



Behavioral Health Treatment Beds and Housing in California: An Explainer

In California, people living with serious mental illnesses and substance use disorders face a complex landscape of care. These behavioral health conditions demand a spectrum of services to support recovery and maintain well-being. For some people, this might mean a residential stay for intensive treatment or independent living bolstered by the right supportive services.

However, gaps in resources or coordination can prevent people from getting the right care in the right setting. When treatment beds are scarce, patients may remain in higher-level, more restrictive environments longer than necessary, instead of recovering in a community-based setting. Conversely, housing that lacks comprehensive behavioral health and social support services can undermine people's stability and recovery.

The Newsom administration has invested over \$14 billion for new housing and treatment slots, as well as \$10 billion in community services for people with behavioral health conditions.¹ In March

2024, California voters approved Proposition 1, which amends the 2004 Mental Health Services Act, including requiring a set-aside for housing programs, and authorizes \$6.38 billion in bonds to fund behavioral health treatment and residential facilities.²

This fact sheet describes the full continuum of treatment beds and housing for both mental health (Table 1) and substance use disorders (Table 2). In addition, new and proposed funding sources are aligned with specific levels of care on each continuum (and described in Table 3).

Often, people working in behavioral health treatment are aware of options in the treatment space, and people who work in behavioral health housing are aware of housing options. The continuums described here are intended, at a high level, to show the full range of behavioral health treatment beds and housing to inform stakeholders across these systems.

About the Authors

Ed Ortiz is the founding partner of Cruz and Partners focused on working with Medi-Cal, Medicare, and safety-net programs targeting behavioral health and social health networks. Ortiz was previously the chief network officer at the Health Plan of San Mateo, and a board member of Napa County Mental Health Board.

Kerry Landry is an independent consultant providing strategic advice and guidance to agencies and organizations impacted by health policy changes. She supports state and county agencies, managed care plans, and community-based organizations in California on the implementation of CalAIM (California Advancing and Innovating Medi-Cal) and other statewide initiatives. Landry is a former assistant deputy of managed care at the California Department of Health Care Services and was also director of policy development and coverage programs at the San Francisco Health Plan.

What Is a “Treatment Beds and Housing” Continuum?

The behavioral health treatment beds and housing continuums in this fact sheet show the range of settings where someone with behavioral health issues may be placed or reside for more than 24 hours.

The term “treatment beds” is used to describe placements requiring higher levels of clinical management in more restrictive settings, such as psychiatric hospitals. These treatment beds are often funded through health insurance payers such as county mental health plans, Drug Medi-Cal, or the Drug Medi-Cal Organized Delivery System. Treatment beds are regulated and/or licensed by various California state departments.

The term “housing” is used to describe interim to permanent housing types that can include behavioral and social support services. They are

typically not covered by health insurance. These community-living housing options include a mix of licensed and unlicensed settings, which vary based on the formality of care provided.

There is no one, global continuum. Different communities, agencies, and groups have their own ways of organizing the range of behavioral health services and settings. The generalized continuums developed for this fact sheet use methodology from studies that focused on the “treatment” end of the continuum, and they also include housing and linkages to correctional settings supported by the recent and proposed state and federal investments (Table 3).³ The authors have categorized treatment beds and housing settings based on how they are most frequently used and how they are described in new initiatives. Note that some examples appear in multiple categories.

Why Include Correctional Settings in the Continuum?

Although correctional settings — jails, prisons, and juvenile detention facilities — are not behavioral health treatment facilities, many people who are incarcerated receive mental health and substance use disorder services.⁴ Forensic and correctional settings are included in the continuums developed for this explainer, not because they are appropriate places for people with behavioral health needs, but because they are places where people get stuck due to insufficient availability of treatment beds and housing.⁵

Tables 1 and 2 below depict the bed and housing continuums arranged based on level of clinical need, intensity of service, and restrictiveness, with the most restrictive facilities on the left side of the chart.

