

Apple Health and Homes Update

Preparedness for year 1 of implementation

Engrossed Substitute House Bill 1866; Section 4(5); Chapter 216; Laws of 2022

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Executive summary

The operating budget Engrossed Substitute Senate Bill 5693 was passed in March 2022 and signed into law by Governor Jay Inslee on March 31, 2022.

Chapter 216 provides funding for the creation of a new benefit to support homeless individuals with complex physical and behavioral health needs by merging permanent supportive housing (PSH) with community support services, aiming to address the needs of chronically homeless populations by pairing a health care problem with a health care solution.

“By December 1, 2022, the authority and the office shall report to the governor and the legislature on preparedness for the first year of program implementation, including the estimated enrollment, estimated program costs, estimated supportive housing unit availability, funding availability for the program from all sources, efforts to improve billing and administrative burdens for foundational community supports providers, efforts to streamline continuity of care and system connection for persons who are potentially eligible for foundational community supports, and any statutory or budgetary needs to successfully implement the first year of the program.”

Together with the Department of Commerce, the Health Care Authority anticipates a launch of Apple Health and Homes in January 2023. In preparation for this new initiative:

- The state has begun recruitment to appropriately staff the program at HCA and Commerce;
- Commerce is working to identify a platform for transmitting information about unit availability and tracking Apple Health and Homes (AHAH) housing inventory;
- HCA and RDA are preparing a new contract to establish data collection and reporting strategies;
- HCA is amending its Third-Party Administrator contract to add the role of Coordinating Entity;
- HCA is negotiating the terms and conditions of the renewal of the 1115 Medicaid Transformation waiver; and
- HCA and Commerce are developing training and technical assistance resources to support providers and the AHAH benefit.

Apple Health and Homes Update

Background

On January 9, 2017, The Centers for Medicare and Medicaid Services (CMS) approved a Section 1115 Medicaid waiver, known as the Medicaid Transformation Project (MTP). Foundational Community Supports (FCS) – the third initiative of Washington’s MTP – provides supportive housing and supported employment services to high-risk Medicaid recipients with complex physical and/or behavioral health needs. Program goals are to promote recovery through self-sufficiency and integration into the community and to reduce the need for high-cost intensive services by helping individuals find and maintain stable housing and competitive employment.

Since launching in 2018, FCS has enrolled more than 26,000 participants and created a network of more than 170 contracted providers to serve eligible individuals statewide. Using two evidence-based practices and fidelity reviews, FCS staff have also established rigorous quality improvement processes, ultimately yielding dependable and consistent data collection and program evaluation. Findings by the Research and Data Analysis (RDA) Division of the Department of Social and Health Services (DSHS) show a promising and statistically significant increase in wages and hours worked and successful transitions out of homelessness among FCS Supportive Housing and Supported Employment enrollees.

ESBH1866 establishes Apple Health and Homes (AHAH) to address chronic homelessness by combining the acquisition and development of permanent supportive housing (PSH) with community support services (CSS). The legislature identifies FCS Supportive Housing services as the mechanism for delivering CSS, also known as pre-tenancy and tenancy-sustaining services, which are reimbursable under Washington’s 1115 waiver. AHAH is a collaborative partnership between HCA, the Department of Commerce, and DSHS to house eligible individuals experiencing homelessness and provide CSS to help them obtain and keep stable housing that aligns with their preferences and recovery goals.

Eligibility

AHAH eligibility uses a subset of existing eligibility criteria used by FCS Supportive Housing benefit. Enrollment in FCS Supportive Housing requires individuals to meet several risk factors and medical necessity requirements.

While AHAH uses the FCS Supportive Housing program’s eligibility criteria as a blueprint, AHAH’s eligibility criteria are narrower – effectively restricting access to AHAH for individuals eligible for FCS Supportive Housing services via two risk factors: 1) frequent turnover of in-home caregivers, and 2) individuals who have a predictive risk score of 1.5 or higher.

