



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Submitted on:
(COB Stamp)

Department Name: Behavioral Wellness
Department No.: 043
Agenda Date: February 24, 2026
Placement: Departmental Agenda
Estimated Time: 30 Minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Antonette Navarro, LMFT, Director Behavioral Wellness
Contact Info: Jamie Huthsing, LMFT, Assistant Director of Compliance and Quality Care Management, Behavioral Wellness
SUBJECT: Presentation of California Department of Health Care Services Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Initiative

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- a) Receive and file a presentation on the California Department of Health Care Services Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Initiative optional components;
- b) Provide direction to staff as appropriate; and
- c) Determine that the above recommended action is not a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(4) and (b)(5), finding that the actions are governmental funding mechanisms and/or administrative or fiscal activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

This item provides a presentation of the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Initiative. The presentation outlines the components of the BH-CONNECT initiative that may support effective BWell System of Care operations: 1) Evidence-Based Practices; 2) Access, Reform and Outcomes Incentive Program; 3) Mental Health

Institute Mental Disease Federal Financial Participation Program (IMDFFP); and 4) Community Transition In-Reach Services. This initiative gives authority to the Director of County Behavioral Health to opt-in to those components that will further strengthen the County's Behavioral Health System while remaining fiscally and programmatically beneficial for optimum client care. At this time BWell has opted-in to one of the Evidence-Based Practices and the Access, Reform, and Outcomes Incentive Program and is not opting-in to the Mental Health IMDFFP Program or Community Transition In-Reach Services. BWell has made the decision to opt-in or not based on fiscal and programmatic analysis of each component.

Discussion:

The BH-CONNECT Initiative is designed to provide flexibility in programming that may strengthen and increase access to the continuum of community-based behavioral health services for Medi-Cal members living with significant behavioral health needs. BH-CONNECT is part of a five-year Medicaid Section 1115 Demonstration that went into effect January 1, 2025. BH-CONNECT objectives include reducing reliance on facility-based care and strengthening community support and bridging service gaps to build a robust continuum of care for members living with significant behavioral health needs.

County Behavioral Health Plans (BHPs) can opt-in to the following components of BH-CONNECT:

- Evidence-Based Practices (EBP)
 - EBPs provide support to adult Medi-Cal members living with significant behavioral health needs. There are 4 specific EBPs in this component including Assertive Community Treatment and Forensic Assertive Community Treatment (ACT/FACT), Coordinated Specialty Care Services for First Episode Psychosis, Individual Placement and Supportive Services for Employment (IPS), and the Clubhouse Model. BWell has opted in to IPS.
- Access, Reform and Outcomes Incentive Program
 - Access, Reform and Outcomes Incentive Program rewards behavioral health plans for demonstrating improvement in access to behavioral health services and outcomes among Medi-Cal members living with significant behavioral health needs. BWell has opted-in to this component as it is fiscally beneficial for the system of care.
- Mental Health Institute for Mental Disease Federal Financial Participation Program (IMDFFP)
 - Mental Health IMDFFP Program allows for behavioral health plans to receive Federal Financial Participation for mental health services provided during short-term stays in IMDs. Opting-in to this component requires that all of the programs in the EBP component be implemented. Fiscal analysis of opting-in to the IMDFFP program projects significant negative fiscal impact .
- Community Transition In-Reach Services
 - Community Transition In-Reach Services will support adults, age 21 and older, who meet the access criteria for specialty mental health services, and who are experiencing or at-risk for long-term stays in institutional settings in returning to the community. The department is still assessing whether or not to opt-in to this component.

The intent of these Initiatives is to expand options that may help to strengthen the continuum of community based behavioral health services and improve health outcomes for Medi-Cal members with complex and significant behavioral health conditions. These initiatives are designed to shorten

lengths of stay in institutional settings, reduce the need for care in institutional settings, homelessness and incarceration, as well as support transition to community-based care settings and community reintegration. The initiatives aim to reduce utilization of acute care or crisis related services following stable transition to a community-based care setting.

