California Department of Health Care Services
Behavioral Health Continuum Infrastructure Program
Round 5: Crisis and Behavioral Health Continuum
Program Update

The California Department of Health Care Services (DHCS) launched the Behavioral Health Continuum Infrastructure Program (BHCIP) to address historic gaps in the behavioral health and long-term care continuum and meet the growing demand for services and support across the life span of vulnerable individuals in need. **The following information is provided as a supplement to the upcoming release of the Request for Applications (RFA) for BHCIP Round 5: Crisis and Behavioral Health Continuum.**

State priorities for BHCIP:

- Invest in behavioral health and community care options that advance racial equity;
- Seek geographic equity of behavioral health and community care options;
- Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth;
- Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization;
- Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement;
- Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy;
- Leverage county and Medi-Cal investments to support ongoing sustainability; and
- Leverage the historic state investments in housing and homelessness.

Overview

With the need for mental health and substance use disorder services increasing, crisis care gaps in California's behavioral health continuum are more evident and growing. Adults with serious mental illness (SMI) and youth with serious emotional disturbance (SED) often end up in emergency departments, hospitalized, or abandoned in the criminal justice system, and others receive no care. At the same time, the growing opioid crisis, the transition to the 988 Crisis and Suicide Lifeline, and the introduction of new efforts to address the unmet needs of highly vulnerable individuals through the Community Assistance, Recovery, and Empowerment (CARE) Act add to the urgency to increase crisis and behavioral health facility capacity.

According to the statewide needs assessment conducted in 2021, "Assessing the Continuum of Care for Behavioral Health Services in California," acute inpatient beds are occupied for an average of one to two weeks, while one person often occupies a subacute facility bed for several months. The needs assessment stated that short-term residential crisis facilities, with stays of three to seven days, could "provide crisis relief, resolution and intensive supportive resources for adults who need temporary 24/7 support . . . includ[ing] medication management (including the use of previously initiated [medications for addiction treatment (MAT)]), observation and care coordination in a supervised environment."[i] Moreover, the gaps identified within the crisis continuum—many of which are being addressed by other BHCIP funding rounds—are among the highest-priority challenges and opportunities. The needs assessment also highlights a shortage of crisis stabilization unit (CSU) beds:

- Sixteen of 33 counties, only 48 percent, have sufficient CSU capacity;
- Twenty-five counties, both sparsely and densely populated, reported no CSU bed capacity;
- Some areas of the state have no CSU capacity and it often takes hours to transport individuals to the nearest CSU—as a result, these individuals are more likely to be transported to an emergency department or even jail; and
- Thirty-nine counties (67 percent of respondents) have insufficient CSU bed capacity—of those, 17 have some CSU capacity available.

Statewide, it is reported that there are only 2,600 licensed subacute mental health treatment beds; the number of substance use disorder (SUD) treatment facilities decreased by 13 percent between 2018 and 2020.[ii] The RAND Corporation's "Adult Psychiatric Bed Capacity, Need, and Shortage Estimates in California—2021," report, which assessed mental health facilities in California, identified an increase in the number of step-down beds as a means to alleviate the system's restricted access. In anticipation of the 1.7 percent growth in the number of psychiatric beds needed in the next four years, the report indicates a gap of approximately 2,796 subacute beds, resulting in the inappropriate placement of individuals in the continuum of care. BHCIP Round 5: Crisis and Behavioral Health Continuum will provide much-needed funding for expanding facility capacity for crisis and behavioral health services to vulnerable Californians, including those receiving Medi-Cal.

Behavioral Health Continuum Infrastructure Program

DHCS was authorized through 2021 legislation to establish BHCIP and award $2.1 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. DHCS is releasing these funds through six grant rounds targeting various gaps in the state's behavioral health facility infrastructure. This is the fifth BHCIP funding round, and through it, DHCS will award $480 million for behavioral health infrastructure projects focusing on crisis services and related behavioral health needs. Awarded grant funds for BHCIP Round 5: Crisis and Behavioral Health Continuum must be fully expended by June 2027.

