

Medicaid Transformation Waiver: Initiative 3

Connecting our most vulnerable populations with targeted Medicaid benefits for supportive housing and supported employment

Washington State and the Centers for Medicare and Medicaid Services (CMS) have reached an agreement in principle for a five-year Medicaid transformation demonstration that will strengthen state efforts to improve health care for Washington families and control costs. We are negotiating Special Terms and Conditions (STCs), including implementation details, with CMS.

The research is clear: unemployment and job insecurity, along with homelessness and unstable housing, contribute to poor health. Homelessness is traumatic and cyclical—and it puts people at risk for physical and mental health conditions, and substance use disorders. There is also substantial evidence linking unemployment to poor physical and mental health outcomes, even in the absence of pre-existing conditions.

Through the Medicaid waiver, Initiative 3 seeks to address these factors by creating targeted benefits for supportive housing and supported employment. Through these targeted benefits, Initiative 3 will enhance the availability of these services for those who are the most vulnerable and have complex care needs.

Supportive Housing Services

Initiative 3 will create a targeted supportive housing services benefit for eligible Medicaid beneficiaries. These housing-related services do **not** include payment for room and board. Instead, we are proposing to use the waiver to pay for **services** that will help Medicaid beneficiaries get and keep housing. The supportive housing service package includes, but is not limited to services that identify and assist individuals in obtaining appropriate housing and provide tenant support to maintain housing, landlord relations support and training, advocacy, and links to other community resources. The proposed supportive housing benefit will not duplicate existing services currently available to eligible populations.

The benefit will serve specific populations and seeks to achieve the following outcomes:

- **Support those who are unable to find stable housing:** Chronically homeless individuals (as defined by HUD)
- **Decrease dependence on costly institutional care:** Those with frequent or lengthy institutional contacts
- **Decrease dependence on restrictive and costly adult residential care/treatment:** Those with frequent or lengthy adult residential care or treatment stays
- **Support difficult-to-serve LTSS recipients:** Reducing turnover of in-home caregivers or providers
- **Support those at highest risk for expensive care and negative outcomes:** PRISM risk score of 1.5+

Individuals eligible for these services must exhibit a medical or functional need and fall into at least one of the groups described above. The anticipated monthly caseload for supportive housing under the waiver is 3,000 individuals. Implementation phasing may be required in order to ensure the supportive housing benefit matches available housing and service capacity.

Supported Employment Services

This initiative will help people who are eligible for Medicaid and have physical, behavioral, or long-term service needs that make it difficult for them to get and keep a job. It will provide the ongoing services and support these individuals need, including individualized job coaching and training, employer relations, and assistance with job placement.

Through stakeholder engagement and population analysis, four outcomes have been identified and corresponding populations are proposed. These include:

- **Helping individuals stay engaged in the labor market:** Those enrolled in the Aged, Blind and Disabled (ABD) program, or have the potential to be enrolled in Housing & Essential Needs (HEN)
- **Preventing the escalation of behavioral health service need:** Individuals with severe and persistent mental illness, multiple episodes of inpatient substance abuse treatment, and/or co-occurring mental illness and substance use disorder
- **Supporting those with significant long-term services and supports needs:** Individuals with traumatic brain injury and physical disabilities
- **Supporting vulnerable youth and young adults:** Working age youth with a behavioral health diagnosis

Like the supportive housing benefit, referral to these services must be in response to a medical necessity. The anticipated caseload for supported employment benefits is 3,000 individuals per month.

How will providers be reimbursed for these services?

Supportive housing and supported employment services under Initiative 3 will be provided as targeted benefits through existing Medicaid delivery systems—Behavioral Health Organizations (BHOs), Managed Care Organizations (MCOs), and the Department of Social and Health Services (DSHS) and Area Agencies on Aging. Providers will receive payments for services provided through managed care or fee-for-service arrangements. Implementation details are being developed through negotiations with CMS; see the [Medicaid Transformation Initiative 3 web page](#) for updates.

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- Send questions and comments to medicaidtransformation@hca.wa.gov

These investments are not funded by a grant. The state must demonstrate that it will not spend more federal dollars on its Medicaid program with this demonstration project than it would have without it.
