

Medi-Cal Transitional Rent

As of January 1, 2026, all Medi-Cal managed care plans are required to provide Transitional Rent to certain populations, pursuant to the BH-CONNECT initiative.¹ Transitional Rent provides up to six months of rental assistance to eligible individuals and is intended to complement other housing supports and Enhanced Care Management to provide holistic support for individuals experiencing or at risk of homelessness.² This issue brief reviews the service, eligibility criteria, authorization requirements, limitations, and implementation status of Transitional Rent.

Service Description

Transitional Rent provides up to six months of rental assistance in allowable settings, plus any storage fees, amenity fees, and landlord-paid utilities that are charged as part of the rent payment.³ The six months of rental assistance can be used all at once or at different times during the BH-CONNECT demonstration period (i.e., 2025–2029).⁴

Allowable settings include both permanent and interim settings. Permanent settings are those with a renewable lease agreement with a term of at least one month; interim settings are those where there is no lease agreement or the lease term is not renewable.⁵ Allowable permanent settings include single-family and multi-family homes, duplexes, apartments, mobile homes, accessory dwelling units (ADUs), shared housing, single room occupancy (SRO) units, tiny homes, recovery housing, and more.⁶ Allowable interim settings include SRO units, tiny homes, hotels or motels serving as primary residence, interim settings with a small number of individuals, transitional and recovery housing, and more.⁷ The availability of each setting type may differ by locality, but managed care plans must offer both permanent and interim settings and may not exclude coverage of any of the allowable settings outlined above.⁸

TIP: The member's housing setting may change while they are receiving Transitional Rent. For example, they may first move into an interim setting and then, after a few weeks, secure permanent housing. In this situation, rental payments should be redirected to the new housing. It is the responsibility of the Transitional Rent provider, in coordination with other relevant providers (e.g., Housing Deposits providers), to facilitate this transition.

Managed care plans do not provide rental payments directly to members or to landlords. Plans must contract with a network of Transitional Rent providers who will issue payments for housing or directly provide housing to members.⁹ This network may include county agencies (including behavioral health plans), affordable housing providers, supportive housing providers, providers of services for individuals experiencing homelessness, and others.¹⁰ Transitional Rent providers are responsible for identifying an appropriate housing location, ensuring it is habitable, assisting the member with their lease agreement, issuing timely payments, and coordinating with other supportive service providers what are assisting the member (e.g., providers of Housing Transition Navigation Services, Housing Deposits, Housing Tenancy Sustaining Services, Enhanced Care Management, or other health or social services).¹¹

Eligibility Criteria

Members are eligible for Transitional Rent if they meet **all three** of the following criteria:¹²

1. Clinical Risk Factor: The member must have one or more of the following qualifying clinical risk factors:

- Meet the access criteria for Specialty Mental Health Services (SMHS), Drug Medi-Cal (DMC), or DMC Organized Delivery System (DMC-ODS);¹³ ← Live
- Have a serious chronic physical health condition;¹⁴ ← To be phased in January 2027 or later
- Have a physical, intellectual, or developmental disability;¹⁵ or
- Be pregnant or up to 12 months postpartum.¹⁶ ← To be phased in January 2027 or later

Currently, only the first clinical risk factor (meeting the access criteria for SMHS, DMC, or DMC-ODS) is live. Individuals who have this clinical risk factor, and who meet the other two criteria for Transitional Rent, are known as the “Behavioral Health Population of Focus.” The remaining three clinical risk factors will launch no sooner than January 2027.¹⁷

AND

2. Social Risk Factor: The member must be experiencing or at risk of homelessness.¹⁸

For the purpose of Transitional Rent eligibility, “experiencing or at risk of homelessness” is defined by the U.S. Department of Housing and Urban Development (HUD) regulations at 24 C.F.R. § 91.5, with three modifications.¹⁹ First, if an individual is exiting an institution, they are considered homeless if they were homeless immediately prior to entering the institution or became homeless during their stay at the institution regardless of the length of stay. Second, the timeframe for an individual or family who will

imminently lose housing is extended from 14 days for individuals considered homeless and 21 days for individuals at risk of homelessness to 30 days. Finally, the requirement for individuals at risk of homelessness to have an annual income below 30 percent of the median family income for the area does not apply.²⁰

