



SUPPORTIVE SERVICES TRANSFORMATION FUND

DRAFT POLICY RECOMMENDATIONS FOR COMMENT



The Supportive Services Transformation Fund (SSTF) Draft Policy Recommendations for Comment

Author's Note: CSH is sharing these draft policy recommendations concerning the lack of alignment between the housing and services sector, that is exacerbated by embedded racism, and that causes a critical gap in our supportive service infrastructure. This gap that must be addressed as a part of quickly developing policy and public investments addressing long-standing racial, social and economic inequities in housing and health. We intend to suggest a path forward and build consensus around fixing the fragmented and uncoordinated responses from an array of public sector housing and health systems. We expect and encourage a debate about how to most efficiently address the issues raised, the specifics of the funding mechanisms we are suggesting, and the pace and scope of investment required to solve them. This is the right debate, it is a welcome debate, it is a timely debate, and we invite you to join it.

Executive Summary:

We cannot build healthy and equitable communities until all people in the United States have a safe place to call home and the community-based supports and services they need to thrive. Decades of underfunded community infrastructure including public disinvestments in affordable housing, combined with the marginalization of Black, Indigenous and People of Color (BIPOC) have left us a fragmented and unjust system. This system relies heavily on criminalizing and institutionalizing individuals experiencing homelessness who are disproportionately BIPOC instead of addressing the underlying causes of homelessness.

The Biden-Harris Administration stepped up to meet this challenge by prioritizing universal housing assistance. The Administration has the opportunity to make a similar fundamental pivot to address long-standing, structural challenges for how to deliver and fund housing-focused support services for the lowest-income members of our communities.

The United States can shift from an overreliance on institutional and emergency responses toward sustainable and coordinated home and community services by creating a Supportive Services Transformation Fund (SSTF) within Health and Human Services (HHS). Establishing the SSTF within HHS would enable a combination of dedicated grant funding with leveraged and enhanced Medicaid funding. SSTF would be used to build the capacity of government and Community-Based Organizations (CBOs) and lead the development of aligned services and housing systems ably and flexibly meeting, the needs of those receiving services.

Current Problem: Poor Coordination across Public Systems and Housing Services

Lack of integrated or even coordinated systems leads to poor outcomes in which people do not receive the care they need when they need it. In our current system, the responsibility for navigating multiple systems falls on the person with numerous needs and disabilities or their families. This is especially true for people with complicated health, behavioral health and social needs, who often cannot successfully navigate the administrative processes required to receive care. Further, eligibility for existing services is complex, often based on narrow definitions that do not align with real needs or how people see themselves.

The current financial incentives for health providers remain biased towards office- and institutional-based care and a fragmented approach to service delivery, resulting in overreliance on institutional settings. These institutions include nursing homes, congregate care settings, and licensed residential facilities, as well as ancillary settings such as jails and prisons, residential treatment, group homes and shelters.

Most CBO's bear the responsibility for braiding funding from fragmented governmental sectors (housing, health care, justice, child welfare, food, transportation) with other short-term grants and contracts, to provide supportive services. As a result, CBO's must often run individual projects that do not align with community needs but meet funding requirements. One key goal of the SSTF is to facilitate scaling of housing and health solutions by "managing up" and shifting the navigation of services from the person to the agency and braiding funding from CBOs to the government.

Also, current physical and behavioral health system providers are not equipped to address complex needs, particularly individuals who are BIPOC, and have disproportionately suffered the impact of unmet health-related social needs. Forward-thinking health plans¹ and health systems² have begun to create collaborations and investments when the incentives line up, but with limited impact. CBOs, as potential partners, have the skills and network but due to funding barriers they may not have the capacity to be effective partners.

Health and human service systems need to collaboratively engage communities to develop solutions in a cost-effective way. The foundational value of choice must be the driver of where people live, not the limitations of the only emergency options available. By addressing racial equity, lack of coordinated systems, and shifting the responsibility for financial alignment from CBOs to the government, we envision that the SSTF would help the nation realize better outcomes.