Eligibility Criteria	FCS Supportive Housing	Apple Health and Homes
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Age	18+	18+
Medicaid	Must be eligible for Washington Apple Health (Medicaid)	<ul style="list-style-type: none"> • Must be enrolled in a medical assistance program under this chapter and eligible for community support services; • Have a countable income that is at or below 133% of the federal poverty level, adjusted for family size, and determined annually by the federal department of health and human services; and • Not be eligible for categorically needy medical assistance, as defined in the social security Title XIX state plan; or • Be assessed as likely eligible for, but not yet enrolled in, a medical assistance program under this chapter due to the severity of behavioral health symptom acuity level

Behavioral Health Need	<ul style="list-style-type: none"> • Clients assessed by a licensed behavioral health agency, under chapter 246-341 WAC, to have a behavioral health need, which is defined as one or both of the following criteria: <ul style="list-style-type: none"> ○ Mental health needs, including a need for improvement, stabilization, or prevention of deterioration of functioning (including the ability to live independently without support) resulting from the presence of a mental illness; or ○ Substance use needs determined by an assessment using the American Society of Addiction Medicine (ASAM) criteria indicates that the client meets at least ASAM level 1.0, indicating the need for outpatient 	<p>Have been assessed:</p> <ul style="list-style-type: none"> • By a licensed behavioral health agency to have a behavioral health need which is defined as meeting one or both of the following criteria: <ul style="list-style-type: none"> ○ Having mental health needs, including a need for improvement, stabilization, or prevention of deterioration of functioning resulting from the presence of a mental illness; or ○ Having substance use disorder needs indicating the need for outpatient substance use disorder treatment which may be determined by an assessment using the American society of
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	<p>substance use disorder (SUD) treatment. The ASAM is a multi-dimensional assessment approach for determining a client's need for SUD treatment.</p> <ul style="list-style-type: none"> • Clients assessed via a CARE assessment, per WAC 388-106-0050, to have a need for assistance demonstrated by: <ul style="list-style-type: none"> ○ The need for assistance with at least three activities of daily living (ADLs) defined in WAC 388-106-0010, one of which may be body care; or ○ The need for hands-on assistance with at least one ADL which may include body care. • Clients assessed to be a homeless person with a disability, according to 24 C.F.R. 578.3, which is defined as a long continuing or indefinite physical condition requiring improvement, stabilization, or prevention of deterioration of functioning (including ability to live independently without support). 	<p>addiction medicine criteria or a similar assessment tool approved by the authority;</p> <ul style="list-style-type: none"> • By the Department of Social and Health Services as needing either assistance with at least three activities of daily living or hands-on assistance with at least one activity of daily living and have the preliminary determination confirmed by the Department of Social and Health services through an in-person assessment conducted by the department of Social and Health Services; or • To be a homeless person with a long-continuing or indefinite physical condition requiring improvement, stabilization, or prevention of deterioration of functioning, including the ability to live independently without support; and
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Risk Factor Exhibit at least one of the following risk factors:

- Homeless clients who:
 - Have been homeless for at least twelve months; or
 - Have been homeless on at least four separate occasions in the last three years, as long as the combined occasions equal at least twelve months. Homeless is defined as living in a safe haven, an emergency shelter, or a place not meant for human habitation. See 24 C.F.R. 578.3.
- A history of frequent or lengthy institutional contact. Institutional care facilities include jails, substance use disorder or mental health treatment facilities, hospitals, or other similar facilities, as defined in 24 C.F.R. 578.3, or

Have at least one of the following risk factors:

- Be a homeless person at the time of the eligibility determination for the program and have been homeless for 12 months prior to the eligibility determination; or
- Have been a homeless person on at least four separate occasions in the three years prior to the eligibility determination for the program, as long as the combined occasions equal at least 12 months;
- Have a history of frequent or lengthy institutional contact, including contact at institutional care facilities such as jails, substance use disorder or mental health treatment facilities, hospitals, or skilled nursing facilities; or

- skilled nursing facilities as defined in WAC [388-97-0001](#).
- Have frequent turnover of in-home caregivers as defined by WAC 388-106-0040, where within the last twelve months the client utilized three or more different in-home caregiver providers and the current placement is not appropriate for the client.
- Have a predictive risk score of 1.5 or above. See WAC [182-557-0225](#).
- Have a history of frequent stays at adult residential care facilities or residential treatment facilities.