AND

3. Specified Population: The member must be a part of one or more of the following populations:

- **Individuals transitioning out of an institutional or congregate residential setting**, including a hospital, inpatient or residential substance use disorder or mental health treatment facility, or nursing facility.²¹
- **Individuals transitioning out of recuperative care or short-term post-hospitalization housing**, whether the stay was covered by Medi-Cal managed care or another source.²²
- **Individuals transitioning out of a carceral setting**, including a state prison, county jail, youth correctional facility, or other state, local, or federal penal setting where they have been in custody and held involuntarily by law enforcement.²³
- **Individuals transitioning out of interim housing**, including transitional housing, rapid rehousing, domestic violence shelters or housing, homeless shelters, or other interim housing, whether funded by federal, State, or local programs.²⁴
- **Individuals transitioning out of foster care**, meaning individuals up to age 26 who have transitioned out of child welfare on or after their 18th birthday in California or another state.²⁵
- **Individuals experiencing unsheltered homelessness**, meaning having a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground.²⁶
- **Individuals eligible for Full-Service Partnership (FSP)**, which is a comprehensive behavioral health program for individuals with significant mental health and/or substance use disorder needs who would benefit from intensive wraparound services.²⁷

TIP: Certain populations automatically meet the clinical risk factor criteria. For example, all FSP-eligible individuals meet the access criteria for SMHS, DMC, or DMC-ODS and thus will satisfy the clinical risk factor. Likewise, youth under age 21 transitioning out of foster care will automatically meet the SMHS access criteria and thus the clinical risk factor.

Authorization Requirements

In addition to the eligibility criteria, there are also a few authorization requirements that a member must satisfy in order for a managed care plan to approve Transitional Rent.

First, for transitioning populations, the individual must receive authorization **within six months of the transition event** (e.g., date of discharge or date of release).²⁸ Importantly, this requirement does not apply to individuals transitioning out of foster care, who may be authorized at any time between leaving foster care and their 26th birthday.²⁹ It also does not apply to individuals experiencing unsheltered homelessness or FSP-eligible individuals, who are not considered to be a “transitioning” population, and may be authorized at any time.³⁰ After authorization, the individual may use the benefit without redetermination for six months from the date of authorization.³¹

TIP: If a member’s eligibility changes within six months of their authorization, then they will not lose access to Transitional Rent. For example, if a former foster youth turns age 26 while they are receiving Transitional Rent, they will continue to receive the benefit through the originally authorized period.

Second, in order receive authorization for Transitional Rent, a member must have a **housing support plan** in place.³² The requirements for a housing support plan differ depending on whether the member is being placed in a permanent setting or interim setting.³³

For permanent settings, a comprehensive housing support plan is required.³⁴ Specifically, the housing plan should address the following major elements:

1. Identify the payment sources and mechanisms that will support the member after Transitional Rent is exhausted (e.g., the member’s income, Behavioral Health Service Act (BHSA) Housing Interventions, or other long-term subsidies);
2. Identify the full range of permanent housing supports that will support the member in sustaining tenancy (e.g., Housing Tenancy and Sustaining Services, Housing Deposits);
3. Be informed by the member’s preferences and needs;
4. Be based on a housing assessment; and
5. Be developed in a way that is culturally appropriate and trauma-informed.³⁵

For interim settings, a housing support plan should address the major elements identified above, “though it may be less complete, given that establishing trust, along with identifying a member’s housing strategy and solution, and payment sources and mechanisms can take time.”³⁶ If the member has not secured a HUD Housing Choice Voucher, permanent supportive

housing subsidy, or other long-term rental subsidy—which the State anticipates will be common among this population—then it is the responsibility of the managed care plan to "confirm that the member is BHSA-eligible and will be able to transition to BHSA Housing Interventions at the expiration of Transitional Rent."³⁷ Importantly, nearly all members who are currently eligible for Transitional Rent (i.e., those who meet the eligibility criteria for the Behavioral Health Population of Focus) will also be eligible for BHSA, as the criteria substantially similar.³⁸ Documentation of BHSA-eligibility "fulfills the requirement of the Member's housing solution in their housing support plan."³⁹

Finally, a member is not alone in creating a housing support plan. While they may develop the plan independently or with a provider of their choice, such as a care manager or social worker, they may also utilize Housing Transition Navigation Services (HTNS) to develop this plan. If a member is eligible for Transitional Rent, then they are also automatically eligible for HTNS.⁴⁰ A HTNS provider is responsible for conducting a housing assessment, developing a housing support plan with the member, and helping them find and secure housing, among other services.⁴¹ Though not required, many plans recommend accessing HTNS first, in order to expedite the process of Transitional Rent authorization.