Four BHCIP rounds were released in 2021 and 2022:

- Round 1: Mobile Crisis, $205M ($55M Substance Abuse and Mental Health Services Administration grant funding)
- Round 2: County and Tribal Planning Grants, $16M
- Round 3: Launch Ready, $518.5M

- Round 4: Children and Youth, $480.5M

The remaining BHCIP rounds will be released in late 2022 and 2023:

- Round 5: Crisis and Behavioral Health Continuum, $480M (current round)
- Round 6: Outstanding Needs Remaining After Rounds 3 Through 5, $480M

Technical Assistance

Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, is serving as the administrative entity for BHCIP. AHP assists state and local organizations to implement and evaluate a wide range of services focusing on mental health treatment and recovery, SUD treatment and prevention, workforce development, homelessness, housing, and criminal justice.

By October 2022 and as part of the RFA process, AHP will provide pre-application consultations and technical assistance (TA) to individual Round 5: Crisis and Behavioral Health Continuum applicants. Specialized TA will be provided to counties, tribal entities, and nonprofit organizations. In addition, AHP will offer ongoing general training and TA for grantees throughout the life of the project. Applicants will submit a request for a pre-application consultation and complete a survey to indicate their understanding of the project requirements. The deadline to request a pre-application consultation will be three weeks before the application deadline.

TA will help applicants understand the minimum project requirements and budgeting practices. Minimum project requirements include a sustainable business plan, a conceptual site plan, architectural and engineering narratives, and an initial budget based on the site plan. Applicants will also be required to discuss how their proposed project meets local gaps identified in "Assessing the Continuum of Care for Behavioral Health Services in California" and addresses State priorities. An AHP implementation specialist will work with applicants to support them in these areas by connecting them with subject matter experts in real estate, facility financing, and programmatic best practices.

Upon release of the RFA for Round 5: Crisis and Behavioral Health Continuum and in conjunction with DHCS, AHP will conduct informational webinars on topics such as strategies to serve individuals within the crisis and/or behavioral health continuums, braiding resources to ensure viability, and green/sustainable building practices. Additional information on webinars related to the RFA will be available at https://www.buildingcalhhs.com/. This will include topics to help address concerns related to crisis continuum capital development projects.

Eligible Entities

Counties, cities, tribal entities (including 638s and urban clinics), nonprofit organizations, and for-profit organizations whose projects reflect the State's priorities are eligible to apply for this funding, noting the following stipulations and specifications:

- Projects must make a commitment to serve Medi-Cal beneficiaries.
- For-profit organizations, including private real estate developers, with related prior development experience who are collaborating with nonprofit organizations, tribal entities, or counties may apply, but will be required to demonstrate a legal agreement (e.g., Memorandum

of Understanding [MOU]) with the county, tribe, city, for-profit organization, or nonprofit organization to confirm the organization's role in the project, including that they are working on behalf of the service provider.

Eligibility Considerations

All applicants must demonstrate how their infrastructure project will expand community-based facility capacity exclusively for crisis and/or other behavioral health services in the continuum of care. Regional models or collaborative partnerships aimed at construction, renovation, and/or expansion of community-based services are encouraged to apply. Funding priority will be given to facilities that expand access to behavioral health services across the crisis continuum (see table for eligible facility types below).

All prospective applicants will be required to engage in a pre-application consultation that will provide an opportunity to discuss proposed projects, match requirements and potential sources of local match, statutory and regulatory requirements, how the project addresses local need/gaps and the State's priorities, and other related considerations. AHP will provide these pre-application consultations in coordination with Community Development Financial Institutions (CDFIs) and real estate development experts.

For BHCIP Round 5: Crisis and Behavioral Health Continuum funding, three phases of project development will be considered during the evaluation of each application (see description of phases below). Applicants must be in one of the three phases, and applicants in later phases will be scored higher. All projects must meet the minimum threshold of project readiness to be awarded grant funds. Applicant projects are considered to be in a given phase of development only after they have met all the requirements in the previous phase. Required documentation will be reviewed with each applicant during the pre-application consultation process and must be submitted as part of the application.

To be eligible for BHCIP Round 5: Crisis and Behavioral Health Continuum funding, a project must demonstrate "project readiness." The **minimum threshold requirements** for "project readiness" are as follows:

- Site control, defined as ownership, an executed Purchase and Sale Agreement (PSA), an executed Letter of Intent (LOI), or an executed Exclusive Negotiation Agreement (ENA);
- Sustainable business plan with 5-year projections of future objectives and strategies for achieving them;
- Conceptual site plan with a forecast of the developmental potential of the property;
- Stakeholder support as demonstrated by letters of support from internal boards of directors and professional/community partners;
- Demonstration of county and Medi-Cal investments to support ongoing sustainability;
- Match amount identified; and
- Initial budget, one for each phase, and a total budget for acquisition and construction.

