



SELLERS DORSEY WHITEPAPER

1115 Demonstration Approaches to Housing Services and Supports: 2023 Updates



In October 2022, Sellers Dorsey released a white paper, [“1115 Demonstration Approaches to Housing Services and Supports: A Comparative Analysis of Six States Housing Pilots.”](#)

This paper analyzed and compared six states (AZ, CA, FL, MA, NC, UT) and their utilization of Section 1115 demonstration waivers to address housing services and supports. Since the release of the paper, the Centers for Medicare & Medicaid Services (CMS) has released a [framework](#) for how states can incorporate health-related social needs (HRSN), such as housing and nutrition, into 1115 waivers for approval. Additionally, CMS has approved 1115 waivers from several states, some of which were pending last year, that include approvals for some of these services and supports. This paper will provide an overview of the current CMS HRSN framework, updates from the 2022 white paper and provide brief insight into additional states that are approved and/or are pending approval for HRSN initiatives.



Federal Guidance

In-Lieu of Services (ILOS)

In 2021, CMS released guidance for states seeking opportunities to address social determinants of health (SDOH) in Medicaid and CHIP. The guidance described how state Medicaid and CHIP programs can utilize a variety of benefits, delivery systems, federal authorities, and reimbursement methods to improve outcomes.ⁱ Section 1915(c) waivers and the 1915(i) state plan authority have long provided mechanisms to address the necessity of upstream services, which are the set of factors that impact health beyond individual-level characteristics (such as housing, transportation, food, education).

These waivers have traditionally been the authorities' states have used for targeted populations, such as individuals with intellectual or developmental disabilities or those requiring home and community-based services to live in the community. However, while requesting that certain federal requirements be waived within CMS policy guardrails. The 2021 guidance set the stage for a future federal policy framework that envisions a transition to a delivery system where states, managed care plans, and providers screen for HRSN, have consistent quality measurement, and allow for coverage of critically appropriate and evidence-based services and interventions.

CMS HRSN Framework for 1115 Demonstrations

In December 2022, CMS held a webinar on a new framework for states to consider when developing waivers that incorporate HRSN measures. The webinar came shortly after the approval of several state 1115 waiver approvals (AR, AZ, MA, OR) that demonstrated a new approach to Medicaid funding availability to address social drivers of health. CMS takes a three-prong approach with the HRSN framework:



Coverage of targeted services:

Requires services and supports to be evidence-based and performed in a fiscally responsible way that promotes equity and coverage while protecting program integrity.



Service delivery and monitoring:

Sets expectations that services are medically appropriate, inclusive of social and clinical risk factors, that they are offered at the option of the beneficiary, and that they integrate with other social services.



Fiscal policy:

Sets guardrails and treatment under budget neutrality that consider HRSN services and infrastructure expenditures as “Without Waiver” expenditures in budget neutrality calculations. HRSN expenditures cannot exceed 3% of total annual Medicaid spend in the state. Infrastructure investments related to HRSN cannot exceed 15% of the total spend on HRSN.

CMS historically required that 1115 waivers be budget neutral for approval, meaning federal costs with the waiver may not exceed costs without the waiver. In September 2022, CMS released multiple updates to the budget neutrality policy including the way that “without waiver” baselines are calculated, how savings are rolled over across demonstration periods (from 5 to 10 years), which trend rates apply, which expenditures can be deemed “hypothetical” investments (including HRSN investments), and the ability for states to make mid-course changes to budget neutrality.ⁱⁱ These policy changes were seen in the 1115 waiver extension approvals of Oregon and Massachusetts. CMS noted that the agency will evaluate future waiver approvals on

a case-by-case basis regarding budget neutrality but anticipates that similar policies will apply (as was seen shortly after in the approval of Arizona’s waiver).

These changes in federal policies demonstrate the agency taking a more flexible approach when it comes to savings, opportunities for states to finance innovative programs addressing HRSN, and allowing states to make mid-waiver adjustments for any unexpected situations outside of a state’s control.ⁱⁱⁱ It is a novel approach from CMS that will allow the agency and states to collaborate and develop innovative programs that tackle housing services and support.