Current Problem: Failure to Align Housing with Health

Thriving communities meet the needs of people across their lifespan, at all income levels, of all abilities, races, ethnicities, gender identities and sexual orientations. In such communities, people have a home of their choosing and any services needed to sustain it. Particularly for individuals and families facing intersectional barriers related to poverty, disability, and systemic racism; affordable, independent housing aligned with integrated physical and behavioral healthcare and voluntary supportive services is a key part of the solution. This approach of aligning housing with services known as supportive housing is not new. Supportive housing has been helping individuals and communities address chronic homelessness and unnecessary institutionalization for 30 years. In fact, the Department of Housing and Urban Development promotes the model as the evidence-based solution to chronic homelessness and funds supportive housing through its Continuum of Care program.

There have been multiple federal attempts to address this broader need through a variety of programs and funding mechanisms:

¹ <https://www.upmc.com/services/behavioral-health/schizophrenia/our-services/homeless-continuum-program>

² <https://www.bmc.org/news/press-releases/2017/12/07/boston-medical-center-invest-65-million-affordable-housing-improve>

- Cooperative Agreements to Benefit Homeless Individuals (SAMHSA) demonstrates the impact of flexible grant resources explicitly tied to housing.
- Money Follows the Person (HHS) provides a model in which services are focused on facilitating alternatives to institutional placement.
- The Pay for Success Permanent Supportive Housing Initiative (HUD-DOJ) provides a powerful example of a shift toward outcome-based financing and interagency collaboration.
- Families First Prevention Services Act (HHS/ACF) shows how existing systems can be transformed to prioritize prevention and focus on scaling evidence-based models.
- The Youth Homelessness Demonstration Program (HUD) is a key example of partnering with persons with lived expertise to inform, design and implement an initiative with an explicit focus on promoting racial equity.

So why haven't these efforts solved the problem?

We are on the right track, but these system-specific and limited-scale initiatives cannot address the diverse needs people and communities bring to the table. In many cases, people need more intensive or specific clinical services beyond the scope of tenancy supports that are best addressed by individual systems, but when broader social determinants remain unaddressed, their efforts are hampered.

Part of the challenge is the lack of scale and coordination with housing. Veterans Affairs Supportive Housing (HUD-VASH) provides a somewhat unique example of successful coordination between the Veterans Health Administration, Public Housing Authorities, CBOs and communities to address the gap. The result is that three states and 82 communities have ended homelessness for Veterans as of March 2021. This demonstrates that large-scale impact is possible.

Centers for Medicare and Medicaid Services is the closest parallel to the Veteran's Health Administration for having the ability to help the majority of the 1.1 million people and families we identify later in this proposal. Thanks to the ACA, state Medicaid agencies are increasingly working to address social determinants of health, including housing. Washington State Medicaid Tenancy Support Services Benefit (HHS/CMS) is a key example of using Medicaid waivers to create benefits that intentionally provide services aligned with housing to promote stability and other positive outcomes. More than a dozen states are exploring or actively working with CMS to include pre-tenancy and tenancy-sustaining services.

The fundamental challenge of transforming our service delivery system to address disparities, better align health with housing and promote thriving will remain elusive without accompanying flexible funds and housing subsidies to pay for what Medicaid does not cover. The SSTF would align current and new federal funds for housing, healthcare, and supportive services in a streamlined and scalable approach.

Current Problem: Institutionalization of Systemic Racism

Racial inequity is a strong and constant undercurrent in all of these challenges, and there is a starkly disproportionate representation of BIPOC experiencing homelessness and

institutionalization. Systemic governmental policies, institutional practices, and other actions have institutionalized racism. The effect has been devastating to generations with persistent marginalization, discrimination, poverty, residential segregation, higher rates of homelessness, incarceration, and premature death.

