

## Federal Funding Opportunities for State Medicaid Coverage of Supportive Housing Activities

Erynne Jones, Jennifer Ryan, Tanya Schwartz, and Hilary Haycock

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Policymakers at the state and national level are increasingly recognizing the important role that social and supportive services play in improving health outcomes. Supportive housing services,<sup>i</sup> in particular, are acknowledged as critical in helping individuals remain in their communities rather than be placed in institutions. In June 2015, the Centers for Medicare & Medicaid Services (CMS) issued guidance for states to help them develop strategies to cover housing activities and supports under Medicaid, which provides a federal matching funds, or “Federal Financial Participation (FFP),” for coverage of eligible services. This issue paper summarizes the recent CMS guidance and cross-walks activities eligible for FFP with the relevant Medicaid authority.

### Background

A growing body of evidence supports the integration of housing with health services as a critical component of achieving the Triple Aim -- improving population health, improving the patient health care experience, and reducing per capita health care costs.<sup>ii</sup> A number of studies have demonstrated the positive results that can be achieved through supportive housing activities:

- A 2011 study of the Medicaid Money Follows the Person (MFP) demonstration grant found that states that provided certain supportive housing services – such as housing specialists and housing assistance action plans – successfully transitioned individuals into home and community-based services at a higher rate than states that did not include such services. Study respondents cited insufficient housing strategies as the greatest barrier to progress in transitioning individuals out of institutions and into the community.<sup>iii</sup>
- A 2013 interim evaluation from the New York/New York III Supportive Housing Agreement, a partnership between New York City and the State of New York to create 9,000 units of supportive housing over a ten-year period, showed a net savings to the state of approximately \$10,000 per person per year. The savings resulted from decreased utilization of Medicaid services, family and individual shelters, state psychiatric facilities, jails, and cash assistance as compared to homeless individuals.<sup>iv</sup>
- A 2015 report on the “Home and Healthy for Good” program in Massachusetts found that linking 766 chronically homeless individuals to supportive housing services achieved an average savings of \$9,339 per person. These savings resulted from a reduction in the utilization of high-cost Medicaid services, decreased shelter use, and reduced incarceration rates.<sup>v</sup>

### Federal Medicaid Funding for Supportive Housing Services

In recognition of the important role that housing plays in population health, the CMS Center for Medicaid and CHIP Services (CMCS) issued an Informational Bulletin<sup>vi</sup> on June 26, 2015, clarifying the circumstances under which the federal Medicaid program will reimburse states for certain housing-related activities that are designed to “promote community integration for individuals with disabilities, older adults needing long term services and supports (LTSS), and those experiencing chronic homelessness.”<sup>vii</sup>

CMS noted that while the Medicaid statute does not permit federal support directly for the costs of “room and board,”<sup>viii</sup> a number of supportive housing-related services are eligible for FFP. These services include:

- 1) Individual Housing Transition Services:** Services supporting a beneficiary’s ability to prepare for and transition to housing;
- 2) Individual Housing and Tenancy Sustaining Services:** Services supporting a beneficiary’s ability to be a successful tenant in his/her housing arrangement; and
- 3) State-Level Housing Related Collaborative Activities:** Services supporting collaborative efforts across public agencies and the private sector that help the beneficiary identify and secure housing options.

As detailed in the informational Bulletin, states may cover housing-related services under their Medicaid State Plan and/or through various Medicaid waiver and demonstration authorities. The Medicaid authorities and the services for which states may receive FFP include:

### *Medicaid State Plan Options*

- **1905(a) State Plan Services:** Permits states to define specific populations that may receive Targeted Case Management services to assist eligible beneficiaries that reside in or are transitioning from an institution to a community-based setting. This includes activities to help beneficiaries find housing, linking beneficiaries to housing resources, and identifying resources to aid the beneficiary in maintaining their housing during a crisis.
- **1915(i) Home and Community-Based Services (HCBS):** Gives states the option to provide the full range of HCBS to seniors and individuals with disabilities in their homes and communities rather than in institutions. This includes services such as conducting an individualized assessment of beneficiary housing needs, assisting the beneficiary with resources to cover one-time expenses such as security deposits, and coordinating the move with landlords and other housing staff. States electing this option may not cap enrollment for the program.

