

FINAL BILL REPORT

ESHB 1866

C 216 L 22
Synopsis as Enacted

Brief Description: Assisting persons receiving community support services through medical assistance programs to receive supportive housing.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Chopp, Riccelli, Macri, Bateman, Davis, Fey, Goodman, Leavitt, Ortiz-Self, Peterson, Ramel, Ryu, Santos, Orwall, Wylie, Cody, Simmons, Slatter, Valdez, Wicks, Pollet, Taylor, Stonier, Ormsby, Hackney, Harris-Talley and Frame).

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long Term Care
Senate Committee on Ways & Means

Background:

Medicaid and Community Support Services.

The Health Care Authority (Authority) administers the Medicaid program which is a state-federal program that pays for health care for low-income state residents who meet certain eligibility criteria. Washington's Medicaid program, known as Apple Health, offers a complete medical benefits package to eligible families, children under age 19, low-income adults, certain disabled individuals, and pregnant women.

In November 2017 the federal Centers for Medicare and Medicaid Services approved a waiver for Washington, known as the Medicaid Transformation Project (MTP), to allow the Authority to receive federal Medicaid funding for several services and eligibility standards not generally recognized under Apple Health. Among the additional categories of services included in the MTP are community support services. Community support services include pretenancy supports and tenancy-sustaining services. Pretenancy supports include services such as conducting functional needs assessments related to housing needs and preferences, connecting clients with housing-related social services, developing a community-integration plan, providing supports and interventions according to the plan, and identifying client

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goals. Tenancy-sustaining services include connecting clients to social and health services, assisting clients with applications for entitlements, connecting clients with independent living supports, and assisting clients in communications with property management. Community support services do not include the payment of rent or other room and board costs, housing modification costs, or expenses for utilities.

The provision of the services is coordinated by a single managed care organization for all eligible clients statewide. The initial waiver period expired December 31, 2021, but was extended for an additional year and the Authority has sought a five-year extension.

Homeless Housing and Assistance Surcharges.

State and local homeless housing programs receive funding from the homeless housing and assistance surcharges collected by each county auditor when certain documents are recorded. The following surcharges related to affordable housing and homeless services are collected by the county, with shares of the funds distributed to the county and to the state:

- \$13 Affordable Housing for All surcharge;
- \$62 Local Homeless Housing and Assistance surcharge; and
- \$8 additional Local Homeless Housing and Assistance surcharge.

In 2021 the Legislature passed an additional surcharge of \$100 to be collected by a county auditor for each document recorded, with some exceptions. The funds collected must be fully remitted to the state to be distributed as follows:

- 20 percent of the funds must be deposited into the Affordable Housing for All Account for the operations, maintenance, and service costs for permanent supportive housing;
- from July 1, 2021, through June 30, 2023, 4 percent of funds must be deposited into the Landlord Mitigation Program Account for the Landlord Mitigation Program. After June 30, 2023, 2 percent of funds must be deposited into the Landlord Mitigation Program Account; and
- the remainder of funds must be deposited into the Home Security Fund, with 60 percent of the funds to be used for project-based vouchers for nonprofit housing providers or public housing authorities, housing services, rapid rehousing, emergency housing, or housing acquisition.

Summary:

The Apple Health and Homes Program.

Subject to appropriated amounts, the Apple Health and Homes Program (Program) is established to provide eligible persons with a permanent supportive housing benefit and a community support services benefit. The Program operates to integrate community support services, stable housing, and health care services through the collaboration of the Department of Commerce (Department), the Health Care Authority (Authority), the Department of Social and Health Services, local governments, coordinating entities, community support services providers, local housing providers, local health care entities,

and community-based organizations.

"Permanent supportive housing" is defined as subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy. Permanent supportive housing uses admissions practices to lower barriers to entry, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is combined with voluntary services to support persons with complex and disabling behavioral health or physical health conditions who were experiencing homelessness or are at imminent risk of homelessness to retain housing, to be a successful tenant, improve health status, and connect with other community-based services.

"Community support services" is defined as active search for and promotion of access to appropriate, safe, and affordable housing and ongoing supports to assure ongoing successful tenancy. The term includes benefits offered through the Foundational Community Supports program established under the Authority's Medicaid Transformation Project (MTP).

