



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Erik L. Soliván  
Jim Shannon

**SUBJECT:** See Below

**DATE:** March 30, 2026

Approved

Date:

4/7/26

**COUNCIL DISTRICT:** Citywide

**SUBJECT: Providing Access and Transforming Health Capacity and Infrastructure Transition, Expansion, and Development Intergovernmental Transfer Grant Funding for California Advancing and Innovating Medi-Cal Readiness and Implementation**

## RECOMMENDATION

- (a) Adopt a resolution authorizing the Housing Director, or his designee, to:
- (1) Accept the Providing Access and Transforming Health Capacity and Infrastructure Transition, Expansion, and Development Intergovernmental Transfer (PATH CITED) grant in the amount of \$1,323,036 in federal funding to support California Advancing and Innovating Medi-Cal readiness and implementation within the City's homelessness response system; and
  - (2) Commit the required City match of \$1,323,037, consistent with grant requirements, to support these California Advancing and Innovating Medi-Cal readiness and implementation activities, including workflow development, billing readiness, and coordination across Emergency Interim Housing operations.
- (b) Adopt the following 2025-2026 Appropriation Ordinance and Funding Sources Resolution amendments in the Multi-Source Housing Fund:
- (1) Increase the estimate for Revenue from Federal Government by \$600,000;
  - (2) Establish the PATH CITED Grant appropriation to the Housing Department in the amount of \$1,200,000; and
  - (3) Decrease the Ending Fund Balance by \$600,000.

## **SUMMARY AND OUTCOME**

California Advancing and Innovating Medi-Cal (CalAIM) implementation represents a strategic opportunity to strengthen care coordination for individuals experiencing homelessness while advancing long-term fiscal sustainability within the City of San José's (City) interim housing system. Through CalAIM, eligible Medi-Cal members can access *Community Supports*, services that address health-related social needs that managed care plans can cover in lieu of more costly care (e.g., hospitalizations), including certain housing-related supports (e.g., housing navigation, tenancy-sustaining services, and day habilitation).

To align intent with measurable impact, the City will launch an Emergency Interim Housing (EIH) pilot to support implementation of CalAIM services in a site-based service environment. The pilot will establish clear, scalable workflows for identifying eligible participants, connecting them to *Community Supports* through managed care plan partners, and meeting documentation and billing requirements. The near-term outcome is defined roles, coordinated documentation, and clarified reimbursement pathways in partnership with the County of Santa Clara (County) and managed care plans, resulting in increased reimbursable service delivery.

## **BACKGROUND**

CalAIM is a statewide Medi-Cal transformation intended to better coordinate care for people with complex needs, including people experiencing homelessness, by expanding access to *Community Supports* delivered through Medi-Cal managed care plans.

At the regional level, the City has emphasized the importance of aligning with the County and the County's Office of Supportive Housing to advance CalAIM *Community Supports* in ways that strengthen interim housing operations, support behavioral health coordination, and improve the sustainability of the interim housing system. This work is also a City priority under the Fiscal Year 2025-2026 *Reducing Unsheltered Homelessness Focus Area* (Problem Area 2: Sustainable Funding, Goal 2.2).<sup>1,2</sup> In addition, in an October 21, 2025 memorandum to the County Board of Supervisors titled "Addressing Homelessness through Behavioral Health Coordination," the County identified expanding CalAIM *Community Supports* in partnership with the City as a strategy to help offset interim housing and congregate shelter costs and strengthen County-City collaboration on shared interim housing solutions. The memorandum also

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<sup>1</sup> Fiscal Year 2025-2026 Reducing Unsheltered Homelessness Focus Area Scorecard (v2.0): <https://www.sanjoseca.gov/home/showpublisheddocument/125106/638949303479000000>

<sup>2</sup> The staff recommendation in this memorandum aligns with prior direction from the Mayor and City Council, including the Fiscal Year 2022-2023, 2024-2025, and 2025-2026 Mayor's March Budget Messages, and the Fiscal Year 2023-2024 Emergency Interim Housing Report prepared by Homebase.

notes that the County had initiated implementation activities and that projected potential benefits could include up to \$5 million in administrative cost savings and as much as up to \$2 million in ongoing annual offsets to City shelter expenditures, while broader net Medi-Cal revenue projections were still being determined.<sup>3</sup>

Consistent with this regional direction, the City's CalAIM work is being operationalized across City EIH settings. The City's role is primarily planning-focused, building the practical workflows, staffing touchpoints, and site-based processes that enable eligible participants to connect to *Community Supports* providers and support the documentation needed for billing, while recognizing that managed care plans and County partners play central roles in *Community Supports* delivery and program operations. The City and County remain committed to aligning efforts to streamline CalAIM program implementation and minimize duplication of administrative functions.

