

Date of Hearing: April 13, 2016

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

AB 2821 (Chiu) – As Amended March 29, 2016

**SUBJECT:** Medi-Cal Housing Program

**SUMMARY:** Creates the Medi-Cal Housing Program to provide support to counties who participate in the Whole Person Care pilot program with funding for rental assistance for homeless Medi-Cal recipients. Specifically, **this bill:**

- 1) Makes legislative findings.
- 2) Defines "homelessness" to mean the federal definition in Section 578.3 of Title 24 of the Code of Federal Regulations.
- 3) Defines "interim housing" to mean a safe place for participate to live temporarily while waiting to move into housing affordable to the participant including recuperative or respite care not funded for longer than period of nine months.
- 4) Defines "long-term rental assistance" to mean a rental subsidy provided to a housing provider to assist a tenant to pay the difference between 30% of the tenant's income and the costs of operating the assisted unit.
- 5) Defines "supportive housing" to mean housing with no limit on length of stay, occupied by the target population, and that is linked to onsite or offsite services that assist the resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.
- 6) Defines the "Whole Person Care pilot program" to mean the program included in the 1115 Medical Waiver finalized on December 30, 2015.
- 7) Requires the Department of Housing and Community Development (HCD) in coordination with the Department of Health Care Services (DHCS) to do all of the following:
  - a) On or before July 1, 2017, create the Medi-Cal Housing Program;
  - b) On or before July 1, 2017, draft guidelines for stakeholder comment to fund grants to eligible counties to pay for long-term housing costs under the Medi-Cal Housing Program;
  - c) On or before January 1, 2018 and every year thereafter, subject to appropriation by the Legislature, award grants to eligible counties and regions participating in a Whole Person Care pilot program;
  - d) Collect data midyear and annually from counties and regions receiving grants awarded under the Medi-Cal Housing Program.
  - e) By March 31, 2019, and every year thereafter, in which the Medi-Cal Housing Program receives funding, report data collected to the Assembly Committee on Budget, the Senate

Committee on Budget and Fiscal Review, the Assembly Committee on Housing and Community Development, and the Senate Committee on Transportation and Housing.

- 8) Provides that a county or a region including more than one county will be eligible for a Medi-Cal Housing Program grant if the county or region's lead entity meets all of the following requirements:
  - a) Meets one of the following descriptions:
    - i. Is either a lead entity participating in a Whole Person Care pilot program under Medi-Cal 2020 Waiver;
    - ii. Is a lead entity that had previously participated in a Whole Person Care pilot that has expired; or
    - iii. Is a county with Medi-Cal managed care plan participating in the health home Program
  - b) Has formed collaborative relationships with at least one health plan, county health and behavioral health agency, at least one housing authority and established relevant continuums of care along with nonprofit housing homeless service providers, to enable the county or region to carry out the requirements of the Medi-Cal Housing Program
  - c) Has identified a source of funding for care management and other services including one or more of the following:
    - i. County general funds;
    - ii. Whole Person Care housing pilot pool and management care programs; or
    - iii. The Health Home Program
  - d) Has designated a process for administering grant funds through agencies administering housing programs;
  - e) Agrees to collect and report data to HCD and DHCS.
- 9) Requires a county or region awarded grant funds to form agreements with health plans to collect Medi-Cal data regarding members' overall health costs
- 10) Requires a county or region awarded grant funds to at annual and midyear intervals report the following data to HCD and DHCS:
  - a) A comparison of health care costs of residents receiving long-term rental assistance under the Whole Person Care Housing Program to health care costs of homeless resident not receiving long-term rental assistance.
  - b) The number of participants and the type of interventions offered through grant funds.
  - c) The number of participants receiving long-term rental assistance living in supportive housing other housing that does not limit length of stay.