Attached to each of the BHCONNECT components are varied and specific requirements that must be met, in order to implement them. Because of the prescriptive nature of the BHCONNECT components, including how and by whom services are provided and reimbursed, not all components have been determined to be fiscally or operationally beneficial.

The BH CONNECT PowerPoint will be presented to the Behavioral Wellness Commission at the Wednesday, February 18, 2026 meeting. Director Navarro will verbally provide the relevant feedback to the Board of Supervisors from the Commission.

Background:

In October 2023, the California Department of Health Care Services (DHCS) submitted to the Centers for Medicare & Medicaid Services (CMS), the BH-CONNECT demonstration application to further strengthen the continuum of care for Medi-Cal members with significant behavioral health conditions.

BH-CONNECT is part of a five-year Medicaid Section 1115 Demonstration that went into effect January 1, 2025. BH-CONNECT objectives include reducing reliance on facility-based care and strengthening community support and bridging service gaps to build a robust continuum of care for members living with significant behavioral health needs.

In addition to the BH-CONNECT Opt-In Components, BH-CONNECT also clarifies program requirements for EBP to serve children and youth that are already mandated under Early and Periodic Screening, Diagnostic, and Treatment Benefit (EPSDT).

The opt-in components of BH-CONNECT have a rolling opt-in timeline that continues through 2029 when the waiver expires. BWell has opted into the Access, Reform, and Outcomes Incentive Program component, as it provides the opportunity for BWell to gain access to incentive funds up to \$30 million over 5 years. This component is a continuation of the CalAIM Behavioral Health Quality Improvement Program (BHQIP) incentive, in which BWell demonstrated success. The EBP component of BH-CONNECT intersects with Proposition 1 Behavioral Health Services Act (BHSA) implementation which now requires Behavioral Health Plans to implement several of the BH-CONNECT EBPs as of July 1, 2026. The key difference between BH-CONNECT and BHSA implementation of the EBPs is how they are reimbursed. Under BH-CONNECT reimbursement is a bundled rate, where multiple services are bundled together and paid at a single rate. In contrast, under BHSA, services are reimbursed using the Fee-For-Service model of payment, where payment is made for each individual service provided. After fiscal and programmatic analysis, BWell has to-date opted into one of the EBPs under BH-CONNECT. The remaining EBP's and the IMDFFP components have not been determined to be fiscally viable.

Budget analysis of the ACT/FACT and IMDFFP options indicates, conservatively, negative revenue impact of approximately 3 million dollars per year. Given the complex collaborative requirements of the Community Transition In-Reach Services component, the department continues its analysis of the operational and financial benefits and may opt-in at a later date.

BWell now requests the Board of Supervisors to receive and file the presentation of the BH-CONNECT Implementation.

Fiscal and Facilities Impacts:

Budgeted: N/A

Fiscal Impact:

Fiscal analysis of the BH-CONNECT Mental Health IMDFFP Waiver exclusion component demonstrates a potential negative fiscal impact to the department of \$2 million, conservatively. If BWell opts-in to the Mental Health IMDFFP Waiver, it triggers required participation in all of the EBPs which would result in a larger negative impact. Specifically, fiscal analysis of all of the EBPs project an overall negative fiscal impact of an additional \$1 million per year, approximately.

By not opting-in to the Mental Health IMDFFP Waiver, BWell can individually select EBPs that are most fiscally and clinically advantageous. BWell has chosen not to opt-in to the ACT/FACT on its own, as analysis projects a fiscal revenue deficit of approximately \$1 million annually. In contrast, BWell has opted-in to IPS because the bundled rate provides reimbursement significantly higher than what may be billed under the BHSA.

Programmatic and fiscal analysis is ongoing for the Community Transition In-Reach component of BH-CONNECT.

Special Instructions:

Please return one (1) minute order to Sara Hernandez at sahernandez@sbcbswell.org and bwellcontractsstaff@sbcbswell.org.

Attachments:

Attachment A – Behavioral Health CONNECT and 1115 Waiver 2025-2029 Demonstration Power Point Presentation

Authored by:

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