In parallel, the City is advancing alignment with the County's Coordinated Entry system as the referral mechanism into interim housing. As this synchronization progresses, both agencies must ensure that placements (referrals) and on-site operations (service delivery, documentation, and billing workflows) function together consistently, particularly clarifying "who bills for what" once a participant is residing at an EIH site and receiving services.

To support this work, the City has secured a PATH CITED grant of \$1,323,036 in federal funding, and the City is requested to provide a required match of \$1,323,037, for a total program funding amount of \$2,646,073. These funds support readiness, workflow development, and implementation coordination, reflecting the City's commitment to operationalizing CalAIM within its interim housing system.

## **ANALYSIS**

To advance CalAIM implementation, the City is launching an initial operational pilot focused on three EIH sites: Cerone, Cherry, and Evans Lane, where the City will implement site-based workflows for connecting eligible participants to *Community Supports*.

This pilot is designed to test practical, day-to-day workflows that connect eligible individuals experiencing homelessness to *Community Supports*. The goal is to build a scalable model that can expand across the shelter system as roles, payer requirements, and billing processes are finalized with the County and managed care plan partners. Across the pilot sites, the City will use an "access through engagement" approach that leverages existing touchpoints to help individuals enroll in Medi-Cal, connect to

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<sup>3</sup> "Addressing Homelessness through Behavioral Health Coordination," Oct 21, 2025 (Item #10, page 141)  
<https://sccgov.igam2.com/Citizens/FileOpen.aspx?Type=1&ID=15280&Inline=True>

*Community Supports*, and maintain service continuity. The City's focus is on ensuring that operational processes are clear, workable, and sustainable within current staffing structures.

This effort continues to align with the County's Coordinated Entry system. Coordinated Entry will be the primary referral pathway into interim housing. CalAIM implementation focuses on what occurs after placement, ensuring that once an individual is engaged in shelter, there are clear pathways to healthcare and supportive services. A separate memorandum addressing Coordinated Entry will be brought to the City Council later this spring.

### **Emergency Interim Housing Pilot**

The EIH pilot provides a structured environment to test consistent workflows. The City will focus on ensuring that CalAIM-related processes can operate alongside daily shelter operations without disruption.

Key implementation areas include:

- Confirming Medi-Cal enrollment for eligible EIH participants;
- Establishing clear referral and handoff processes once services are initiated;
- Clarifying roles among shelter operators, the County, managed care plans, and service providers;
- Implementing documentation practices that are manageable within shelter operations; and
- Maintaining service continuity when participants transition from EIH into permanent housing or other appropriate placements.

Because authorization and billing processes are still being discussed with partners, the pilot is intentionally designed to be flexible and scalable.

### **Billing Responsibility and "Who Bills for What"**

As noted above, Coordinated Entry will serve as the region's referral mechanism into interim housing. Once an individual is placed, CalAIM implementation shifts to operational considerations, including Medi-Cal enrollment status, service delivery arrangements, documentation standards, and billing responsibilities. Many of these elements are governed by managed care plan requirements and by the entities authorized to deliver and bill for services.

Managed care plans are health insurance models that contract with networks of physicians, hospitals, and other providers to deliver services at negotiated rates, while

actively managing cost, quality, and access. As a result, billing authority and reimbursement rules are defined by plan requirements and provider eligibility.

For EIH, this distinction is particularly important because services may be delivered on-site while a participant is living in a City-operated interim housing setting.

To ensure consistency across pilot sites, the City will coordinate with the County and service partners to establish a clear, shared understanding of roles and billing responsibilities. This coordination will focus on:

- Clarifying which entity is responsible for billing specific *Community Supports* activities;
- Ensuring EIH sites can support required documentation and verification processes; and
- Defining how transitions and common exceptions will be handled, including Medi-Cal enrollment changes, documentation gaps, and mid-service plan changes.

Establishing this clarity is essential to standardizing workflows across pilot sites and ensuring that CalAIM implementation is consistent, measurable, and scalable.

### **Data and Workflow Approach**

To move quickly while reducing early technical and governance complexity, the City's current direction is to implement structured, manual workflows that include documentation and billing support in two separate systems during the pilot phase. This approach reflects a practical reality: early success depends more on having clear operating routines and partner handoffs than on building new technical integrations.

During this period, staff will rely on standardized, structured processes (for example, agreed-upon forms, checklists, and routine reporting) that can be implemented rapidly and refined based on what works on-site. Because the two systems used during the pilot serve different operational and reporting purposes, staff will enter information into both systems during the pilot period rather than relying on system integration at launch. As implementation matures, the City may evaluate longer-term interoperability options after the pilot period. Any future decision about whether to pursue system integration will be informed by pilot results and operational experience.