A person may be eligible for community support services and permanent supportive housing under the Program if the person:

- is at least 18 years old;
- is: (1) enrolled in medical assistance and eligible for community support services; (2) not eligible for categorically needy medical assistance and has income at or below 133 percent of the Federal Poverty Level; or (3) assessed as likely eligible for medical assistance, but not enrolled due to the severity of the person's behavioral health symptom acuity level;
- has been assessed: (1) to have mental health needs with a need for improvement, stabilization, or prevention of deterioration of functioning; (2) to have substance use disorder needs indicating a need for outpatient substance use disorder treatment; (3) to need assistance with at least three activities of daily living or hands-on assistance with one activity of daily living; or (4) to be a homeless person with a long-continuing or indefinite physical condition requiring improvement, stabilization, or prevention of deterioration of functioning; and
- has at least one risk factor related to: (1) being homeless for at least 12 months or having been homeless in the prior three years for a combination of at least 12 months; (2) having a history of lengthy institutional contacts; or (3) having a history of frequent stays at adult residential care facilities or residential treatment facilities.

Under the Program, a coordinating entity verifies that a person has met the eligibility criteria for the Program and connects the eligible person with a community support services provider. The community support services provider delivers pretenancy services and tenancy-sustaining services to the eligible person and fully incorporates the eligible person's available community support services into case management services. A community support services provider is a local entity that contracts with a coordinating entity to provide community support services. Coordinating entities are one or more organizations, including Medicaid managed care organizations, under contract with the Authority to coordinate community support services. Coordinating entities assure the availability of access to

eligibility determination services for community support services benefits and permanent supportive housing benefits, verify that persons meet the eligibility standards for the Program, coordinate enrollment in medical assistance programs, and coordinate with a network of community support services providers to arrange with local housing providers for the placement of eligible persons in permanent supportive housing and assure that community support services are provided. When selecting coordinating entities, the Authority must choose one or more organizations that are capable of managing a network of community support services providers that are capable of delivering community support services and supportive housing to eligible persons.

Health Care Authority Responsibilities.

The Authority must establish a workgroup to provide feedback on its foundational community supports program as it aligns with the housing benefit. The workgroup may include representatives of state agencies, behavioral health administrative services organizations, the coordinating entity or entities, and contracted entities providing foundational community support services. The workgroup must meet at least quarterly and may consider such topics as eligibility screening processes, billing for foundational community supports housing, regional cost differentials, costs consistent with specialized needs, improved data access and data sharing with foundational community supports providers, and requirements related to the use of a common practice tool among community support services providers to integrate social determinants of health into service delivery.

The Authority must work with the Office of Apple Health and Homes (Office) and the Department of Social and Health Services to identify and implement statewide universal measures to identify and consider social determinants of health domains, including housing, food security, transportation, financial strain, and interpersonal safety. The Authority must select an accredited or nationally vetted tool for community support services providers to use when making determinations about housing options and other support services to offer eligible persons. The Authority, in consultation with foundational community supports providers and stakeholders, must engage each region on case management tools and programs, evaluate effectiveness, and inform the appropriate committees of the Legislature on the use of case management tools.

Office of Health and Homes.

Subject to appropriated amounts, the Office is established within the Department to lead efforts to coordinate a spectrum of practice efforts related to providing permanent supportive housing, including efforts related to creating housing, operating housing, and obtaining and delivering services to connect people with housing and maintain them in that housing. The Office is specifically responsible for:

- allocating funding for enough permanent supportive housing units to fulfill permanent supportive housing needs of persons eligible for the Program;
- collaborating with the Department's divisions responsible for making awards or loans to housing providers to acquire, build, and operate the housing units, including nonprofit community organizations, local counties and cities, public housing

- authorities, and public development authorities;
- collaborating with the Authority on administrative functions, oversight, and reporting;
- establishing metrics and collect racially disaggregated data from the Authority and the Department related to the Program's effect on providing persons with permanent supportive housing, moving people into independent housing, long-term housing stability, improving health outcomes for people in the Program, estimated reductions in health care spending for people enrolled in the Program, and outcomes related to social determinants of health;
- developing a dashboard to make key Program outcomes available to the public, including the number of people served by the Program and the number of housing units created by the Office;
- creating workplans and milestones to achieve the goal of providing permanent supportive housing for all eligible individuals; and
- overseeing the allocation of community support service provider and housing provider capacity-building grants.

