

Major Impact to ICMS Funding

- HSH is facing a **significant deficit for homelessness and housing programs in FY 2026-27**
 - The deficit is driven by rising program costs and a reduction in federal, state, and other one-time funding sources, some of which were used to support ICMS in recent years but are no longer available.

To maximize participants served despite reduced funding, HSH must adjust how ICMS resources are allocated moving forward.

What is Changing

Reduction in Total ICMS Slots


- ICMS will **prioritize services for permanently housed participants**
- **Pre-Match ICMS (refers to any participant who is not matched to a permanent rental subsidy) will be discontinued**, with participant enrollment transitioning to HSH's interim housing or street-based engagement programs
- **Vacant slots without a housing voucher match available and/or without staffing behind them will be closed**

Changes to Billing Rate Distribution

- The proportion of ICMS slots eligible for a **high billing rate will gradually decrease each month**, promoting efficiencies and supporting more graduations for participants ready to move off of ICMS
- By **July 1, 2027**, approximately **30% fewer ICMS slots** will be funded at the high billing rate compared to current levels
- High billing rates will be prioritized for **cases with the highest needs and service intensity** using multifactorial analysis

Updates to Billing Rate Rules (Effective July 1, 2026)

- **Housed less than 2 years:**
 - Previously: Automatically high
 - New: Must have **2+ in-person encounters in the month** to retain the high rate
- **All housed participants:**
 - If **fewer than 2 in-person encounters in the month**, case will be assigned **low billing rate**
- **Family billing rate:**
 - Dependent household members must be:
 - Listed in CHAMP and;
 - **Updated/confirmed within the past year**
- Exploring **options for a bounded billing rate change appeal process**
 - Case conferencing to advise on billing rate designations
 - Providers helping to identify cases most suitable for a low billing rate
 - Using appeals data to inform multifactorial analysis refinements

-  • **Effective immediately, all vacant slots that remain open will be billed at the low rate while vacant.**
- **Some cases may shift from high to low billing rate even without changes in service intensity, due to reduced available funding.**

Slot Activation Change

- For new PBV sites, ICMS slot activation will shift from **2 months before COO** to **1 month before COO**.
- New slots opened for new PBV sites will follow the same vacant slot billing rule as all ICMS slots: billed at the low rate while vacant.

Integration of Time Limited Subsidy (TLS)

- LAHSA's Time-Limited Subsidy (TLS) program will be **fully integrated into ICMS effective July 1, 2026** and cases with TLS will be subject to the same billing rate rules as all other ICMS cases.

Exploration of Additional Funding

- HSH is exploring opportunities to incorporate Enhanced Care Management (ECM) as a Medi-Cal funding stream to help sustain services.

What this Means for Providers

- ICMS will continue to operate, but with constrained resources
- High billing rates will be tightly aligned with the highest case management needs and service intensity
- For some Providers, ICMS staffing levels may be impacted by these changes
- Some Providers may see a reduction over time in the proportion of their slots with a high billing rate

Providers Should Expect:

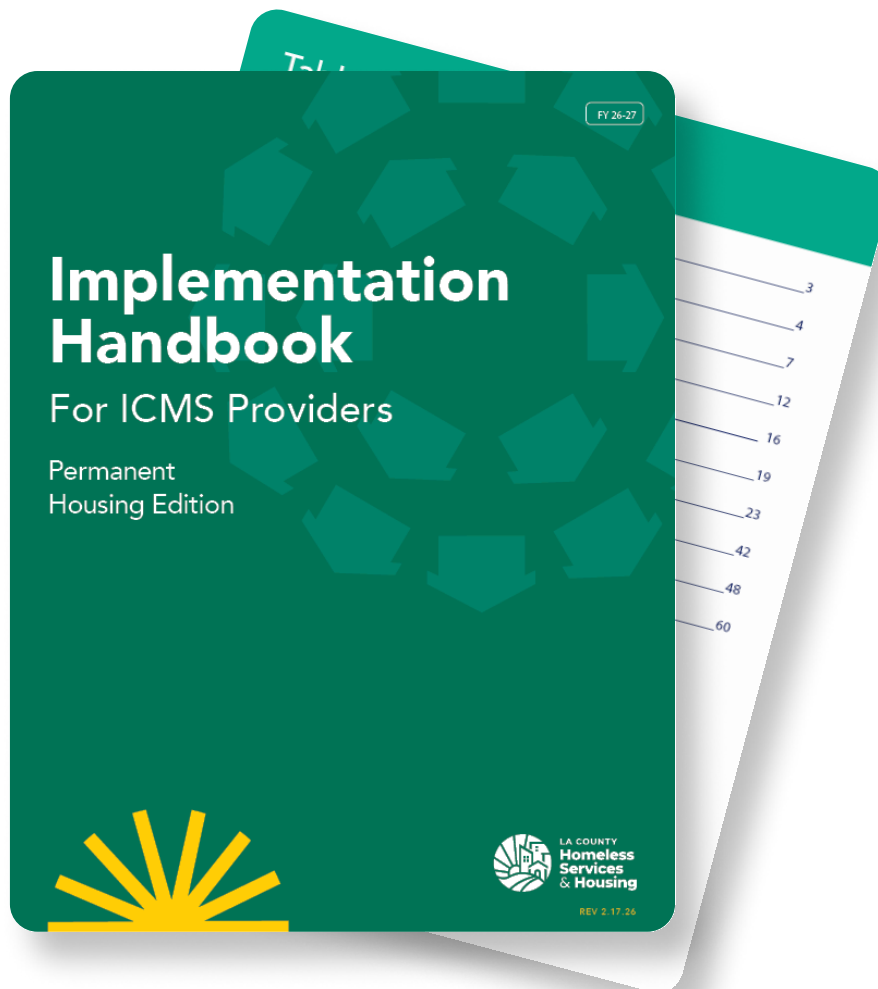
- Greater emphasis on **accurate documentation and stricter prioritization for the high billing rate**
- Continued use of multifactorial analysis to help determine billing rate distribution

i Multifactorial analysis refers to a structured, automated review of factors across multiple case dimensions of participant need, service delivery, documentation, and outcomes, considered together to inform billing rate prioritization within program budget constraints.

- Continued monthly billing rate reviews and adjustments, as agreed upon by the majority of HSH's Service Provider Task Force

What's Next

- These updates will be incorporated into the **FY 2026–27 Implementation Handbook for ICMS Providers**.
- Additional guidance and technical assistance will be provided in the coming months.



(Releasing in FY 2026-27)

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