Table 1. Mental Health Treatment Beds and Housing Continuum

SETTING	FORENSIC/ CORRECTIONS	TREATMENT BEDS		TREATMENT BEDS/ HOUSING	HOUSING	
		ACUTE	SUBACUTE	COMMUNITY AND RESIDENTIAL TREATMENT	INTERIM	HOUSING WITH SUPPORTS
Description	Most restrictive locked setting, offering varying levels of service	Highly structured institutional setting aimed at stabilizing acute conditions, with 24/7 staffing	Secured and structured setting aimed at rehabilitation, with 24/7 staffing	Intensive services in a residential setting focused on stability; a step-down from higher level of care	Supportive and temporary housing with a range of services and supports; typically transitional	Long-term, low-structure setting with a range of services and supports for stable individuals
Examples	<ul style="list-style-type: none"> ▶ Jail ▶ Prison ▶ Juvenile detention facility ▶ Other correctional facilities 	<ul style="list-style-type: none"> ▶ Acute psychiatric hospital ▶ General acute care hospital ▶ State psychiatric hospital ▶ Psychiatric health facility ▶ Psychiatric residential treatment facility 	<ul style="list-style-type: none"> ▶ Mental health rehabilitation center ▶ Skilled nursing facility—special treatment program ▶ State psychiatric hospital ▶ Community treatment facility 	<ul style="list-style-type: none"> ▶ Adult Residential Care Facility and Residential Care Facility for the Elderly (ARF/RCFE) (board and care) ▶ Short-term residential therapeutic program ▶ Congregate care facility ▶ Social rehab facility ▶ Crisis residential program ▶ Peer supported housing ▶ Peer respite 	<ul style="list-style-type: none"> ▶ ARF/RCFE ▶ Emergency and interim shelter ▶ Recuperative care ▶ Short-term posthospitalization ▶ Tiny home ▶ Hotel/motel ▶ Modular home ▶ Recommissioned property ▶ Other types of housing as developed locally 	<ul style="list-style-type: none"> ▶ ARF/RCFE ▶ Permanent supportive housing ▶ Public subsidized housing ▶ Scattered site ▶ Master lease ▶ Single-room occupancy ▶ Boarding home ▶ Other types of housing as developed locally

Table 1. Mental Health Treatment Beds and Housing Continuum, *continued*

SETTING	FORENSIC/ CORRECTIONS	TREATMENT BEDS		TREATMENT BEDS/ HOUSING	HOUSING	
		ACUTE	SUBACUTE	COMMUNITY AND RESIDENTIAL TREATMENT	INTERIM	HOUSING WITH SUPPORTS
Investments (programs, waivers, and initiatives)*	<ul style="list-style-type: none"> ▶ CalAIM pre-release services 	<ul style="list-style-type: none"> ▶ BHCIP ▶ BH-CONNECT[†] ▶ BH Transformation (Proposition 1) 	<ul style="list-style-type: none"> ▶ BHCIP ▶ BH-CONNECT[†] ▶ BH Transformation (Proposition 1) 	<ul style="list-style-type: none"> ▶ ALW ▶ BHCIP ▶ BH-CONNECT[†] ▶ BH Transformation (Proposition 1) ▶ CalAIM CS ▶ CARE Court ▶ CCE ▶ HHAP ▶ IPP ▶ IST Diversion 	<ul style="list-style-type: none"> ▶ BHBH ▶ BH-CONNECT[†] ▶ BH Transformation (Proposition 1) ▶ CalAIM CS ▶ CARE Court ▶ CCE ▶ HHAP ▶ HHIP ▶ Homekey ▶ IPP ▶ IST Diversion 	<ul style="list-style-type: none"> ▶ ALW ▶ BH-CONNECT[†] ▶ BH Transformation (Proposition 1) ▶ CalAIM CS ▶ CARE Court ▶ CCE ▶ HHAP ▶ HHIP ▶ Homekey ▶ IPP ▶ IST Diversion ▶ NPLH

Source: Compiled from the authors' analysis of multiple sources.