Enrollment and FCS program costs

HCA anticipates an increase in enrollment in the FCS program due to the newly created housing benefit. Extending the FCS Supportive Housing service authorization period from 6 to 12 months will also impact program costs. HCA estimates that 6,223 individuals will be enrolled in SH services by the end of FY23, and 38% of current enrollments will be extended from 6 to 12 months. To calculate additional service costs, HCA assumes a monthly engagement rate of 65% based on historical utilization. Additionally, adding 6 months to the enrollment period will increase administrative costs paid to the FCS TPA on a Per-Enrollee-Per-Month (PEPM) basis.

Table 1: FCS Supportive Housing Enrollments

Month	Enrollment (FCS SH)	Projected Enrollment Extending to 12 months (38%)	Projected Engagement (at 65%)	Services Costs	TPA Admin Costs
Jan-23	6,122	2,326	1,512	\$508,042	\$59,853
Feb-23	6,142	2,334	1,517	\$509,712	\$60,050
Mar-23	6,162	2,342	1,522	\$511,386	\$60,247
Apr-23	6,182	2,349	1,527	\$513,066	\$60,445
May-23	6,202	2,357	1,532	\$514,752	\$60,644
Jun-23	6,223	2,365	1,537	\$516,443	\$60,843

Based on AHAH's narrower eligibility criteria, RDA estimates that 2,062¹ unhoused individuals actively enrolled in FCS may be eligible for the AHAH program upon its launch. Projected AHAH eligibility includes all clients enrolled in FCS-H or FCS-B services who were unhoused, not placed in a residential care facility or permanent supportive, or rapid re-housing unit during a month, and thus identified as potentially eligible for AHAH.

¹ Based on RDA administrative data from 2021 to account for data maturation

AHAH's FCS program budget was fully funded during the 2022 legislative session and calculated by using the enrollment estimates in table 1 to identify impacts on service costs and administrative fees.

Budgets

HCA was allocated an initial budget for FY23 of \$3,425,082, funded through the 1115 MTP waiver. The funding is not available until the launch of the benefit in January 2023, pending approval of the renewed 1115 MTP waiver, also known as MTP 2.0.

Table 2: FCS CSS Budget

Operating Expenditures	SFY23
TPA Admin (GF-F/GF-L)	\$362,082
Services (GF-F/GF-L)	\$3,073,000
Total	\$3,425,082

Unit availability

ESSB 5693 (2022) allocated \$7,790,000 for the creation of the Office of Apple Health and Home and Permanent Supportive Housing (AHAH/PSH) and \$60,000,000 for capital development at the Department of Commerce. A Notice of Funding Availability (NOFA) will be issued to allocate capital funds through a competitive procurement process. Of the \$7,790,000 amount, \$6,500,000 will be used for project-based vouchers, rental subsidies, and provider grants. Commerce is proposing a pilot program using a third-party administrator to manage the project-based housing vouchers and rental subsidies. This statewide administrator will work closely with the coordinating entity to ensure individuals have a menu of options based on their housing choice and preferences, one of the core principles of the evidence-based practice Substance Abuse and Mental Health Administration's (SAMHSA) model of PSH.

Based on the state Fair Market Rent (FMR) Metropolitan Area Summary tool, the statewide average for a one-bedroom apartment is \$1,017 per month. Assuming a 10% administrative cost for oversight of these funds, Commerce estimates 443 units could be supported during the initial grant period.

Table 3: PSH units supported by AHAH

Statewide FMR average for a one-bedroom in Metropolitan Areas		\$1,017
	Months	12
	Annual Cost/unit	\$12,202
Budget	Minus Admin	# of units created
\$ 6,000,000	\$ 5,400,000	443

Funding availability

Commerce plans a multi-prong approach to generating housing resources to meet the CSS/AHAH population's housing needs. Using the capital funds allocated in the Capital Budget (SSB 5651, 2022), \$60 million will be disbursed via a Notice of Funding Announcement (NOFA) for the rapid acquisition and development of PSH.