Projects will be funded by phase as the applicant demonstrates successful completion of each phase (outlined below). Allowable costs include pre-construction activities identified in the development phases. Applicants must submit documentation demonstrating the completion of each phase in order to move ahead to the next phase.

- Phase 1: Planning and pre-development
  - Development team established; includes attorney, architect, and/or design-build team;
  - Site control, defined as ownership, an executed PSA, an executed LOI, or an executed ENA;
  - Basis of design; includes architectural and engineering narratives;
  - Property-specific site investigation report and due diligence; and
  - Budget with cost estimates based on site plan/drawings.

- Phase 2: Design development
  - Site control established with deed, PSA, option contract, LOI, or leasehold;
  - Site plan established with a schematic plan with architectural and engineering specifications;
  - Stakeholder support established as demonstrated by a letter from city/county/board of directors/tribal entity;
  - Able to gain building permits within six months of funding;
  - Able to close on land, after gaining building permits, within six months of funding; and
  - Able to start construction within six months of funding.

- Phase 3: Shovel ready
  - Ownership of real estate site;
  - Preliminary plan review completed, with comments received;
  - Construction drawings complete or near completion;
  - General contractor (builder) selected and ready for hire;
  - Ninety-five percent of construction drawings ready for submission for building permit;
  - Building permit issued; and
  - Able to start construction within 60 days or less.

- *Final Phase: Construction*
  Projects that rehabilitate or renovate an existing facility are allowable as long as they result in an expansion of behavioral health services for the target population. Furniture and equipment are not allowable costs.

Full funding of a proposed development project will be contingent on completion of all three phases of development planning. The planning and pre-development phase must be completed in 90 days. Construction documents need to be submitted for building permit review within six months of grant funding award.

Eligible Facility Types

The following facility types may be considered for project funding **only** if they are expanding crisis and/or behavioral health services.

Round 5: Crisis Continuum Eligible Facility Types
Acute Psychiatric Hospital
Adolescent Residential SUD Treatment Facility with a DHCS/American Society of Addiction Medicine (ASAM) Level of Care 3.5 Designation and Withdrawal Management (WM) Designation
Adult Residential SUD Treatment Facility with Incidental Medical Services (IMS) and DHCS/ASAM Level of Care 3.5 Designation only or with DHCS Level of Care 3.2 WM Designation only
Behavioral Health Urgent Care (BHUC)/Mental Health Urgent Care (MHUC)
Children's Crisis Residential Program (CCRP)
Community Residential Treatment System (CRTS)/Social Rehabilitation Program (SRP) with the category of Short-Term Crisis Residential only
Crisis Stabilization Unit (CSU)
Mental Health Rehabilitation Center (MHRC) only with Lanterman-Petris-Short (LPS) Designation
Peer Crisis Respite
Psychiatric Health Facility (PHF)
Psychiatric Residential Treatment Facility (PRTF)*
Sobering Center (funded under the Drug Medi-Cal Organized Delivery System [DMC-ODS] and/or Community Supports)

* Any award funding for PRTFs would be contingent on the grantee complying with future regulations and/or policies.

Round 5: Behavioral Health Continuum Eligible Facility Types
Acute Inpatient Hospital—medical detoxification/withdrawal management (medically managed inpatient detoxification/withdrawal management facility)
Acute Psychiatric Inpatient Facility
Adolescent Residential SUD Treatment Facility
Adult Residential SUD Treatment Facility
Chemical Dependency Recovery Hospital
Community Treatment Facility (CTF)
Community Wellness Center
General Acute Care Hospital (GACH) and Acute Care Hospital (ACH)
Hospital-based Outpatient Treatment (outpatient detoxification/withdrawal management)
Intensive Outpatient Treatment
Mental Health Rehabilitation Center (MHRC)
Narcotic Treatment Program (NTP)
NTP Medication Unit
Office-based Outpatient Treatment
Peer Respite
Short-term Residential Therapeutic Program (STRTP)
Skilled Nursing Facility with Special Treatment Program (SNF/STP)
Social Rehabilitation Facility (SRF) with Transitional or Long-Term Social Rehabilitation Program (SRP)

For purposes of this funding, a Behavioral Health Urgent Care (BHUC) facility, also known as Mental Health Urgent Care (MHUC), is a walk-in center with voluntary stabilization-oriented services specific to individuals experiencing behavioral health or mental health crisis for less than 24 hours. This community-based option is typically designed to provide an alternative to emergency department visits for urgent medical needs. BHUC/MHUCs must focus on serving individuals in need of crisis services, commit to serving Medi-Cal beneficiaries, and offer some or all of the following:

- Multi-disciplinary health assessment;
- Psychiatric evaluation, diagnosis, and treatment;
- Crisis stabilization and intervention, mental health counseling, and medication evaluation;
- Direct referrals for treatment;
- Linkage to community-based solutions; and/or
- Peer support.

