

HOUSE BILL REPORT

HB 1866

As Reported by House Committee On:

Health Care & Wellness

Appropriations

Title: An act relating to assisting persons receiving community support services through medical assistance programs to receive supportive housing.

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 History:

Committee Activity:

Health Care & Wellness: 1/20/22, 2/2/22 [DPS];

Appropriations: 2/5/22, 2/7/22 [DPS(HCW)].

Brief Summary of Substitute Bill

- Establishes the Apple Health and Homes Program (Program) to provide a 12-month, renewable permanent 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 (Office) within the Department of Commerce to acquire sufficient permanent supportive housing units to fulfill the needs of persons enrolled in the Program.
- Establishes the Health and Homes Account to be used for permanent supportive housing programs administered by the Office.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

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.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Cody, Chair; Bateman, Vice Chair; Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Bronoske, Davis, Harris, Macri, Maycumber, Riccelli, Rude, Simmons, Stonier, Tharinger and Ybarra.

Staff: Christopher Blake (786-7392).

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 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 Substitute Bill:

The Apple Health and Homes Program (Program) is established to provide eligible persons with a 12-month renewable permanent supportive housing benefit. "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 compared to other subsidized or unsubsidized rental housing, 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.

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

- is at least 18 years old;
- is: (1) enrolled in medical assistance and is 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 their 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; (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 (Department). A "housing benefit authorization" is a statement that a person meets Program eligibility standards to qualify for permanent 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 Authority must implement a screening process to identify and consider social determinants of health domains in addition to housing, such as food security, transportation, financial strain, and interpersonal safety. The coordinating entity must use a screening tool that includes criteria for prioritization that is selected by the Authority to screen individuals and make determinations for the housing benefit. When selecting and implementing the tool, the Authority must seek to support and align with other statewide initiatives to identify and address social needs.

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

- acquiring or creating enough permanent 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 Authority, in collaboration with the Department, must establish a workgroup to provide feedback to agencies on the administration of the foundational community supports provisions in the Medicaid Transformation Project (MTP) and align it with the Program. The workgroup includes representatives of counties, cities, nonprofit operators of permanent supportive housing, licensed agencies providing foundational community support services, community health centers, organizations representing the interests of homeless persons, and other stakeholders. The workgroup must meet at least quarterly for the duration of the MTP and may consider such topics as eligibility screening processes and case rate 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 expanded uses of waiver funds.

The 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.

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 development 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 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 permanent supportive housing benefit under the Program. The Department must establish criteria for the issuance of awards or loans. 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; and (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.

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, 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 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.

Substitute Bill Compared to Original Bill:

The substitute bill removes the \$500 million appropriation and makes the funding from the Health and Homes Account (Account) for the rapid permanent supportive housing acquisition and development program subject to amounts appropriated. It is specified that the Apple Health and Homes Program (Program) will operate through awards and loans, rather than grants, which must follow the guidelines and requirements of the Housing Trust Fund program.

The substitute bill restores the formula for the document recording fee surcharge, except that no less than 60 percent of surcharge funds are distributed to the Home Security Fund

Account, rather than 60 percent. The purpose of the surcharge funds is extended to include operations, maintenance, and service costs for permanent supportive housing for persons with disabilities. Surcharge funds may be used for permanent supportive housing programs administered by the Office of Health and Homes. The priority for the surcharge funds is expanded from project-based vouchers, housing acquisition, and emergency housing to purposes intended to house persons who are chronically homeless or to maintain housing for individuals with disabilities and prior experience 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 eliminated. The Department of Commerce (Department) must provide counties with the right of first refusal to receive surcharge grant funds.

The substitute bill removes the deposit of surcharge funds into the Account. The requirement that at least 25 percent of expenditures from the Account be allocated to organizations that serve and are substantially governed by marginalized populations to pay for outreach is replaced with the requirement that the Department prioritize allocating at least 10 percent of the expenditures to organizations that serve and are substantially governed by individuals disproportionately impacted by homelessness and behavioral health conditions.

The substitute bill adds to the eligibility criteria that, as an alternative to being enrolled in a medical assistance program, a person may either: (1) have income at or below 133 percent of the Federal Poverty Level and not be eligible for categorically needy medical assistance; or (2) be assessed as likely eligible for medical assistance, but not enrolled due to the severity of their behavioral health symptom acuity level.

The substitute bill eliminates the geographic phase-in of the Program. The Health Care Authority (Authority) must implement a screening process to identify and consider social determinants of health domains in addition to housing. The coordinating entity must use a screening tool selected by the Authority to screen individuals and make determinations for the housing benefit. The first report must discuss efforts to improve billing and administrative burdens for foundational community support providers and to streamline continuity of care and system connection for persons potentially eligible for foundational community supports.