BIPOC, and other marginalized identities, are not only overrepresented in crisis and institutional settings, they are less likely to receive scarce resources due to implicit bias in eligibility and prioritization.³ Fragmented systems with inconsistent data and often conflicting mandates deliver piecemeal services. They focus on deficits rather than strengths and address symptoms over prevention. Disparities in access to funding and human resources management mean that people who access services are less likely to receive them from organizations with representative leadership. Systems and organizations operate with limited input from community and often without accountability for community level impacts. Similarly, people with lived experience are seldom engaged in meaningful planning, implementation and oversight of services being delivered.

These factors create a power imbalance that cannot be addressed until systems are better integrated, accountable to community, and services are designed and chosen by the people that receive them.

Enter the Supportive Services Transformation Fund (SSTF)

Building upon the Affordable Care Act (ACA) foundation, communities are well positioned but under resourced to integrate physical and behavioral healthcare, housing support services, and affordable housing for people facing the greatest barriers to thriving. Many communities seek leadership from the federal government as they work to redress the harm caused by our country's legacy of colonialism and racism, particularly anti-Black racism, in housing and justice policies and practices. They seek the flexibility to design adaptive service delivery systems that prioritize the voice and choice for people receiving services. By creating the SSTF, the Biden Administration's Department of Health and Human Services (HHS) has the opportunity to expand upon the foundation of the ACA and take meaningful action to address past harm to historically marginalized communities.

1. **Defining need across systems.** The SSTF would meet the service needs of at least 1.1 million individuals and families⁴ as they move through public systems ranging from

³ C4 Innovations. "Coordinated Entry Systems: Racial Equity Analysis of Assessment Data." 2018. https://c4innovates.com/wp-content/uploads/2019/10/CES_Racial_Equity-Analysis_Oct112019.pdf

⁴ CSH national needs assessment for supportive housing estimates that approximately 1.1 million individuals and families would be able to live more independent and connected lives in affordable housing aligned with supportive services. This need was identified through an administrative data analysis of sixteen public systems utilizing the CSH Racial Disparities and Disproportionalities Index (RDDI) www.csh.org/data. RDDI demonstrates stark disparities across a range of public systems. For example, Black families are 2.5 times more likely to experience a child removal through child welfare involvement than non-black families, and are nearly 6 times more likely to be homeless than non-black families. American Indian or Alaska Native individuals are 3.5 times more likely to be housed in mental health institutions than individuals from other groups and over 5 times more likely to be chronically homeless. Across homelessness, jails and prisons, child welfare, and behavioral health settings, white individuals and families are considerably less likely to experience systems involvement than their non-white peers.

child welfare to aging. These individuals and families are disproportionately BIPOC who face intersectional barriers related to extreme poverty, disability, trauma, systemic racism and other forms of discrimination, and who need housing aligned with services to thrive in their community (see footnote ³ for the source of the data and methodology used to identify 1.1 million people who are disproportionately affected).

2. **Redressing fragmented and uncoordinated systems.** The current systems in place are fragmented and uncoordinated, and as a result, not effectively and humanely meeting the complex needs of these 1.1 million people. Aligning the SSTF and Medicaid funds with resources that provide deeply affordable housing as a part of efforts to achieve universal housing assistance and builds a stronger, coordinated community-based system would seamlessly integrate services with housing.
3. **Tackling structural racism.** Systemic governmental policies, institutional practices and other individual actions have cemented centuries of structural racism. SSTF would create a framework for states and local governments to identify gaps in community-based options, examine inequities in choice and options, and begin to shift resources and address structural barriers that reinforce discrimination and replace them with new structures that foster racial equity, dignity and inclusion.
4. **Capacity-funding for holistic, person-centered services.** Providing capacity-building funding to state, local, and Tribal governments and CBOs that would promote the development of an adaptive and person-centered service delivery system that centers racial equity and is informed, designed and managed by people with lived expertise.

Equity cannot be achieved in our country while there are people who do not have access to and choice in the housing and services they need to thrive. The SSTF would support efforts to address racial disparities in access and availability of safe, quality housing aligned with integrated healthcare and housing services. This moves us beyond institutional and clinic-based models and toward community based, inclusive service delivery systems with housing as a hub that supports people in their community of choice.