TIP: If a member is authorized for Transitional Rent, then they are also automatically authorized for the "Housing Trio" of Community Supports—Housing Transition Navigation Services, Housing Deposits, and Housing Tenancy and Sustaining Services—as well as Enhanced Care Management.

Limitations

There are a few limitations to the Transitional Rent benefit. First, as previously mentioned, there is a **benefit maximum** of six months (or 182 days) of rental assistance available during the BH-CONNECT demonstration period, which runs through December 2029.⁴²

Second, there is a **global limit on room and board services**. A member can receive no more than six months of room-and-board services during a rolling 12-month period. This includes the sum of Short-Term Post-Hospitalization Housing, Recuperative Care, and Transitional Rent.⁴³

Third, there are **reimbursement ceilings for rental assistance** provided under the Transitional Rent benefit. The State will reimburse managed care plans the actual cost of rent or temporary housing paid to landlords or property owners up to a specified reimbursable ceiling.⁴⁴ These maximum reimbursable amounts were developed to reflect the cost of living in various settings across California.⁴⁵ The reimbursable ceilings are a monthly rate based on a

percentage of the HUD Small Area Fair Market Rents (SAFMR).⁴⁶ SAFMRs vary by zip code, housing type, and unit size, and they are updated by HUD annually.⁴⁷

For permanent settings, the monthly reimbursable ceilings for Transitional Rent are 82.5% of SAFMR for single room occupancy units, a prorated share of 110% of SAFMR for shared housing, and 110% of SAFMR for all other allowable permanent settings.⁴⁸ For interim settings, the monthly reimbursable ceilings for Transitional Rent are 150% of SAFMR for hotels/motels, a prorated share of 110% of SAFMR for shared rooms, and 110% of SAFMR for all other allowable interim settings.⁴⁹

Finally, Transitional Rent **cannot supplant** other state, local, or federally-funded housing programs.⁵⁰ For example, if an individual is already receiving housing through another program, then they cannot also receive Transitional Rent. The individual would need to be losing or at risk of losing that other housing to then access Transitional Rent.

Implementation Status

On January 1, 2026, Transitional Rent became mandatory for all managed care plans to offer to the Behavioral Health Population of Focus (POF).⁵¹ Plans may cover additional POFs (or, additional clinical risk factors, as described above); however, none have yet opted to do so. The expansion of Transitional Rent eligibility will become mandatory no sooner than January 1, 2027. The State has yet to announce the timeline or order of the rollout of this expansion.

ENDNOTES

¹ Cts. Medicare & Medicaid Servs., Special Terms and Conditions for California’s Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Section 1115 Demonstration, at 219 (Jan. 10, 2025),

<https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/ca-bh-connect-01102025.pdf> [hereinafter BH-CONNECT STCs].

² *Id.* at 243.

³ Cal. Dep’t Health Care Servs., Community Supports Policy Guide Volume 2, at 24 (Apr. 2025),

<https://www.dhcs.ca.gov/Documents/MCQMD/DHCS-Community-Supports-Policy-Guide-Volume-2.pdf> [hereinafter Community Supports Policy Guide Vol. 2].

⁴ *Id.*

⁵ *Id.* at 64.

⁶ *Id.* at 64–65.

⁷ *Id.* at 65.

⁸ *Id.*

⁹ *Id.* at 67–69.

¹⁰ *Id.* at 67–68.

¹¹ *Id.* at 67.

¹² *Id.* at 57–60.