### **Implementation Timeline**

Implementing CalAIM workflows across interim housing sites typically takes 12 to 18 months in a government setting, particularly when it involves systems change, multi-agency coordination, credentialing, and alignment with managed care plan requirements. The City is advancing this work on an expedited track given its priority

under the *Reducing Unsheltered Homelessness* Focus Area Scorecard (Problem Area 2.0: Sustainable Funding) and the need to establish durable funding pathways. Upon acceptance of this memorandum, staff will continue readiness activities with partners, including coordination with Full Circle Health Network to support technical guidance and managed care plan engagement. For the EIH pilot, staff will also work closely with interim housing operators and service providers to ensure that site-level workflows, staffing, and documentation practices can be implemented effectively on the provider side. The target timeline is to launch the pilot in 2026, with the goal of making operational implementation progress by the end of this calendar year.

CalAIM implementation is a critical opportunity to strengthen service coordination while advancing long-term funding sustainability for the City's homelessness response system. By using PATH CITED resources to support readiness work and aligning closely with the County on roles, billing responsibilities, and operational workflows, the City can stand up a practical, scalable approach across EIH sites. While implementation requires careful coordination across multiple partners, this effort is an important step toward reducing reliance on one-time funding, improving system performance, and sustaining progress on reducing unsheltered homelessness in San José.

## **EVALUATION AND FOLLOW-UP**

No additional follow-up action with the City Council is expected at this time.

## **FISCAL IMPACTS**

The actions recommended in this memorandum will authorize the Housing Department to accept and administer approximately \$1.3 million in PATH CITED grant funds, which require a dollar-for-dollar City match, resulting in a total program allocation of approximately \$2.6 million in 2026. Staff estimates that \$1.2 million of the total program allocation will be expended in 2025-2026, resulting in reimbursements of \$600,000. The remaining program allocation of approximately \$1.4 million, offset by reimbursements of \$723,036 will be included in the development of the 2026-2027 Proposed Operating Budget to support eligible activities through the end of calendar year 2026. All grant funds and matching funds will be appropriated and encumbered in the Multi-Source Housing Fund.

A key objective of this work is to strengthen service integration while supporting longer-term funding sustainability of interim housing and related operations. Because actual Medi-Cal reimbursements will depend on finalized service configurations, eligibility assumptions, contracting arrangements, and billing performance, future budgetary savings for EIH operations remain uncertain and will be refined as pilot implementation

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progresses. However, over time, this work is expected to help offset interim housing operating costs, expand eligible service capacity, and reduce reliance on the General Fund as Medi-Cal enrollment and billing maturity increase.

PATH CITED grant funding supports readiness activities that help the City implement the EIH pilot described above, particularly workflow development, billing readiness supports, and implementation coordination.

**BUDGET REFERENCE**

The table below identifies the fund and appropriations recommended to support the actions included in this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Rec. Budget Action	2025-2026 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
448	R110	Revenue from Federal Government	\$3,190,802	\$600,000	1015	10/21/2025 25-356
448	NEW	PATH CITED Grant	N/A	\$1,200,000	N/A	N/A
448	8999	Ending Fund Balance	\$26,229,993	(\$600,000)	1015	2/10/2026 31308

**COORDINATION**

This memorandum was coordinated with the City Attorney's Office.

**PUBLIC OUTREACH**

This memorandum will be posted on the City Council Agenda website for the April 21, 2026 City Council meeting.

**BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT**

No board, commission, or committee recommendation or input is associated with this action.

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**CEQA**

Mitigated Negative Declaration for the Emergency Interim Housing Programs Project and Addenda thereto, adopted October 24, 2023 (Resolution No. RES2023-380), File No. ER22-198.

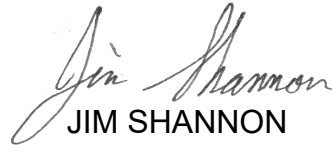
**PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/  
ERIK L. SOLIVÁN  
Director, Housing Department

  
JIM SHANNON  
Budget Director

I hereby certify that there will be available for appropriation in the Multi-Source Housing Fund in the Fiscal Year 2025-2026 moneys in excess of those heretofore appropriated wherefrom, said excess being at least \$600,000.

  
JIM SHANNON  
Budget Director

For questions, please contact Jiri Rutner, Division Manager, Data Operations and Project Support, Housing Department, at [Jiri.Rutner@sanjoseca.gov](mailto:Jiri.Rutner@sanjoseca.gov)