Institutional systems can therefore be more efficiently used and grounded in the choice of persons and families rather than being the only option available. Never has this been more critical than as a component of efforts to create universal housing assistance. Failure to address this critical gap in our health and human services infrastructure will result in the further marginalization of people and communities that have been left behind time and time again, and whose needs cannot be met by subsidies alone.

Together, the SSTF can address long-standing harms caused by systemic racism and create true alignment across the health, human services and housing sectors.

Proposed SSTF Funding Structure

We propose SSTF as a mandatory program at HHS, which would include:

- Enhanced federal Medicaid matching rates to incentivize states to expand community-based housing tenancy supports for the 1.1 million people, disproportionately BIPOC, who are experiencing homelessness, housing instability, and/or unnecessary

institutionalization related to justice, mental health, substance use, child welfare, intellectual/development disability, aging, and other systems⁵;

- \$2 billion annualized new grant funding for flexible supportive services delivery passed through HHS via state, local and Tribal governments to CBOs;
- \$170 million annually for five years of capacity-building grants and technical assistance to state, local and Tribal governments and CBOs that develop the systems necessary to provide integrated health and social services aligned with housing - the majority of funding for CBOs to be reserved for BIPOC-led and culturally specific organizations;
- This investment must be paired with an expansion of federal housing subsidies and would transform the lives of 1.1 million people who are experiencing homelessness, housing instability, and/or unnecessary institutionalization related to justice, mental health, substance use, child welfare, intellectual/development disability, aging, and other systems. As stated previously, BIPOC are disproportionately represented across these systems.⁶

By focusing on a subset of people with complex care needs, we can collectively improve their lives and broadly transform the healthcare and supportive services delivery system, benefiting entire communities. The SSTF would address racial disparity in housing and health services and further the Biden administration's broader strategy to address systemic and institutional racism in this country.

A Strategy for Rebuilding Systems for Racial Equity and Improved Coordination

CSH recommends the Biden Administration ensure that the following elements be part of the new HHS SSTF. These elements would enable communities to build a 21st Century healthcare and supportive services infrastructure in which communities have the capacity to work across sectors and use government resources in an accountable and evidence-based manner.

1. Federal funding and support incentivize states to create tenancy support benefits, including:
 - Incentivize states that take a whole person approach and align housing resources with these new benefits with 100% Federal Medical Assistance Percentage (FMAP) for these new services.
 - HHS guidance and technical assistance to ensure racial equity in program delivery.
 - A requirement that people with lived expertise have a voice in developing the benefit including but not limited to creating the funding request, program design, implementation and ongoing performance monitoring and reporting.
 - HHS and HUD joint guidance for data sharing between housing, health and human services providers and systems. Test cases in communities should be raised up and amplified to address privacy and legal concerns that often stymy these efforts.
 - A CMS-issued guidance to states on the Medicaid authorities available to expand housing supports as part of the Home and Community Based Services programs. Guidance should include clear descriptions of the priority population to be served, housing status before and during service delivery and the design of the benefit.

⁵ Further analysis may be found at www.csh.org/data.

