Attachment A: **TEMPLATE FOR TRANSFORMATION PROJECT SUGGESTIONS**

Contact Information	*Identify point person, telephone number, e-mail address* Nicole Macri, DESC (Downtown Emergency Service Center), 206-515-1514, nmacri@desc.org *Which organizations were involved in developing this project suggestion?* DESC
Project Title	**Assessment of opportunities to leverage homeless system funds to build Supportive Housing capacity in order to expand return on investment of Initiative 3 Supportive Housing Benefit.**

Rationale for the Project

Include:

- *Problem statement – why this project is needed.*

Currently, flexible homeless/housing system dollars are used to underwrite healthcare services delivered in Permanent Supportive Housing (PSH). Many of these non-healthcare funds could support housing capital, operations or rent subsidies. Identifying to what extent a new PSH-Medicaid-benefit provides opportunities to free up flexible non-healthcare dollars is critical to determining how much additional supportive housing can be created. Re-investment of homeless resources (including federal HUD CoC, state Consolidated Homeless Grant, local and philanthropic dollars) will increase the housing available to chronically homeless people with high service needs eligible for the PSH-Medicaid-benefit. Due to the complexity of multiple funding streams and eligibility considerations, detailed analysis must occur to identify the extent to which the PSH-Medicaid-benefit can fund healthcare services in DESC's PSH projects. Two of HUD's policy priorities are to maximize leverage of mainstream resources such as Medicaid and expand the number of dedicated units available. HUD strongly recommends reallocation to maximize use of its dollars to increase availability of PSH, as evidenced by the increasing restrictions on provision of new supportive service dollars, and grant increases targeted towards expanding housing availability (https://www.hudexchange.info/resource/4435/fy-2015-nofa-policy-requirements-and-general-section/). To maximize outcomes for Medicaid beneficiaries and best align with homelessness response systems and other policy priorities, local community (CoC-level) recommendations for funding adjustment must occur.

- *Supporting research (evidence-based and promising practices) for the value of the proposed project.*

Evidence shows that housing, particularly housing following the Housing First model, reduces use of emergency medical services and healthcare expenditures (www.desc.org/research). It is also evident that health outcomes are better for people living in housing than for those experiencing homelessness.

- *Relationship to federal objectives for Medicaid with particular attention to how this project benefits Medicaid beneficiaries.*

Identifying how much housing can be leveraged by redirecting flexible non-healthcare funds following the implementation of the PSH-Medicaid-benefit will ensure we maximize effectiveness to new beneficiaries. PSH services will have limited results without expanded availability of affordable housing. To decrease the number of people experiencing homelessness and bend the Medicaid cost curve we must increase the number of people in PSH. This is only possible if we expand access to housing. The most likely way to do this is to redirect existing flexible non-healthcare resources to cover the housing related costs that are integral to the success of the Medicaid-funded healthcare services covered by the PSH-Medicaid-benefit. Without expanding the supply of housing, the PSH

Medicaid benefit will not be able to be used for the intended number of beneficiaries.

With nearly 1300 units and serving an estimated 900 eligible PSH-Medicaid-beneficiaries, DESC is the largest provider of PSH to chronically homeless individuals in the state of Washington. While this project is specific to analyzing DESC's funding streams, this project concept is applicable to all PSH funded through homeless service systems, and is fully replicable and scalable to meet statewide needs.

Project Description

Which Medicaid Transformation Goals are supported by this project/intervention? Check box(es)

X Reduce avoidable use of intensive services
X Improve population health, focused on prevention
☐ Accelerate transition to value-based payment
☐ Ensure Medicaid per-capita growth is below national trends

Which Transformation Project Domain(s) are involved? Check box(es)

X Health Systems Capacity Building
☐ Care Delivery Redesign
X Population Health Improvement – prevention activities

- *Region(s) and sub-population(s) impacted by the project. Include a description of the target population*

Region: King County; *Sub-Population*: Chronically Homeless or Formerly Chronically Homeless people with high service needs typically residing in or eligible for DESC's Permanent Supportive Housing;

- *Relationship to Washington's Medicaid Transformation goals.*

Domain 1—Health Systems Capacity Building: Strategies and projects that build providers' capacity to effectively operate in a transformed system. PSH as proposed in Initiative 3 will provide supportive housing services, a targeted foundational community support, to individuals who have difficulty finding ongoing support through existing housing and treatment models. Through Initiative 3, there will be cost savings due to reduced institutional, hospital, ER, and medical costs as well as costs associated with rapid cycling through existing programs that have proven ineffective. This transformation project will building capacity to acquire and maintain the affordable housing that is essential to the evidence-based PSH model, thus maximizing the services provided through the PSH benefit for clients who do not currently have enough stability in their lives to improve their health.