Notes: The types of beds and housing included in the continuums reflect treatment placements and housing options that are procured and provided by managed care plans (MCPs), mental health plans (MHPs), Drug Medi-Cal (DMC), Drug Medi-Cal Organized Delivery System (DMC-ODS), and other county agencies; are intended to last for more than 24 hours; and are in permanent structures. Programs with varying levels of services that span multiple categories on the continuum are included but are not explicitly listed within the framework (e.g., Full Service Partnerships [FSPs] and Transitional Housing for Foster Youth). Treatment beds and housing may also support people with co-occurring conditions.

Community and Residential Treatment may include both treatment bed types and housing types, depending on the level of care or service provided.

Forensic/Corrections is included but separated from the rest of the continuum. See box on page 2 for more detail.

* See Table 3 for a description of each program.

† BH-CONNECT is a proposed investment.

Table 2. Substance Use Disorder Treatment Beds and Housing Continuum

SETTING	FORENSIC/ CORRECTIONS	TREATMENT BEDS		TREATMENT BEDS/ HOUSING	HOUSING	
		ACUTE/WITHDRAWAL MANAGEMENT	RESIDENTIAL TREATMENT	SOBER LIVING HOUSING	INTERIM	HOUSING WITH SUPPORTS
Description	Most restrictive locked setting, offering varying levels of service	Highly structured 24/7 on-site care, focused on withdrawal in acute or residential setting	Integrated treatment approach with 24/7 support in a residential setting	Drug- and alcohol-free group living situation, for individuals receiving outpatient SUD services	Supportive and temporary housing with a range of services and supports; typically transitional	Long-term, low-structure setting with a range of services and supports for stable individuals
Examples	<ul style="list-style-type: none"> ▶ Jail ▶ Prison ▶ Juvenile detention facility ▶ Other correctional facilities 	<ul style="list-style-type: none"> ▶ Acute inpatient with medically monitored detox/withdrawal (ASAM 3.7 and 4.0) ▶ Clinically managed residential withdrawal management (ASAM 3.2) ▶ Voluntary inpatient detoxification (ASAM 4.0) 	<ul style="list-style-type: none"> ▶ Clinically managed population specific (plus population nonspecific) high-intensity residential services (ASAM 3.3 and 3.5) ▶ Clinically managed low-intensity residential services (ASAM 3.1) 	<ul style="list-style-type: none"> ▶ Recovery residences ▶ Transitional housing ▶ Peer-supported housing 	<ul style="list-style-type: none"> ▶ ARF/RCFE ▶ Emergency and interim shelter ▶ Recuperative care ▶ Short-term posthospitalization ▶ Tiny home ▶ Hotel/motel ▶ Modular home ▶ Recommissioned property ▶ Other types of housing as developed locally 	<ul style="list-style-type: none"> ▶ ARF/RCFE ▶ Permanent supportive housing ▶ Public subsidized housing ▶ Scattered site ▶ Master lease ▶ Single-room occupancy ▶ Boarding home ▶ Other types of housing as developed locally

Table 2. Substance Use Disorder Treatment Beds and Housing Continuum, *continued*

SETTING	FORENSIC/ CORRECTIONS	TREATMENT BEDS		TREATMENT BEDS/ HOUSING	HOUSING	
		ACUTE/WITHDRAWAL MANAGEMENT	RESIDENTIAL TREATMENT	SOBER LIVING HOUSING	INTERIM	HOUSING WITH SUPPORTS
Investments (programs, waivers, and initiatives)*	<ul style="list-style-type: none"> ▶ CalAIM pre-release services 	<ul style="list-style-type: none"> ▶ BHCIP ▶ BH-CONNECT† ▶ BH Transformation (Proposition 1) 	<ul style="list-style-type: none"> ▶ BHCIP ▶ BH-CONNECT† ▶ BH Transformation (Proposition 1) 	<ul style="list-style-type: none"> ▶ ALW ▶ BHBH ▶ BHCIP ▶ BH Transformation (Proposition 1) ▶ CCE ▶ HHIP ▶ IPP ▶ IST Diversion 	<ul style="list-style-type: none"> ▶ BHBH ▶ BH-CONNECT† ▶ BH Transformation (Proposition 1) ▶ CalAIM CS ▶ CCE ▶ HHAP ▶ HHIP ▶ Homekey ▶ IPP 	<ul style="list-style-type: none"> ▶ ALW ▶ BH-CONNECT† ▶ BH Transformation (Proposition 1) ▶ CalAIM CS ▶ CCE ▶ HHAP ▶ HHIP ▶ Homekey ▶ IPP