Facility types that are not eligible for funding:

- Correctional settings; and
- Schools.

Applicants will be expected to define the types of facilities they will operate and explain how they will expand service capacity exclusively for community-based and crisis and/or behavioral health facilities. Regional models and collaborative partnerships are strongly encouraged to apply. Consideration will be given to entities that propose facilities with new or expanded service capacity in underserved counties and regions based on the needs assessment.

All applicants must describe the local needs based on "Assessing the Continuum of Care for Behavioral Health Services in California" report and any local needs assessment used to justify the proposed expansion. All applicants will be required to demonstrate how the proposed project will advance racial equity. Projects will be required to certify that they will not exclude certain populations, such as those who are justice-involved or children and youth in foster care. BHCIP Round 5: Crisis and Behavioral Health Continuum grantees with behavioral health facilities that offer Medi-Cal behavioral health services will be expected to have a contract in place with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

Funding Parameters and Use Restrictions

Applicants will be expected to develop a competitive and reasonably priced development budget that will be scored alongside applications for projects of similar setting types and sizes. In addition, scoring will take into consideration a focus on the State's priorities, including efforts to advance racial equity and to expand services in regions and counties that currently do not have an adequate number of treatment options for crisis and/or behavioral health facilities. Funding priority will be given to facilities that expand access to behavioral health services across the crisis continuum. For proposed facilities that are not providing crisis services, applications will need to demonstrate how they are providing step-down services and/or transition of care out of acute crisis care or stabilization services.

AHP and its subcontractors will conduct a financial viability assessment, considering continued fluctuations in construction and other costs. Through various TA activities, such as the RFA pre-application consultation, interviews, and financial document review, the State will assess long-term operational sustainability once the capital project is complete and in use for its intended purpose.

Applicants will be required to commit to a provision of services and building use restriction for the entire 30-year period.

Match

Match guidelines will be set according to applicant type.

- Tribal entities = 5 percent match.
- Counties, cities, and nonprofit providers = 10 percent match.
- For-profit providers and/or private organizations = 25 percent match.

Match in the form of cash and in-kind contributions—such as land or existing structures—to the real costs of the project will be allowed. The State must approve the match source. Cash may come from:

- American Rescue Plan Act (ARPA) funds granted to counties and cities;
- Local funding;
- Mental Health Services Act (MHSA) funds in the 3-year plan (considered "other local");
- Foundation/philanthropic support;
- Opioid settlement funds for SUD facilities;
- Loans or investments;
- Incentive payments from managed care plans; or
- Another source.

Services, Behavioral Health Subaccount funding, and State general funds will **not** be allowed as match.

Funding Regions

Regional funding caps will be established and the amounts available per region will be determined based on the Behavioral Health Subaccount.

In addition, 20 percent of funds available for BHCIP will be set aside for use in regions at the State's discretion to ensure funding is effectively aligned with need. (For instance, this reserve money may be used to fund high-scoring projects in oversubscribed regions.) Another five percent of funds will be set aside for tribal entities.

Following an initial round of funding allocations (timeframes to be determined by DHCS), DHCS will conduct periodic reviews of the number of completed applications from each region. Any unspent funds may be considered for viable applications falling outside of the initial allocation priority schedules, geographical divisions, or other initial fund allocation restrictions.

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[i] Manatt Health. (2022). *Assessing the continuum of care for behavioral health services in California: Data, stakeholder perspectives, and implications*. State of California Department of Health Care Services. https://www.dhcs.ca.gov/Documents/Assessing-the-Continuum-of-Care-for-BH-Services-in-California.pdf, p. 89.

[ii] Budget Change Proposal 4260-175-BCP-2021-A1; 4260-195-ECP-2021-A1 (2021, April 1). State of California Department of Finance. https://esd.dof.ca.gov/Documents/bcp/2122/FY2122_ORG4260_BCP4562.pdf