- 11) Requires a county or region to use grants awarded through the Medi-Cal Housing Program for one or more of the following:
  - a) Long-term rental assistance for period up to five years as determined by the eligible county;
  - b) Interim housing; or
  - c) A county's administrative costs for up to 5% of the total grant awarded.
- 12) Provides that a county resident is eligible to receive assistance under the Medi-Cal Housing Program if he or she meets all of the following requirements:
  - a) Is homeless upon initial eligibility;
  - b) Is a Medi-Cal beneficiary; and
  - c) Is eligible for services in programs identified by participating counties or regions.
- 13) Provide that the Medi-Cal Housing Program is subject to an initial unspecified appropriation after which funding for the program will come from decreased costs of care as reported by participating counties of moving eligible participants to supportive housing.
- 14) Allow HCD to use no more than 5% of funds from the Medi-Cal Housing Program for purpose of administering the program.

**EXISTING LAW:**

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

Background: Homelessness often creates an institutional circuit, where those experiencing it long enough cycle through living on the streets, emergency department visit, inpatient admissions, incarceration, and often nursing home stays. This circuit is expensive to our public systems. Homeless individuals cost our public systems an average of \$2,897 per month, two-thirds incurred through the health system. Half of all homeless people have a history of incarceration. If homeless when discharged from prison or jail, parolees and probationers are seven times more likely to recidivate than people who are housed. Homeless Californians incur disproportionate Medi-Cal costs and achieve poor health outcomes. Many experience a combination of chronic medical, mental health, and substance abuse conditions, as well as social determinants that negatively impact their ability to access care.

Homeless frequent users continue to increase their inpatient costs despite high Medi-Cal costs because they cannot obtain sufficient rest, follow a healthy diet, store medications, or regularly attend appointments so long as they are unhoused. Two-thirds of frequent users have both medical and behavioral health conditions, are homeless, and die 30 years younger than average.

In March 2015, the Department of Health Care Services (DHCS) proposed using Medi-Cal to fund services and housing assistance—supportive housing—acknowledging decades of research demonstrating supportive housing decreases Medicaid costs among homeless beneficiaries. The Federal Centers for Medicare & Medicaid Services (CMS) approved use of federal Medicaid dollars to fund services in supportive housing. Though CMS rejected using federal Medicaid dollars to pay for housing, CMS stated the State could use its own State dollars (through Medi-Cal or otherwise) to fund housing subsidies. In fact, a number of other states and jurisdictions within California, including the State of New York and the County of Los Angeles, pay for housing costs through health systems.

The final 1115 Medicaid Waiver in California includes the Whole Person Care pilot program, which allows counties to tap into federal funds to pay for care management supports, services helping people find housing, and services promoting housing stability DHCS is also working to implement a new Health Home Program that would fund services for high-cost homeless beneficiaries.

This bill would create the Medi-Cal Housing Program to provide funding to counties that participate in the Whole Person Care pilot program with funding for rental assistance. The program would be funded through an initial appropriation, however, over time the funding for the program would come from costs savings to Medi-Cal achieved by moving homeless Medi-Cal recipients into supportive housing.

Purpose of this bill: Homeless beneficiaries incur disproportionate Medi-Cal costs, particularly people experiencing chronic homelessness and people who cycle between homelessness, emergency departments, inpatient care, and nursing home stays. Supportive housing, which is affordable housing with intensive services, allows people experiencing significant barriers to housing stability to improve their health and decrease their Medicaid costs. National studies comparing formerly homeless Medicaid beneficiaries living in supportive housing with homeless beneficiaries receiving usual care demonstrate Medicaid cost savings of almost \$9,000 per year after the costs of services. This bill would complete the “Whole Person Care” nature of the 1115 pilots and the Health Home Program by creating a program which would fund rental subsidies tied to services dollars included in the 1115 Waiver and the Health Home Program.

Double referred: If AB 2821 passes this committee, the bill will be referred to the Committee on Health.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Corporation for Supportive Housing (co-sponsor)  
Housing California (co-sponsor)  
Casa Major, Inc.  
Community Housing Partnership  
Episcopal Community Services of San Francisco  
Western Center on Law and Poverty

### **Opposition**

None on file

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