- **1915(k) Community First Choice (CFC):** Permits states to provide for services that promote independent living through the use of personal care attendants and supports for beneficiaries that would otherwise be institutionalized. This includes transition costs for moving an individual from an institution into the community and certain one-time expenses such as security deposits and basic kitchen and bedding supplies.

#### *Waiver and Demonstration Options*

- **1915(b) Managed Care Waivers:** Permits states to waive beneficiary choice of providers by implementing a managed care delivery system for services that are otherwise coverable under a state plan or waiver. The 1915(b)(3) authority allows for savings generated through the waiver to be invested in providing additional services for waiver enrollees, including housing-related services for individuals to identify, transition to, and sustain their housing. States that have used 1915(b) waivers to help beneficiaries transition into the community and/or sustain housing include Iowa, Michigan, Nebraska, North Carolina, Ohio, and Wisconsin.
- **1915(c) HCBS Waivers:** Enables states to provide long-term care services and supports through home and community-based settings instead of through institutions. States have the ability to limit enrollment and to define the services that are covered under 1915(c) waivers. Supportive housing services are available for individuals transitioning out of Medicaid-funded institutions, or other provider-operated living arrangements, to a private residence where they are directly responsible for their own living expenses.
- **Comprehensive Medicaid Section 1115 Demonstration Waiver:** Gives states flexibility to design and test changes to their Medicaid program and provides FFP for services that do not normally qualify under federal rules. Recent delivery system reform waiver proposals in New York and California have included components focused on housing supports. Demonstrations must be budget neutral, meaning that spending during the course of the five-year demonstration period must not exceed costs that would have occurred in the absence of the demonstration.

States can provide housing services through the waiver to individuals living in the community or to individuals leaving institutions, such as assistance with completing forms for subsidized housing, locating housing resources, and linking individuals with community resources to assist with paying back rent.

- **Money Follows the Person Rebalancing Demonstration (MFP):** Provides resources to states to make changes to their long-term care programs in order to allow Medicaid funding to follow beneficiaries as they transition from an institutional facility to community-based housing. Housing specialists and coordinators may be hired or contracted to provide a range of services related to housing, such as identifying and securing housing resources,

assisting individuals with moving into housing, and providing tenancy support services for the beneficiary to remain in their home.

Appendix A, “**Supportive Housing Services Eligible for Medicaid Federal Financial Participation by Medicaid Authority,**” details the specific supportive housing services available under each of these Medicaid authorities. Depending on the state’s goals, CMS has provided multiple opportunities to coordinate funding across Medicaid authorities to offer a comprehensive set of supportive housing options for beneficiaries.

### State Strategies for Incorporating Supportive Housing into Medicaid

A number of states are experimenting with different strategies for providing supportive housing services as a vehicle for broadening access to community living options. Examples of state-based strategies include:

- **Louisiana** provides a variety of housing-related supportive services under 1915(c) “Community Choice” waiver authority. Through the Community Choice waiver, beneficiaries have access to case management services and support for transitioning out of nursing homes and into the community.<sup>ix</sup> Additionally, the waiver includes a Permanent Supportive Housing (PSH) component, which offers pre-tenancy supports, such as assistance with obtaining the necessary documents to apply for housing, and tenancy support services, including assistance with communicating with landlords and 24-hour crisis intervention services.<sup>x</sup>

Louisiana also offers housing services through its Money Follows the Person “My Place” program for individuals moving from institutions into community-based settings. Pre-tenancy services available through this program include funding for transportation, securing housing, housing relocation, and essential home items. Post-tenancy services are available for up to 365 days after the individual is placed in housing, including visits with My Place Transition Coordinators.<sup>xi</sup>

- **New York’s** Medicaid section 1115 waiver includes a Delivery System Reform Incentive Payment (DSRIP) project where hospitals and their partners, known as Performing Provider Systems (PPSs), could leverage transitional housing services to help chronically ill individuals avoid hospitalization and remain in the community. While the waiver itself does not pay for housing services and activities, it provides an opportunity for providers to build a common infrastructure and establish care coordination protocols for supportive housing services. To participate in this project, PPSs were required to conduct a community needs assessment to identify available housing options, execute a Memorandum of Understanding between hospitals and supportive housing staff to coordinate transition plans from inpatient care to supportive housing, and develop care coordination strategies to ensure that beneficiary services are available at supportive housing sites.<sup>xii</sup>

- **Washington’s “Roads to Community Living”** program is a MFP-funded initiative that supports beneficiaries with long term and complex care needs as they transition from institutions back into the community. Beneficiaries in the program work one-on-one with state and local housing agencies to develop transition plans that identify the support services they need to be successful in their tenancy, including crisis management, transportation, and identifying affordable housing options. Funding for the program is also used to supplement existing state funding for one-time relocation costs and to pay for intensive relocation and resource development.

