

Association of Bay Area Governments

Executive Board

May 15, 2025

Agenda Item 8.b.

Assembly Bill 804 (Wicks): Medi-Cal Housing Support Services

Subject:

Adds housing support services as a new Medi-Cal benefit for enrollees experiencing homelessness or at risk of becoming homeless to stabilize their housing situation.

Background:

Assembly Bill (AB) 804 requires the California Department of Health Care Services (DHCS) to apply for federal approval of a Medi-Cal benefit called “housing support services” for enrollees experiencing homelessness or at risk of homelessness. Under federal law, if the U.S. Department of Health and Human Services approves the benefit, the federal government would cover 90 percent of the cost with the state providing a 10 percent match. The requirement is conditioned on the Legislature appropriating funds for the state match.

Housing support services focus on increasing recipients’ housing stability, preventing homelessness and the high usage of expensive medical services that result from housing instability. As defined in the bill, services could include help finding appropriate housing, grants for move-in expenses, assistance with finding and keeping a job and similar services. Assistance may be provided as part of the more extensive services offered in supportive housing communities.

Under a current demonstration project, all Medi-Cal Managed Care plans have chosen to offer housing support services to their enrollees. AB 804 would shift the benefit from an optional to a mandatory covered benefit, if the federal government approves and the state funds the match.

AB 804 is co-sponsored by the Corporation for Supportive Housing, Housing California and Western Center on Law and Poverty. Bay Area supporters include All Home, Bay Area Legal Aid, City and County of San Francisco, and EAH Housing.

Recommended Action:

Support / ABAG Executive Board Approval

Discussion:

AB 804 is an opportunity to secure a stable revenue source for essential services in supportive housing. Supportive housing combines affordable housing with intensive case management and other services that help people facing complex health and other challenges escape homelessness and remain housed. Decades of research have shown it is highly effective at ending homelessness and often less expensive than the revolving door of emergency rooms, hospital admissions and other costs associated with unsheltered homelessness.

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Services are one component of the three-legged stool that makes supportive housing development possible. The other two - capital funding and operating dollars - can be paid for with one-time funding sources like bonds. Reliable funding for services, however, is scarce - as city, county and housing authority staff emphasized at a Bay Area Housing Finance Authority (BAHFA) convening on supportive housing held in 2023.

BAHFA's Business Plan and Equity Framework highlights the region's paucity of supportive housing, details the significant overrepresentation of Black Bay Area residents among people experiencing homelessness, and outlines the roles BAHFA could play in spurring equitable, supportive housing development if sufficient non-BAHFA funding for services can be identified.

MTC and ABAG supported 2023 legislation substantially similar to this measure, AB 1085 (Maienschein). Governor Newsom vetoed AB 1085, saying new Medi-Cal benefits should be considered as part of the annual budget process. In response, the sponsors of AB 804 have submitted a companion budget request for Fiscal Year 2025-26 and subsequent years.

Known Positions:

See Attachment A

Attachments:

Attachment A: Assembly Bill 804 (Wicks): Known Positions

Reviewed:



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