¹³ *Id.* at 58. For the SMHS access criteria, see Cal. Dep’t Health Care Servs., Behavioral Health Information Notice No. 26-002 (Jan. 20, 2026),

<https://www.dhcs.ca.gov/Documents/BHIN-21-073-Criteria-for-Beneficiary-to-Specialty-MHS-Medical-Necessity-and-Other-Coverage-Req.pdf>. For the DMC access criteria, see Cal. Dep’t

Health Care Servs., Behavioral Health Information Notice No. 21-071

at 3 (Dec. 3, 2021), [https://www.dhcs.ca.gov/Documents/BHIN-21-071-Medical-Necessity-](https://www.dhcs.ca.gov/Documents/BHIN-21-071-Medical-Necessity-Determination-Level-of-Care-Determination-Requirements.pdf)

[Determination-Level-of-Care-Determination-Requirements.pdf](https://www.dhcs.ca.gov/Documents/BHIN-21-071-Medical-Necessity-Determination-Level-of-Care-Determination-Requirements.pdf). For the DMC-ODS access criteria, see Cal. Dep’t Health Care Servs., Behavioral Health Information Notice No. 24-001 (Dec. 21, 2023),

<https://www.dhcs.ca.gov/Documents/BHIN-24-001-DMC-ODS-Requirements-for-the-Period-of-2022-2026.pdf>.

¹⁴ Community Supports Policy Guide Vol. 2, *supra* note 3, at 58. Examples of serious chronic physical health conditions include, but are not limited to hypertension, rheumatoid arthritis, diabetes, chronic kidney disease, anemia, chronic obstructive pulmonary disease, hyperlipidemia, and asthma. *Id.* at 58 n. 87.

¹⁵ *Id.* at 58.

¹⁶ *Id.* at 58.

¹⁷ *Id.* at 61–62; BH-CONNECT STCs, *supra* note 1, at 219.

¹⁸ Community Supports Policy Guide Vol. 2, *supra* note 3, at 58.

¹⁹ *Id.* at 58 n. 88.

²⁰ *Id.* at 114 (Appendix C: Definition of Experiencing or at Risk of Homelessness).

²¹ *Id.* at 58.

²² *Id.* at 59.

²³ *Id.* at 58–59.

²⁴ *Id.* at 59.

²⁵ *Id.* “Members transitioning out of foster care on or after their 18th birthday are eligible to receive Transitional Rent, assuming satisfaction of the other eligibility requirements, until their 26th birthday and may be authorized at any time during this window. For six months from the date of authorization, the Member may use the Transitional Rent benefit without a redetermination of eligibility.” *Id.* at 60.

²⁶ *Id.* See 24 C.F.R. § 91.5 (HUD “homeless” definition, subparagraph (1)(i)).

²⁷ Community Supports Policy Guide Vol. 2, *supra* note 3, at 59–60. “Note that all FSP-eligible Members will meet the clinical risk factor criteria because all FSP-eligible Members meet the access criteria for SMHS, DMC, or DMC-ODS.” *Id.* at 60 n. 95.

²⁸ *Id.* at 60.

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.*

³² *Id.* at 72–73.

³³ *Id.* Permanent settings are those with a renewable lease agreement with a term of at least one month; interim settings are those where there is no lease agreement or the lease term is not renewable. *Id.* at 64.

³⁴ *Id.* at 73.

³⁵ *Id.* at 18.

³⁶ *Id.* at 19 (emphasis added).

³⁷ *Id.* at 74.

³⁸ *Id.* at 74 n. 120.

³⁹ *Id.* at 19.

⁴⁰ *Id.* at 27, 69.

⁴¹ *Id.* at 25–27.

⁴² *Id.* at 63.

⁴³ *Id.* at 13–15, 63.

⁴⁴ Cal. Dep’t Health Care Servs., Transitional Rent Payment Methodology (Oct. 2025), at 3, <https://www.dhcs.ca.gov/services/Documents/DirectedPymts/Transitional-Rent-Payment-Methodology.pdf> [hereinafter Transitional Rent Payment Methodology].

⁴⁵ *Id.* at 1.

⁴⁶ *Id.* at 3.

⁴⁷ *Id.*; see U.S. Dep't Housing & Urban Dev., Fiscal Year 2026 SAFMR Lookup System, https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2026_code/select_geography_sa.odn.

⁴⁸ Transitional Rent Payment Methodology, *supra* note 44, at 6.

⁴⁹ *Id.* at 6–7.

⁵⁰ Community Supports Policy Guide Vol. 2, *supra* note 3, at 8.

⁵¹ BH-CONNECT STCs, *supra* note 1, at 219.