Coordinating entity

ESBH1866 establishes the role of the coordinating entity for:

- administration of eligibility determination for services,
- enrollment in AHAH's CSS benefit, and
- coordination of PSH units for eligible individuals.

HCA has identified Amerigroup, the FCS program's third-party administrator (TPA), as the coordinating entity in preparation for the launch of AHAH in 2023. HCA will amend the FCS TPA contract to delegate additional responsibilities and bolster Amerigroup's staffing capacity to fully support implementation of the AHAH benefit.

Operationalization

Permanent Supportive Housing inventory

Commerce will work to develop a PSH inventory solution that provides real-time inventory data to the Coordinating Entity.

- **Phase I** of the inventory platform will be determining the necessary specifications of such a platform, and the best methods for ensuring compliance on the part of a housing owner/operator to register unit availability as tenant turnover occurs.
- **Phase II** (SFY 2024-25) of the platform will implement functionality to make and document a match between an available housing unit and an eligible tenant, eligibility verification and dashboard reports. This additional functionality will require significant security provisions, as identifying client data would be added to the platform for eligibility and matching purposes. Inventory and individual level data would only be visible to the Coordinating Entity and Healthcare Authority.

12-Month authorizations

Extending FCS Supportive Housing authorizations from 6 to 12 months is contingent upon approval of the new 1115 waiver and the approval of this change by CMS. If the 1115 waiver renewal has not been approved by January 1, 2023, AHAH will launch the CSS benefit with 6-month authorizations, then transition to 12-month authorizations once CMS approves the extended authorization. Delays in the waiver renewal may have a budgetary impact due to the potential need for a no-cost extension of the current waiver extension period.

Technical assistance

HCA will focus on FCS training and technical assistance initiatives in support of AHAH operationalization by providing a series of current and new opportunities to transmit best practices and increase capacity

among the FCS provider network. Training and technical assistance opportunities to be offered during 2023 include:

- **Medicaid Academy** – Hosted by the Corporation for Supportive Housing (CSH), the Supportive Housing Medicaid Academy aims to maximize billing and sustainable service funding by preparing community-based providers for Medicaid enrollment and billing. The Academy is tailored to providers in Washington and offers information about developing sustainable financing rates for services, securing contracts with Managed Care Organizations (MCOs), complying with regulations, becoming a licensed, certified, and credentialed provider, enrolling in ProviderOne, and managing Medicaid suspensions and reconnection issues.
- **Supportive Housing Institute (SHI)** – Hosted by CSH, this training series helps build provider capacity, build a pipeline of quality supportive housing, and produce projects that are well-prepared for state and local funding by bringing together teams that consist of SUD/co-occurring supportive service providers, a housing developer/owner, a property management partner, and at least one individual with lived experience.
- **PSH Fidelity Training** – FCS uses SAMHSA’s PSH fidelity model to ensure providers follow the basic principles and elements of the PSH model. The FCS fidelity training series offers information that assists FCS providers with implementing processes that help organizations ensure they gather all required documentation, as well as how service providers can best include key staff in the continuous quality improvement and fidelity review process.

Capacity building grants

The Office of AHAH/PSH is collaborating with the Multifamily Housing Unit (MHU) team to develop a NOFA for capacity-building grants in partnership with the nonprofit organization that will provide technical assistance to advance PSH projects.

Data collection and reporting

Commerce’s AHAH/PSH unit is currently in conversation about establishing a platform to create an online solution that will be available to the coordinating entity for real-time availability of units, vouchers, and subsidies. This platform will generate the data and outcomes required to report in a public dashboard. Commerce has a long history of publicly reporting outcomes through the [Homeless System Performance website](#).