- *Project goals, interventions and outcomes expected during the waiver period, including relationship to improving health equity /reducing health disparities.*

The goal is to provide recommendations and a course-of-action plan for expanding the amount of PSH DESC can provide in the Seattle/King County continuum by identifying current non-healthcare dollars paying for PSH-Medicaid-benefit eligible activities. Specifically, this project will identify an amount of HUD McKinney CoC or other non-healthcare, homeless dedicated funds which can be re-invested in the direct provision of housing or rental subsidy by leveraging mainstream resources such as the PSH-Medicaid-Benefit for existing services in those PSH projects. By decreasing the number of people experiencing homelessness, health outcomes for the population will increase and utilization of intensive services will decrease.

- *Links to complementary transformation initiatives - those funded through other local, state or federal authorities and/or Medicaid Transformation initiatives # 2 and 3.*

DESC is nationally recognized as an innovator in delivering Housing First PSH. It has the capacity to scale housing placements for PSH-Medicaid-beneficiaries at the rate it can acquire housing. In addition, the elements of the

Housing First checklist promoted by the U.S. Interagency Council on Homelessness (usich.gov/resources/uploads/asset_library/ Housing_First_Checklist_FINAL.pdf) were directly inspired by DESC's own Housing First Standards (desc.org/housingfirst.html).

- *Potential partners, systems, and organizations (e.g., health and social service providers, ACH participants) needed to be engaged to achieve the results of the proposed project.*

DESC, Local funders (City of Seattle, King County), Federal Department of Housing and Urban Development (HUD). This project will support Washington's stated goals of reducing avoidable use of intensive services and improve population heath, by allowing people to transition out of the crisis of homelessness to Permanent Supportive Housing.

Core Investment Components

- *Proposed activities and cost estimates ("order of magnitude") for the project.*
- *How long it will take to fully implement the project within a region where you expect it will have to be phased in.*

This project consists of one (1) full-time-equivalent staff and is anticipated that this analysis and the development of recommendations will take 6-12 months. Cost is estimated at $35,000-$70,000 to fund this position.

- *Best estimate (or ballpark if unknown) for:*
  - How many people you expect to serve, on a monthly or annual basis, when fully implemented.
  - How much you expect the program to cost per person served, on a monthly or annual basis.

DESC operates around 1300 units housing an estimated 900 eligible PSH-Medicaid-beneficiaries. We estimate that approximately $1.9m in non-healthcare dollars are currently paying for PSH-Medicaid-benefit-eligible services. Re-investing these homeless system dollars will potentially see 211 new site-based units, or new subsidies for over 120 market rate units, to benefit Medicaid beneficiaries in King County.

- *The financial return on investment (ROI) opportunity, including estimated amounts and associated ROI timeline.*

While determining the exact ROI is on the outcome of the study, the demand for PSH far outstrips current availability, so benefit to Medicaid Beneficiaries currently experiencing homelessness will be realized very quickly.

Project Metrics

- *Key process and outcome measures (and specific benchmark performance data if known) against which the performance of the project would be measured. Include priority measures sets described in the Waiver application* http://www.hca.wa.gov/hw/Documents/waiverappl.pdf *pages 46-47.*
- *If no specific benchmark performance data are currently available, what efforts will be undertaken to establish benchmark performance ahead of any proposed project implementation*?

This program has the following clearly defined outcomes:

- Identify to what extent current PSH services at DESC can be paid for with the PSH-Medicaid-benefit.
- Recommend how the newly available non-healthcare dollars can be best re-invested based on funding restrictions.
- Collaborate with funders to explore the political and regulatory ability to re-invest these funds in new PSH.
- Recommend to DESC and funding partners the total amount available for re-investment in housing provision, barriers to adjusting funding, and a time-line for execution.