Funding for the Apple Health and Homes Program.

The Apple Health and Homes Account (Account) is created as an appropriated account. Funds in the Account must be used for permanent supportive housing programs administered by the Office, including acquisition and development of permanent supportive housing units; operations, maintenance, and services costs of permanent supportive housing units; project-based vouchers; provider grants; and other purposes as authorized in the operating budget. At least 10 percent of the expenditures must be prioritized for organizations that serve and are substantially governed by individuals disproportionately impacted by homelessness and behavioral health conditions. When selecting projects supported by the Account, the Office must balance the state's interest in quickly approving and financing projects, the degree to which the project will leverage other funds, the extent to which the project promotes racial equity, and the extent to which the project will promote priorities of the act on a statewide basis, including in rural areas and geographically diverse parts of the state.

In addition to the existing uses for funds in the Home Security Fund Account, the funds may be used for operations, maintenance, and service costs for permanent supportive housing for persons with disabilities and permanent supportive housing programs administered by the Office. The amount of the document recording fee surcharge designated for the Home Security Fund Account is changed from 60 percent to at least 60 percent. Priority for uses of the Home Security Fund Account are broadened from project-based vouchers, housing acquisition, and emergency housing for persons who are chronically homeless to purposes intended to house persons who are chronically homeless or maintain housing for individuals with disabilities and prior experiences of homelessness. The requirement that at least 50 percent of persons receiving project-based vouchers, rapid rehousing, emergency housing, or benefitting from housing acquisition be unsheltered at the time of initial engagement is removed. The Department must provide counties with the right of first refusal for the grant funds.

Subject to amounts appropriated, funds from the Account must be used for a rapid permanent supportive housing acquisition program to issue competitive financial assistance for the acquisition and construction of permanent supportive housing units. Funding recipients may include local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes, regional or statewide nonprofit housing assistance organizations, and public development authorities. The funds may be used to construct permanent supportive housing units or to acquire real property for quick conversion into supportive housing units or for predevelopment or renovation activities, but not for operating or maintenance costs. The units acquired or constructed with the funds must serve individuals eligible for a community support services benefit under the Program. The Department must establish criteria for the issuance of awards or loans and ensure that priority is given to proposals that reach the greatest public benefit. The Department must provide a progress report on its website by June 1, 2023, that includes the total number of applications and amount of funding requested and a list and description of the projects approved for funding, including state funding, total project cost, number of units, and anticipated completion date.

The Authority must seek approval from the federal Department of Health and Human Services to: (1) receive federal matching funds for administrative costs and services provided under the Program to Medicaid enrollees; (2) align the eligibility and benefit standards of the Foundational Community Supports program established under the state's MTP to the 12-month time period under the Program; and (3) implement a medical and psychiatric respite care benefit for certain persons enrolled in Medicaid.

Reporting.

The Authority and the Office must submit the following reports to the Governor and the Legislature:

- by December 1, 2022, a report on preparedness for the first year of program implementation, including the estimated enrollment, estimated costs, estimated supportive housing unit availability, funding availability from all sources, efforts to improve billing and administrative burdens for foundational community support providers, efforts to streamline continuity of care and system connection for persons potentially eligible for foundational community supports, and any statutory or budget needs to successfully implement the Program;
- by December 1, 2023, report on the progress of the first year of Program implementation and preparedness for the second year;
- by December 1, 2024, report on the progress of the first two years of the Program and preparedness for ongoing housing acquisition and development;
- by December 1, 2026, a report on the full implementation of the Program, including the number of people served, available supportive housing units, estimated unmet demand for the Program, ongoing funding requirements for the Program, and funding available for the Program; and
- beginning December 1, 2027, provide annual updates on the status of the Program.

The Joint Legislative Audit and Review Committee (JLARC) must review the efficacy of the Program and report its findings, including a recommendation regarding whether the Program should continue without changes, continue with amendments, or be repealed. The JLARC must submit the review to the appropriate committees of the Legislature by December 1, 2027.

Votes on Final Passage:

House	96	2	
Senate	30	17	(Senate amended)
House	87	9	(House concurred)

Effective: June 9, 2022