
Health Care & Wellness Committee

HB 1866

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

Sponsors: 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.

Brief Summary of Bill

- Establishes the Apple Health and Homes Program (Program) to provide a 12-month, renewable supportive housing benefit to Medical Assistance enrollees who meet eligibility criteria related to medical risk factors and barriers to finding stable housing.
- Establishes the Office of Health and Homes within the Department of Commerce to acquire sufficient supportive housing units to fulfill the needs of persons enrolled in the Program.
- Establishes the Health and Homes Account (Account) with a portion of funds from the \$100 housing surcharge for recorded documents to be used for supportive housing programs.
- Appropriates \$500 million from the Coronavirus State Fiscal Recovery Fund into the Account for the acquisition and development of supportive housing units.

Hearing Date: 1/20/22

Staff: Christopher Blake (786-7392).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

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 the program. 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 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 an additional 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 acquisition.

Summary of Bill:

The Apple Health and Homes Program (Program) is established to provide eligible persons with a 12-month renewable supportive housing benefit. "Supportive housing" is defined as subsidized housing for people who need comprehensive support services to retain tenancy. Supportive housing uses admissions practices to lower barriers to entry compared to other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. 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, be a successful tenant, improve health status, and connect with other community-based services.

A person may be eligible for the Program if the person:

- is at least 18 years old;
- is enrolled in medical assistance and is eligible for community support services;
- 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; (3) having a history of frequent stays at adult residential care facilities or residential treatment facilities; (4) having frequent turnover of in-home caregivers; or (5) having at least one chronic condition and being at risk for a second.

Under the Program, a coordinating entity selected by the Health Care Authority (Authority) issues a housing benefit authorization on behalf of an eligible person to the Office of Health and Homes (Office) within the Department of Commerce. A "housing benefit authorization" is a statement that a person meets Program eligibility standards to qualify for supportive housing and includes an assessment of the person's housing needs. Pursuant to a contract with the Authority, the coordinating entity assures access to eligibility determination services for potential supportive housing recipients, verifies that persons meet the eligibility standards for the Program, coordinates enrollment in medical assistance programs, and coordinates with the Office to arrange suitable housing for persons with a housing benefit authorization and assist the person with case management services. When selecting the coordinating entity, the Authority must choose an organization that is capable of providing both community support services and

supportive housing services to persons enrolled in medical assistance programs.

The Office is established within the Department of Commerce. The Office is responsible for:

- acquiring or creating enough supportive housing units to fulfill housing benefit authorizations;
- contracting with organizations to acquire, build, and operate the housing units, including nonprofit community organizations, local counties and cities, public housing authorities, and public development authorities;
- receiving housing benefit authorizations and suitable housing assessments from the coordinating entity and identifying available supportive housing for the person's needs;
- reevaluating the suitability of a person's supportive housing unit upon renewal of the housing benefit authorization;
- collaborating with the Authority on administrative functions, oversight, and reporting; and
- adopting procedures to assist persons whose housing benefit authorizations are not renewed to transition to independent housing and coordinate supports.

The Office must consult regularly with a 13-member advisory committee that includes advocates, legislators, a representative of the Authority, a representative from a county that provides local county dollars for affordable housing, a councilmember or designee from a city or jurisdiction that provides local dollars for affordable housing, nonprofit developers of housing supported by the bond or tax credit program, a person with lived experience with homelessness, service providers, and other stakeholders. The advisory committee must provide guidance and recommendations to the Office regarding funding, policy, and practice gaps within and among state programs.

Implementation of the Program occurs in three phases as funding and housing is available. In the first phase, by January 1, 2023, at least three regional service areas must implement the Program. The three regional service areas are the most populous single county regional service area and the two regional service areas with the greatest number of counties within their boundaries. In the second phase, by July 1, 2024, the Program must be available in at least four regional service areas. In the third phase, by July 1, 2025, the Program must be available in all regional service areas.

The Health and Homes Account (Account) is created as an appropriated account. A portion of the funds from the \$100 housing surcharge collected by county auditors for recorded documents must be deposited into the Account. The amount of the funds to be directed to the Account equals 30 percent of funds remaining after deposits are made to the Affordable Housing For All Account and the Landlord Mitigation Program Account. Funds in the Account must be used for supportive housing programs administered by the Office, including acquisition and development of supportive housing units; operations, maintenance, and services costs of supportive housing units; project-based vouchers; and rapid rehousing. At least 25 percent of the expenditures must be allocated to organizations that serve and are substantially governed by marginalized populations for program outreach costs.

A \$500 million appropriation is made from the Coronavirus State Fiscal Recovery Fund to the Account. The funds must be used for a rapid supportive housing acquisition program to issue competitive financial assistance for the acquisition and development of 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 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 with the funds must serve individuals eligible for a supportive housing benefit under the Program. The Department of Commerce must establish criteria for the issuance of grants. The Department of Commerce 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; and (2) align the eligibility and benefit standards of the Foundational Community Supports program established under the state's Medicaid Transformation Project to the 12-month time period under the Program.

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 phase of program implementation, including the estimated enrollment, estimated costs, estimated supportive housing unit availability, funding availability from all sources, and any statutory or budget needs to successfully implement the Program;
- by December 1, 2023, report on the progress of the first phase of Program implementation and preparedness for the second phase;
- by December 1, 2024, report on the progress of the first two phases of the Program and preparedness for the third phase;
- 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.

Appropriation: The sum of \$500,000,000.

Fiscal Note: Requested on January 10, 2022.

Effective Date: The bill contains an emergency clause and takes effect immediately.