Source: Compiled from the authors' analysis of multiple sources.

Notes: The types of beds and housing included in the continuums reflect treatment placements and housing options that are procured and provided by managed care plans (MCPs), mental health plans (MHPs), Drug Medi-Cal (DMC), Drug Medi-Cal Organized Delivery System (DMC-ODS), and other county agencies; are intended to last for more than 24 hours; and are in permanent structures. Programs with varying levels of services that span multiple categories on the continuum are included but are not explicitly listed within the framework (e.g., Full Service Partnerships [FSPs] and Transitional Housing for Foster Youth). Treatment beds and housing may also support people with co-occurring conditions.

Sober Living Housing may include both treatment bed types and housing types, depending on the level of care or service provided.

ASAM is American Society of Addiction Medicine.

Forensic/Corrections is included but separated from the rest of the continuum. See box on page 2 for more detail.

* See Table 3 for a description of each investment.

† BH-CONNECT is a proposed investment.

California’s New Investments in Behavioral Health Treatment Beds and Housing

California’s financial investments to address gaps in the number and types of treatment bed and

housing resources span multiple programs and agencies. These investments support the establishment of new behavioral health treatment beds and housing, fund ongoing services, and enhance the use of these resources. Table 3 lists programs

that have received new money since 2019 as of January 2024.

Table 3. California’s New Investments and Programming

PROGRAM/INVESTMENT	DESCRIPTION	LEAD AGENCY*	ELIGIBLE AWARDEES	FUNDING TYPE	FUNDING AMOUNT
<u>Assisted Living Waiver (ALW) Expansion</u>	Medi-Cal Section 1915(c) waiver program to support Medi-Cal enrollees in remaining in community-based settings by adding service slots for Residential Care Facility for the Elderly (RCFE), Adult Residential Care Facility (ARF), or subsidized public housing with ALW services. In 2021, the Centers for Medicare & Medicaid Services (CMS) approved the state’s request to add 7,000 ALW slots. The program operates in 15 counties currently.	DHCS	Community Based Organizations (CBOs)	Ongoing	\$255 million through 2024
<u>Behavioral Health Bridge Housing (BHBH)</u>	State program that provides funding to address immediate and sustainable housing needs for people experiencing homelessness who have serious behavioral health conditions. Prioritizes CARE Court individuals (see below).	DHCS	County Behavioral Health (mental health plans/Drug Medi-Cal/Drug Medi-Cal Organized Delivery System), tribal entities	One-time	\$1.5 billion from 2023–2027
<u>Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT)</u> <i>(proposed; pending federal approval)</i>	Medi-Cal Section 1115 waiver demonstration that will directly address the need to expand and strengthen the continuum of care specifically for Medi-Cal members living with serious mental illness (SMI), serious emotional disturbance (SED), and substance use disorder (SUD). Two key provisions related to beds/housing are (1) allow Federal Financial Participation (FFP) matching for Institution for Mental Disease (IMD) reimbursement; and (2) provide transitional rent for up to six months.	DHCS	County Behavioral Health	One-time	\$6.98 billion from 2025–2029