### Opportunities for California

This CMS guidance is particularly important for California as the state’s section 1115 waiver renewal proposal emphasizes the importance of supportive housing services in helping beneficiaries achieve a stable living situation to create the foundation for better health outcomes. The California waiver renewal concept paper that was submitted to CMS seeks to better integrate housing into the spectrum of care coordination through a variety of initiatives, including:

- Incorporating housing organizations into Whole Person Care Pilots, which seek to better coordinate care throughout communities;
- Improving coordination with social services through the hospital-based DSRIP program;
- Enhancing tenancy support and intensive medical case management through increased managed care plan reimbursement for services; and
- Incentivizing the creation of regional housing partnerships at the local level that would include long term rental subsidies and case management assistance.

Since the waiver is still under negotiation with CMS, it remains unclear which components of supportive housing will remain once the waiver is finalized. California could benefit from leveraging multiple Medicaid state plan and waiver options that are available to support and enhance the housing-related strategies the state has developed.

### Conclusion

The CMS guidance regarding supportive housing clarifies the opportunities and options available to states as they seek to continue to strengthen the pathway towards “whole person” service integration and delivery system transformation. It is clear that beneficiaries often need multiple social services and supports in order to successfully transition into and then maintain independent living situations, including supportive housing services. Research has shown that these social services and supports can play a critical role in lowering the total cost of care to the system. As states continue to experiment with integrating supportive housing in Medicaid through the options outlined in the CMS guidance, best practices for creating program models that reduce costs, improve overall health outcomes, and help states achieve the Triple Aim goals will be further refined.

## Appendix A. Supportive Housing Activities Eligible for Medicaid Federal Financial Participation

In its June 2015 guidance, CMS outlined three main categories of supportive housing activities for which states may receive federal Medicaid reimbursement:

### 1. Individual Housing Transition Services

- Providing direct support to beneficiaries experiencing chronic homelessness, who are older and need long term services and supports, and/or have a disability.
- Conducting a tenant screening and housing assessment that identifies beneficiary preferences and barriers to successful tenancy.
- Developing an individualized housing support plan that addresses identified barriers, including long and short term goals for addressing barriers, participant-centered strategies to meet the goal, and providers/services needed to meet each goal.
- Assistance with the housing application and search process.
- Identifying resources to cover one-time housing-related expenses (moving costs, security deposits, etc.).
- Ensuring that living arrangements are safe and ready to move into.
- Assisting in arranging for and supporting details of the move.
- Development of a housing support crisis plan, including prevention and early intervention.

### 2. Individual Housing and Tenancy Sustaining Services

- Providing early identification and intervention for behaviors that may jeopardize housing, such as late rental payment and other lease violations.
- Providing education and training on the role, rights and responsibilities of the tenant and landlord.
- Coaching on developing and maintaining relationships with landlords/property managers.
- Assisting with dispute resolution between landlords and neighbors to reduce risk of eviction/other adverse action.
- Advocacy and linkages to community resources to prevent eviction when housing is, or may become jeopardized.
- Assistance with housing recertification.
- Coordinating with the tenant to regularly review, update and modify their housing support and crisis plan to reflect current needs and address existing or recurring housing retention barriers.
- Continuing training on lease compliance, household management, and being a good tenant.

- 3. State-Level Housing Related Collaborative Activities:** Collaborative activities that states can undertake under section 1115 and Money Follows the Person Demonstration authority, include:
- Creating agreements and establishing working relationships between the state and local housing and community development agencies to facilitate access to housing resources;
  - Participating in the planning process of local housing and community development agencies through various activities such as providing relevant data; and
  - Identifying housing options for participants that would like to transition into community-based housing.

