

National Context for CalAIM Renewal

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Center for Health Care Strategies

Dedicated to strengthening the U.S. health care system to ensure better, more equitable outcomes, particularly for people served by Medicaid.

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Effective models for prevention and care delivery that harness the field's best thinking and practices to meet critical needs.



Efficient solutions for policies and programs that extend the finite resources available to improve the delivery of vital services and ensure that payment is tied to value.



Equitable outcomes for people that improve the overall well-being of populations facing the greatest needs and health disparities.



Agenda

- Overview of existing Enhanced Care Management (ECM) and Community Supports authorities
- Other state approaches for covering similar services
- Evidence on ECM and Community Supports impact on health and cost outcomes
- Summary of recent federal changes on health-related social needs
- Next steps for CalAIM renewal

Overview of ECM and Community Supports Authorities

- 1915(b) waiver authorizes Medi-Cal managed care program
 - 12 of 15 Community Supports initially authorized as *in lieu of* services (ILOS) under 1915(b)
 - ILOS is now a permanent option for state Medicaid programs (recent [guidance](#) and [regulations](#))
 - [July 2025 concept paper](#): “Community Supports covered as ILOS are not dependent on DHCS’ current CalAIM Section 1115 or 1915(b) waiver approvals.”
 - Enhanced care management (ECM) initially authorized under 1915(b)
 - [Concept Paper](#): “ECM is authorized under federal Medicaid managed care regulations as part of the care coordination and continuity of care responsibilities of MCPs. No Section 1115 or 1915(b) authority is needed for California to operate ECM.”
- 1115 waivers used to test innovations in Medicaid
 - Authorizes 2 Community Supports (Recuperative Care and Post-Hospitalization Short Term Housing) under CalAIM, as well as 1 Community Support (Transitional Rent) under BH-CONNECT
 - Includes array of other CalAIM initiatives

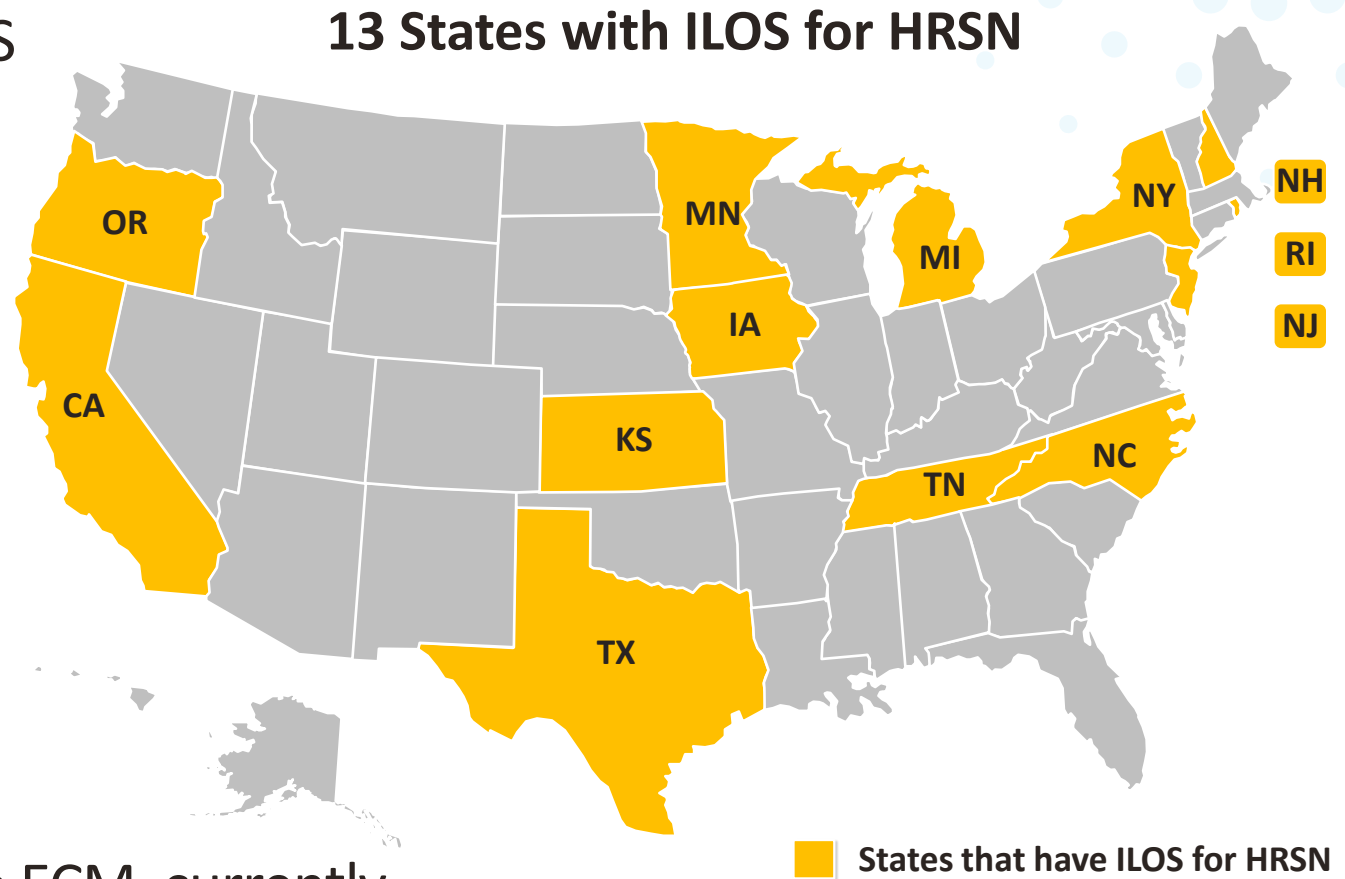
Existing Authorizations for Community Supports