Table 3. California’s New Investments and Programming, *continued*

PROGRAM/INVESTMENT	DESCRIPTION	LEAD AGENCY*	ELIGIBLE AWARDEES	FUNDING TYPE	FUNDING AMOUNT
<u>Behavioral Health Continuum Infrastructure Program (BHCIP)</u>	State program that provides funding for the construction, acquisition, rehabilitation, or expansion of properties supporting behavioral health facility infrastructure.	DHCS	County Behavioral Health, CBOs	One-time	\$2.2 billion from 2021–2024
<u>Behavioral Health (BH) Transformation (Proposition 1)</u>	Ballot initiative to refocus the Mental Health Services Act (MHSA) to the Behavioral Health Services Act (BHSA) and require a higher proportion of funding dedicated to housing interventions. Also includes a general bond proposal for investments tied to expanding the full continuum of beds/housing across all categories.	DHCS	County Behavioral Health	Ongoing (BHSA) and one-time (housing bond)	Variable BHSA revenues (1% tax on personal income over \$1M); \$6.38 billion (housing bond)
<u>CalAIM Community Supports (CS)</u>	Services that may be provided by Medi-Cal managed care plans (MCPs) to support members in obtaining care through community-based settings. Community Supports reflected in this continuum include medical respite/recuperative care, short-term posthospitalization, housing tenancy and sustaining services, nursing facility transition/diversion to assisted living facilities, and community transition services. (Transitional rent is pending approval by CMS as a Community Support.)	DHCS	MCPs	Ongoing	Varies based on DHCS capitated rates through Medi-Cal MCPs
<u>CalAIM pre-release services</u>	Medi-Cal Section 1115 waiver demonstration to provide Medi-Cal reimbursement for services up to 90 days prior to an individual’s release from incarceration. Behavioral health services include reentry case management, clinical consultation services, and medication-assisted therapy (MAT).	DHCS	California Department of Corrections and Rehabilitation (CDCR), CBOs, correctional facilities, counties	Ongoing	TBD pending Medi-Cal rates
<u>Community Assistance, Recovery, and Empowerment (CARE) Court</u>	State program that connects a person struggling with untreated mental illness, and often also substance use challenges, with a court-ordered care plan for up to 24 months. Bed/housing types span the continuum and include priority placements.	DHCS	County Behavioral Health	One-time	\$88 million through 2024

Table 3. California’s New Investments and Programming, *continued*

PROGRAM/INVESTMENT	DESCRIPTION	LEAD AGENCY*	ELIGIBLE AWARDEES	FUNDING TYPE	FUNDING AMOUNT
<u>Community Care Expansion (CCE)</u>	State program that provides funding for the acquisition, rehabilitation, or construction of adult and senior residential care settings (including ARF/RCFEs).	CDSS	City/county, CBOs, for-profits	One-time	\$805 million from 2021–2024
<u>Homeless Housing, Assistance and Prevention (HHAP)</u>	State program that expands or develops local capacity to move homeless individuals and families into permanent housing and supports the effort of those individuals and families to maintain their permanent housing.	HCD	City/county, tribal entities	One-time	\$3.95 billion from 2019–2028
<u>Housing and Homelessness Incentive Program (HHIP)</u>	Incentive program for Medi-Cal MCPs intended to support investments in and progress toward addressing homelessness and keeping people housed.	DHCS	MCPs	One-time	\$1.3 billion from 2022–2023
<u>Homekey</u>	State program to sustain and rapidly expand housing for persons experiencing homelessness or at risk of homelessness, and who are, thereby, disproportionately impacted by and at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. Homekey builds off a prior program, Project Roomkey and Rehousing Strategy, which operated during the COVID-19 pandemic to provide non-congregate shelter options for people experiencing homelessness.	HCD	City/county, tribal entities	One-time	\$2.75 billion through 2026
<u>Incentive Payment Program (IPP)</u>	Incentive program for Medi-Cal MCPs intended to support the implementation and expansion of CalAIM, including Enhanced Care Management (ECM) and Community Supports, by encouraging them to build appropriate and sustainable capacity. Notably, recuperative care, assisted living service in an ARF or RCFE, and short-term post-hospitalization are beds/housing on the continuum that are incentivized by this program.	DHCS	MCPs	One-time	\$1.5 billion from 2022–2024
<u>Incompetent to Stand Trial (IST) Diversion and Community-Based Restoration Infrastructure Project</u>	State grant program to create more community-based residential treatment homes for diversion and competency restoration. The housing serves individuals charged with a felony who have been deemed IST and identified by DSH as eligible for diversion or community-based restoration services.	DSH	Counties, CBOs, for-profits	One-time	\$468.8 million from 2023–2028