The table below outlines the key types of housing transition and supportive services that states can provide and receive Medicaid funding for, organized by Medicaid state plan and waiver authority:

Individual Housing Transition Services						
Service	1905(a) State Plan Targeted Case Management	1915(i) HCBS State Plan Optional Benefit	1915(c) HCBS Waiver	1915(k) Community First Choice	Section 1115 Waiver	Money Follows the Person Rebalancing Demonstration
Assessing housing needs and presenting options	X	X	X			
Searching for housing	X	X	X		X	X
Assistance securing housing (including completion of applications and documentation)		X	X		X	X
Communication with landlords and training on how to be a good tenant		X	X			
Coordinating the move		X	X		X	

Service	1905(a) State Plan Targeted Case Management	1915(i) HCBS State Plan Optional Benefit	1915(c) HCBS Waiver	1915(k) Community First Choice	Section 1115 Waiver	Money Follows the Person Rebalancing Demonstration
Environmental modifications for ensuring accessibility		X	X			
Community Transition Services/Transition costs (e.g. security deposits, utilities set up, essential furnishings and household set up and moving expenses) <sup>xiii</sup>		X	X	X	X	X
Housing coordination specialists/case managers to assist with transitions						X
Individual Housing and Tenancy Sustaining Services						
Service	1905(a) State Plan Targeted Case Management	1915(i) HCBS State Plan Optional Benefit	1915(c) HCBS Waiver	Community First Choice	Section 1115 Waiver	Money Follows the Person Rebalancing Demonstration
Assistance with housing retention/community resources, including assisting with back rent		X	X		X	X
Communication with landlords and training on how to be a good tenant					X	
Identifying resources to maintain housing during a crisis	X					
Assistance with housing subsidy recertification					X	

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<sup>i</sup> Defined as a combination of both housing and housing-related services that allow individuals to remain in a stable living environment.

<sup>ii</sup> Institute for Healthcare Improvement. (2012). "The IHI Triple Aim." Available at <http://www.ihl.org/Engage/Initiatives/TripleAim/pages/default.aspx>.

<sup>iii</sup> Lipson, D. et al. (October 2011). "What Determines State Progress in State MFP Transition Programs?" Mathematica Policy Research. Available at <http://www.disabilitypolicyresearch.org/~media/publications/pdfs/health/mfpfieldrpt8.pdf>.

<sup>iv</sup> Levanon-Seligson, A. et. al. (2013). "New York/New York III Supportive Housing Evaluation: Interim Utilization and Cost Analysis." New York City Department of Health and Mental Hygiene in collaboration with the New York City Human Resources Administration and the New York State Office of Mental Health. Available at: <http://shnny.org/images/uploads/NY-NY-III-Interim-Report.pdf>.

<sup>v</sup> (January 2015). "Home and Healthy for Good June 2015 Progress Report." Massachusetts Housing and Shelter Alliance. Available at: <http://archives.lib.state.ma.us/bitstream/handle/2452/238649/ocn887735103-2015.pdf?sequence=1&isAllowed=y>.

<sup>vi</sup> CMCS Informational Bulletin, June 26, 2015. Coverage of Housing-Related Activities and Services for Individuals with Disabilities. Available at: <http://www.medicaid.gov/federal-policy-guidance/downloads/CIB-06-26-2015.pdf>.

<sup>vii</sup> Ibid.

<sup>viii</sup> Room and board also includes capital funds used for new construction or rehabilitation of existing housing.

<sup>ix</sup> Louisiana Department of Health and Hospitals. (January 7, 2015). "Community Choices Waiver." OAAS-RC-11-001. [Fact Sheet.] Available at [http://dhh.louisiana.gov/assets/docs/OAAS/publications/CCW\\_Fact\\_Sheet.pdf](http://dhh.louisiana.gov/assets/docs/OAAS/publications/CCW_Fact_Sheet.pdf).

<sup>x</sup> Louisiana Department of Health and Hospitals. (March 2, 2015). "Permanent Supportive Housing." OAAS-RC-14-003. [Fact Sheet.] Available at <http://dhh.louisiana.gov/assets/docs/OAAS/PSH/PSH-factsheet.pdf>.

<sup>xi</sup> Information about the My Place Program available at <http://dhh.louisiana.gov/index.cfm/page/147>.

<sup>xii</sup> "New York State Delivery System Reform Incentive Payment Program Project Toolkit." Page 30. Available at [http://www.health.ny.gov/health\\_care/medicaid/redesign/docs/dsrip\\_project\\_toolkit.pdf](http://www.health.ny.gov/health_care/medicaid/redesign/docs/dsrip_project_toolkit.pdf).

<sup>xiii</sup> These services are covered to the extent that they are reasonable and necessary as determined through the service plan development process.