315 established the Early Psychosis Intervention Plus (EPI Plus) Program. UC Davis was selected as a lead TA provider to support grantees in reaching full fidelity to the CSC model over four years. In 2020, MHSOAC awarded five EPI Plus Program grants totaling \$10M. In 2021, two additional grants were awarded.
- » **Role of EPI-CAL .** The California Early Psychosis Intervention Program ([EPI-CAL](#)), administered by UC Davis, is a learning health care network and training and technical assistance center for California's early psychosis programs. The EPI-CAL program has historically led efforts to support implementation of CSC for FEP programs across California and nationwide, spearheading several initiatives to provide training and technical assistance to county behavioral health departments.
 - Beginning in 2025, DHCS established EPI-CAL as the Center of Excellence for CSC to provide statewide training, technical assistance, and fidelity monitoring support to county behavioral health plans implementing CSC under BH-CONNECT and BHSA.
 - For more information about this free training and technical assistance opportunity for county behavioral health delivery systems and behavioral health practitioners, please visit the [COE Resource HUB](#) or email bhcoe.info@dhcs.ca.gov.

State Landscape: Growing EPI-CAL Programs



BH-CONNECT: Additional Components

- » **Access, Reform and Outcomes Incentive Program** rewards participating BHPs for demonstrating improved performance on key measures.
- » **Children and Youth Initiatives** strengthen family-based services and supports for children and youth living with significant behavioral health needs. Includes:
 - Clarification of coverage of evidence-based practices (EBPs) for children and youth
 - Activity Funds Initiative
 - Initial Joint Behavioral Health Visit
 - Aligning the Child and Adolescent Needs and Strengths (CANS) tool with the California Department of Social Services (CDSS)
- » **Workforce Initiative** will support the training, recruitment and retention of behavioral health practitioners to provide services across the continuum of care.
- » **Transitional Rent** - By January 1, 2026, DHCS will require all MCPs to offer this service for persons with significant behavioral health needs.

Questions and Discussion

Thank you!



Thank you!

Paula Wilhelm, MPP/MPH
Deputy Director, Behavioral Health
California Department of Health Care Services
paula.wilhelm@dhcs.ca.gov