Table 3. California’s New Investments and Programming, *continued*

PROGRAM/INVESTMENT	DESCRIPTION	LEAD AGENCY*	ELIGIBLE AWARDEES	FUNDING TYPE	FUNDING AMOUNT
<u>No Place Like Home (NPLH)</u>	State program that funds the development of permanent supportive housing for persons who need mental health services and are experiencing homelessness or chronic homelessness, or are at risk of chronic homelessness.	HCD	City/county	One-time	\$2 billion from 2016–2022 (final round of funding awarded in June 2022)

Source: Compiled from the authors’ analysis of online sources (see the hyperlinks in the first column).

* The Department of Health Care Services (DHCS) manages the Medi-Cal program and is responsible for overseeing the delivery of mental health and SUD services to Medi-Cal enrollees by managed care plans (including county mental health plans and Drug Medi-Cal/Drug Medi-Cal Organized Delivery System). The California Department of Social Services (CDSS) oversees programs such as cash and food assistance, child welfare, and others supporting vulnerable populations. The Department of State Hospitals (DSH) manages the five state hospitals providing mental health services to patients mandated for treatment by a judge. The California Department of Housing and Community Development (HCD) oversees local government entities and their plans to address housing needs in their communities.

About the Foundation

The [California Health Care Foundation](#) (CHCF) is dedicated to advancing meaningful, measurable improvements in the way the health care delivery system provides care to the people of California, particularly those with low incomes and those whose needs are not well served by the status quo. We work to ensure that people have access to the care they need, when they need it, at a price they can afford.

CHCF informs policymakers and industry leaders, invests in ideas and innovations, and connects with changemakers to create a more responsive, patient-centered health care system.

Endnotes

1. [The California Blueprint: Confronting Homelessness with Historic Investments and Action](#) (PDF), Office of Governor Gavin Newsom, January 2022; and [Policy Brief: Understanding California's Recent Behavioral Health Reform Efforts](#) (PDF), California Health and Human Services Agency, March 2, 2023.
2. ["Prop 1: Authorizes \\$6.38 Billion in Bonds to Build Mental Health Treatment Facilities for Those with Mental Health and Substance Use Challenges; Provides Housing for the Homeless. Legislative Statute,"](#) in *California Presidential Primary Election, March 5, 2024: Official Voter Information Guide*, California Secretary of State, accessed February 12, 2024; and Monica Davalos and Adriana Ramos-Yamamoto, ["Understanding Proposition 1: Implications for Californians and the State's Behavioral Health System,"](#) California Budget and Policy Center, January 2024.
3. See, for example, Ryan K. McBain et al., [Adult Psychiatric Bed Capacity, Need, and Shortage Estimates in California—2021](#), RAND Corporation, 2022; Jonathan S. Levin et al., [Psychiatric and Substance Use Disorder Bed Capacity, Need, and Shortage Estimates in Santa Clara County, California](#), RAND Corporation, 2023; Ryan K. McBain et al., [Psychiatric and Substance Use Disorder Bed Capacity, Need, and Shortage Estimates in Sacramento County, California](#), RAND Corporation, 2022; and [Countywide Mental Health and Substance Use Disorder Needs Assessment](#) (PDF, page 37), Los Angeles County Health Agency, August 15, 2019.
4. [Behavioral Health Care and the Justice-Involved: Why It Is So Important?](#) (PDF), Council on Criminal Justice and Behavioral Health, 2021.
5. Countywide MH and SUD Needs Assessment, LA County Health Agency.