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- A CMS developed report on where states have already opted to offer these services to document the impact and lessons learned. The report should include lessons learned from the Money Follows the Person and the 811 Demonstration programs to inform the implementation of SSTF and address identified barriers.
 - A CMS developed gap analyses to determine additional populations that could benefit from the service. Those populations should align with the populations eligible for new housing options, such as universal rental vouchers. Data used in this reporting should go beyond CMS available data to include populations on which they may not have data, including those in the criminal justice system and those eligible for benefits but not enrolled.⁷
 - Technical assistance to help all 50 states create tenancy supports benefits, building on the success of the Innovation Accelerator Program (IAP).
 - Allowances for states to administer the benefit directly (outside of managed care) or through third-party administrators.
2. Creation of a pool of flexible grant funds administered by HHS that would fund essential flexible services that are not billable to Medicaid and capacity-building grants. This includes:
- Non-competitive allocations based upon state submission of interest statements.
 - Bonus funding for states that demonstrate cross-system partnerships, strategies to prioritize BIPOC-led and culturally-specific organizations for support, a plan to address racial equity, demonstrated leverage of housing resources, and balanced supports between rural, suburban and urban communities.
 - Capacity building grants for state, local and Tribal governments. State, local and Tribal governments are in ideal community leadership roles, but do not have staff or expertise needed to lead this work. Staff hired through this process would work to align health and housing.
 - Capacity-building sub-grants to CBOs for operating programs that would be able to bill Medicaid and deliver high-quality services. These grants would be CBO's "on-ramp" to Medicaid billing and support incubation of new CBOs where necessary. This could include addressing fiscal challenges purchasing an electronic health record, or revising agency workflows and materials to adapt to the transition from a grants-based administrative infrastructure to a billing infrastructure.
 - Sub-grants to support leadership development for staff as well as efforts to lead community wide conversations on community needs and priorities. The majority of these funds must be set aside for BIPOC-led and culturally specific organizations and historically marginalized communities.
 - Ongoing support to systems and agencies that cover the services that Medicaid cannot cover.
3. Strategic alignment of the SSTF with federal housing programs.
- Ensure that Federal efforts to expand toward universal housing vouchers explicitly include the individuals and families that would receive services through SSTF.

⁷ For information and datasets on unmet need, racial disparities and disproportionalities, please visit www.csh.org/data.

- Enhance administrative funding and develop guidance for administering agencies to ensure they can coordinate effectively with the SSTF.
 - Create an interagency working group led by HHS and HUD to design integration healthcare and supportive services funding with federal housing funding streams, including, but not limited to: Housing Choice Vouchers; Low-Income Housing Tax Credit allocations; and the National Housing Trust Fund. This effort would help to ensure that housing is aligned with services and that there are no unintentional conflicts in funding and eligibility requirements.
 - Develop joint HHS/HUD guidance for state, local and Tribal governments to ensure that national alignment across agencies and funding streams is easily implemented at the local level.
4. Robust national evaluation.
- Create tools for communities and funders to ensure quality and measure outcomes. Develop metrics for these evaluations to ensure they operate in a racially equitable manner.
 - Include people with lived expertise in all aspects of the evaluation. Where necessary, include support for people who may not have a strong research background.
 - Evaluate the implementation process and supports, services delivered, and outcomes.
 - Establish a Research agenda to determine most effective services models for unique populations, how service needs change over the lifespan, and how systems need to evolve to address those changing needs.

SSTF for an Equitable and Flourishing Future

We cannot build healthy and equitable communities until all people in the United States have a home of their own and the community-based supports and services they need to thrive. By beginning with a focus on the 1.1 million individuals outlined in this proposal, we can start to address long-standing harm caused by systemic racism and create true alignment across the health, human services and housing sectors. Implementing the HHS SSTF would fundamentally transform how services are financed and delivered in our country, build the capacity of government and CBOs to fund and deliver services, and build an adaptive service delivery system that is directed by and able to flexibly meet the needs of those receiving services. This would not only improve the lives of individuals and families but also shift our focus and resources away from institutional and emergency responses and toward sustainable, integrated services aligned with housing in the community.

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About CSH

CSH is the national champion for supportive housing, demonstrating its potential to improve the lives of very vulnerable individuals and families by helping communities create over 335,000 real homes for people who desperately need them. CSH funding, expertise and advocacy have provided \$1 billion in direct loans and grants for supportive housing across the country. Building on 30 years of success developing multi and cross-sector partnerships, CSH engages broader systems to fully invest in solutions that drive equity, help people thrive, and harness data to generate concrete and sustainable results. CSH engages in policy work, predevelopment lending, technical assistance, and training with staff located across the country. For more information, visit www.csh.org.