Housing-Related	Other
Housing Tenancy and Sustaining Services	Respite Services
Housing Deposits	Assisted Living Facilities
Housing Transition Navigation Services	Community or Home Transition Services
Day Habilitation Programs	Personal Care and Homemaker Services
Recuperative Care (Medical Respite)	Environmental Accessibility Adaptations
Short-Term Post-Hospitalization Housing	Medically Tailored Meals/Medically Supportive Food
Transitional Rent	Sobering Centers
	Asthma Remediation

Authorization
Section 1915(b) as MCP ILOS
Section 1115
BH-CONNECT 1115 (through Dec. 2029)

How Other States Cover Similar Services

- Most Community Supports covered as ILOS
 - 35 states have authorized ILOS, including 13 for health-related social needs (HRSN)
 - These services also covered by range of states via various mechanisms (1115, 1915(i), SPA)
- The 2 Community Supports covered by 1115 waiver are covered by other states
 - Recuperative care: Covered by [12 states](#) through 1115 or SPA
 - Short-term post-hospitalization housing: Covered by [4 states](#) through 1115
- Health Home SPAs cover services similar to ECM, currently in [19 states and DC](#)



Evidence on Health and Cost Outcomes

- ECM: Based on [Health Homes Program](#) and [Whole Person Care pilots](#), which both showed reduced emergency department (ED) visits, hospitalizations, and Medi-Cal costs
- ILOS Community Supports: According to [DHCS Year 3 Annual Report](#), all 12 associated with reduced avoidable utilization of services such as ED visits — 9 already cost-effective
 - Use of one of “Housing Trio” associated with 24% reduction in inpatient utilization, and increase in outpatient medical care and mental health services
 - Among the subset of 3 Community Supports designed to prevent or delay need for long-term facility care, early analysis showed reduction of approx. \$8,600 PMPM in long-term services
- Related national evidence: [Independent evaluation](#) of NC Healthy Opportunity Pilots found \$85 PMPM reduction in overall health care expenditures, relative to what would have occurred in absence of pilots

Recent Changes to Federal Policy

- The Trump Administration published a Center for Medicaid and CHIP Services Informational Bulletin (CIB) on [Rescission of Guidance on Health-Related Social Needs](#) on March 4, 2025, rescinding 2 existing CIBs ([Nov. 16, 2023](#) and [Dec. 10, 2024](#)) and a [corresponding “HRSN Framework”](#)
- The March 2025 CIB states: *“CMS will consider states’ applications to cover these services and supports on a case-by-case basis to determine whether they satisfy federal requirements for approval under the applicable provisions of the Social Security Act and implementing federal regulations...”*
- The email accompanying the March 2025 CIB states: *“Rescinding this guidance does not negate existing approvals.”*

Recent Changes to Federal Policy

- In a letter to states with the subject [Section 1115 Demonstration Authority for Workforce Initiatives](#) on July 17, 2025, CMS stated:
 - *“CMS does not anticipate approving new state proposals for section 1115 demonstration projects for workforce initiatives or extending existing section 1115 demonstration expenditure authority for workforce initiatives at this time. CMS will allow currently approved initiatives to run their course, but does not anticipate extending them further. Going forward, CMS is focused on supporting actions that demonstrate clear health benefits, cost savings, and strong accountability for federal spending. This reflects a recalibrated approach that reinforces statutory boundaries, enhances oversight, and ensures taxpayer-funded benefits go only to those who meet eligibility requirements so that we can prioritize funding for our most vulnerable citizens.”*

Impact of Federal Changes on CalAIM

- **March 2025 CIB's impact on CalAIM waiver**

- Existing Waiver: No changes
- Waiver Renewal: "CMS will consider" HRSN provisions in future waiver negotiations "on a case-by-case basis"

- **No changes to ILOS provided through CalAIM**

- [Concept paper](#): *"Community Supports covered as ILOS are not dependent on DHCS' current CalAIM Section 1115 or 1915(b) waiver approvals."*

- **No changes to ECM**

- [Concept Paper](#): *"No Section 1115 or 1915(b) authority is needed for California to operate ECM."*

- **Remaining questions:**

- How will the 2025 federal budget reconciliation (H.R. 1) be implemented and how will states be impacted?
- Will future guidance be issued between now and waiver renewal?
- Consideration of current federal priorities