The substitute bill changes the definitions for "homeless person" and "permanent supportive housing" to be the same as used in the Growth Management Act. References to "supportive housing" are changed to "permanent supportive housing."

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Over 70 percent of people who are chronically homeless struggle with a health condition. Stable housing is an indispensable element of health care treatment for persons who have been chronically homeless. This bill will treat chronic homelessness as a medical condition. Homeless persons die on average 20 years earlier than those with a home. Permanent supportive housing effectively maintains housing stability for most people experiencing chronic homelessness. This bill is what Washington needs to create permanent supportive housing, which is the solution to homelessness and unnecessary institutionalization for people with disabilities. The grants will help increase capacity building through increased wages for frontline staff and allow for the provision of culturally-attuned services to reach the community. Supportive housing is the most humane and cost-effective solution to chronic homelessness. It is challenging to take care of one's health while unhoused, such as safely storing medications and getting to appointments. Patients in supportive housing have higher rates of medical and behavioral health visits, their chronic diseases and communicable diseases are better controlled, medication management is better, and medications for opioid use disorder treatments have much better success for ongoing care and treatment.

The Apple Health and Homes Program will build on the successful Foundational Community Supports (FCS) program. Every person who qualifies for the FCS program has a medical necessity for housing and this bill will help provide the missing element—the actual homes.

This bill creates the Office of Health and Homes to focus on rapidly creating supportive housing through a proactive model to acquire or produce housing for medically eligible recipients. This bill will help the homeless by investing in building more housing, providing operational support for people living in housing, and connecting people to housing. Counties need thousands more supportive housing units for persons with disabilities who are experiencing long-term homelessness. The lack of affordable housing is the single biggest challenge when trying to connect individuals with supportive housing services. The state must expand investments in operating services and capital in supportive housing. The type of housing in the bill will bridge the gap between expensive residential treatment and independence. This bill combines policy and funding to build more supportive housing while ensuring ongoing funding for the necessary services to keep people housed. It is crucial that Native Americans be allowed to establish their own permanent supportive housing. Housing providers need more capacity to develop and launch projects quickly and this bill will ensure state-level support, coordination, and funding to ramp up the creation of supportive housing units.

The homelessness epidemic negatively impacts the appearance, safety, and humanity of the

region. Letting this crisis continue will negatively impact the region's ability to sustain economic growth. The \$500 million will give individuals the dignified housing they need and create stability for communities and local businesses.

(Opposed) None.

(Other) There is support for the way this has been braided with the existing FCS program. The FCS program is a six-month program and extending it to 12 months will require time to implement. The contractor would need to build a link with the Department of Commerce so it can conduct referrals for housing. This bill would require an extension of the Medicaid Transformation Project waiver. The need for supportive housing should not crowd out other types of affordable housing. It will take time to house anybody who is potentially eligible, so prioritizing who will be served first should be stated in the bill.

Persons Testifying: (In support) Representative Frank Chopp, prime sponsor; Jessica Renner, Self Advocates in Leadership; Charles Mayer and Richard Waters, Washington Physicians for Social Responsibility; Rhonda Hauff, Yakima Neighborhood Health Services; Ben Stuckart, Spokane Low Income Housing Consortium; Torri Canda, Amerigroup; Josephine Ensign; Debbie Thiele, Corporation for Supportive Housing; Derrick Belgarde, Chief Seattle Club; Matt Gavin, Third Door Coalition; Lucinda Grande, Washington Society of Addiction Medicine; Jon Grant, Low Income Housing Institute; Dane Austreng, Service Employees International Union Healthcare 1199NW; Beth Doglio, Apple Health and Homes Act Coalition; Aynsley Duncan; and Celia Jackson, King County.

(Other) Charissa Fotinos, Health Care Authority; and Tedd Kelleher, Department of Commerce.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Health Care & Wellness be substituted therefor and the substitute bill do pass. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Staff: Jessica Van Horne (786-7288).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care & Wellness:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 3, 2022.

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

Staff Summary of Public Testimony:

(In support) This bill will help address the issues of chronic homelessness, especially among individuals with significant behavioral health needs and other medical conditions. Housing instability negatively impacts people's health, especially for chronic conditions like diabetes. Chronic homelessness results in immense human suffering and major costs for the state. By providing housing for the chronically homeless, this bill will help address these major community and fiscal impacts and provide basic dignity for homeless persons. It will benefit not just individuals receiving housing, but also businesses and the broader community. The state should take advantage of federal funding provided through the American Rescue Plan Act to jump start housing acquisition and creation. This bill has broad support amongst many stakeholders.

(Opposed) None.

Persons Testifying: Representative Frank Chopp, prime sponsor; Daniel Low, Washington Physicians for Social Responsibility; and Debbie Thiele, Corporation for Supportive Housing.

Persons Signed In To Testify But Not Testifying: None.