HCA will continue to contract with DSHS/RDA for AHAH. RDA will:

- Consult with representatives of the Health Care Authority, Department of Social and Health Services, and Department of Commerce on the collection of AHAH client participation and expenditure data.
- Collaborate with the coordinating entities to establish ongoing and secure transmission of identified AHAH client and expenditure records to DSHS-RDA.
- Link AHAH client records to the DSHS-RDA Integrated Client Database (ICDB) using participants' full names, birthdates, and other identifiers in data maintained by the coordinating entity.
- Develop racially disaggregated performance metrics that measure the following: client progress through key program milestones; access to housing, cash and food assistance, financial stress, and housing stability; housing placements; the average length of time enrolled in the program; and healthcare utilization prior to program entry.

- Work with agency partners to establish estimates of the unmet need for permanent supportive housing services by county.
- In collaboration with participating partner agencies, develop and maintain a monthly annual report providing summary information of Foundational Community Supports (FCS) clients served through the AHAH program. The report will contain client demographic information, Medicaid coverage, FCS and AHAH service data, and other characteristics mutually agreed to by all participating parties.

Health & housing equity

AHAH recognizes the disparate impact systemic racism has on persons of color in relation to access to housing and behavioral health services. AHAH will identify and establish metrics and collect racially disaggregated data from HCA and the Dept. of Commerce concerning the program's effect on providing a person with PSH, moving people into independent housing, long-term housing stability, health outcomes, and health care spending, and outcomes related to social determinants of health.

Personnel

Department of Commerce hired a Managing Director for the office in mid-July. Melodie Pazolt, previously with the Health Care Authority – Division of Behavioral Health, joined the Housing Division and reports to the Assistant Director who has been delegated from the Commerce Director. Ms. Pazolt has a long-standing history in the FCS program, homeless services, and behavioral health. The Office of AHAH/PSH was formed after a re-organization within the Department of Commerce and includes other programs such as the Community Behavioral Health Rent Assistance (CBRA) program, Operations, Maintenance and Services (OMS), and the PSH workgroup commissioned under SHB 1724 (2022). The Office of AHAH/PSH also includes a Deputy Managing Director (Jeff Spring) who has a vast knowledge of housing programs during his tenure at the Department of Commerce.

Four positions are in development within the Office of AHAH/PSH to support the efforts within ESHB 1866 to coordinate a spectrum of practice efforts related to providing PSH, including leading efforts related to creating housing, operating housing, obtaining services, and delivering those services to connect people with housing, and maintain them in that housing.

HCA will add two new full-time employees to the FCS team by January 1, 2023, with recruitment slated to start in Fall 2022. The two positions are currently in development within the Department of Behavioral Health and Recovery on the FCS team and will oversee the administration of the AHAH benefit.

Conclusion

AHAH begins to address chronic homelessness by treating it as a medical condition. Newly acquired affordable housing and pre-tenancy and tenancy sustaining supports will be offered to eligible individuals as a viable treatment option. Commerce's newly established Office of AHAH/PSH is leading the charge to acquire and develop PSH for AHAH enrollees. HCA's FCS Supportive Housing program, part of Washington's MTP, will deliver community support services to eligible individuals. Amerigroup, the current FCS program's TPA, will coordinate the service provision and authorize eligible individuals to receive 12 months of Medicaid-reimbursable community support services from a provider working within the FCS Supportive Housing network.

Acquiring affordable housing and coupling it with CSS has the power to improve health outcomes and reduce homelessness across Washington, but this requires steadfast collaboration among Commerce, DSHS, and HCA. While working together to build components of AHAH, each agency is planning and preparing for implementation on January 1, 2023. Commerce is working to identify a platform for transmitting information about available units for AHAH enrollees to ensure quick communication regarding AHAH's housing inventory. HCA and RDA are preparing a new contract to establish data collection and reporting strategies. HCA is working to amend the FCS TPA contract to ensure the coordinating entity is prepared to perform its AHAH role upon the program's launch. Meanwhile, all agencies are developing training and technical assistance strategies to bolster provider capacity before and after the launch of AHAH. Through our partnership with the FCS provider network and other entities, we can ensure that all Washingtonians have equitable access to affordable housing and support services that are crucial in improving the health and well-being of individuals experiencing homelessness.