1115 Waiver HRSN Trends Across Multiple States

In January 2022, CMS approved and launched the California Advancing and Innovating Medi-Cal (CalAIM) program through a five-year extension of the state's 1115 waiver and Medicaid managed care 1915(b) waiver.^{iv} The CalAIM initiative is progressive and unique in various ways, one of which being their implementation of community supports, or in-lieu of services (ILOS). ILOS refers to a list of pre-approved services, including statewide housing supports, that managed care plans may optionally deliver and provide cost-effective substitutes for medical services that address SDOH for members. The CMS approval of CalAIM marked a notably expansive interpretation by the agency of what waiver authorities could cover.^v

CMS has since granted approvals to multiple states' 1115 waivers that incorporate HRSN services. In September 2022, CMS approved Massachusetts and Oregon 1115 waivers. In Massachusetts, the agency extended the MassHealth 1115 waiver for an additional five years through December 31, 2027. Under the demonstration extension, the state established a new framework to address and integrate HRSN across the Medicaid program, including the Flexible Services Program (FSP). As a part of this integration, MassHealth will expand its coverage of FSP to its managed care and fee-for-service (FFS) delivery systems by 2025.^{vi} CMS also renewed Oregon's 1115 waiver; "Oregon Health Plan (OHP)" effective through September 30, 2027. Among other initiatives, OHP aims to address health equity, strengthen health care systems, improve access, and address HRSN. To be eligible for HRSN in Oregon, individuals must be experiencing life transitions or disruptions that result in inconsistent access to health care, supportive services, or treatments.^{vii}

In October 2022, CMS approved the extension of the Arizona Health Care Cost Containment System (AHCCCS) 1115 waiver effective through September 30, 2027. Arizona's amendment was seeking approval of the Housing and Health Opportunities (H2O) program, which will provide many HRSN services to individuals experiencing homelessness or life transitions who meet specific clinical and social risk criteria such as serious medical illness or high-need chronic health conditions.^{viii} In November 2022, CMS approved Arkansas' amendment for its Arkansas Health and Opportunity for Me (ARHOME) Demonstration. The amendment permits the state to address HRSNs under the new Life360 HOMEs program which provides Arkansas Medicaid beneficiaries with intensive care coordination and connection to services based on different target populations, including: individuals with behavioral health needs who live in rural areas, individuals with high-risk pregnancies and/or young adults at high risk for long-term poverty.^{ix}

At the time of publication, CMS is evaluating other states' waiver amendment requests that seek to expand housing services and supports programs. In January 2022, North Carolina submitted an amendment to CMS requesting changes to its 1115 waiver to extend the demonstration date to June 2026, expand eligibility for the Healthy Opportunities Pilot to populations beyond the managed care program that include CHIP and Tribal PCCM enrollees, and expand the needs- and risk-based eligibility criteria for receiving Pilot services (including housing) to include individuals with current or long-term COVID-19 and former foster care involvement. As of April 2023, North Carolina's waiver is pending approval.^x In April 2023, CMS approved New Jersey's FamilyCare Comprehensive Demonstration. The waiver will cover housing

transition services and tenancy sustaining services for enrollees who are transitioning from an institution to the community, being released from correctional facilities, at risk of institutionalization

and require a new housing arrangement to remain in the community, and/or are transitioning out of high-risk or unstable housing situations.^{xi}

The table below highlights some of the more recently approved 1115 waivers that included housing services and supports to reflect the difference in what the states requested and what CMS ultimately approved.

Services	State Request	CMS Approval
General Housing Services		
Rent/temporary housing (+/- utilities): limited to individuals transition out of institutional care or congregate settings; individuals who are homeless, at risk of homelessness, or transitioning out of an emergency shelter.	AZ (up to 18 months' rent) OR (up to six months' rent)	AZ (up to six months' rent) OR (up to six months' rent)
Traditional respite services	CA*	CA*
Pre-tenancy & tenancy sustaining services (including tenant rights education and eviction prevention)	AR, AZ, MA, NC, NJ, OR	AR, AZ, MA, NC, NJ, OR
Housing transition navigation services	AR, AZ, MA, NC, NJ, OR	AR, AZ, MA, NC, NJ, OR
One-time transition & moving costs (including security deposit, first month's rent, utilities activation fees, movers, relocation expenses, application and inspection fees, fees to meet identification requirements, etc.)	AR, AZ, MA, NC, OR	AR, AZ, MA, NC, OR
Medically necessary home accessibility modifications & remediation services	AZ, MA, NC, NJ, OR	AZ, MA, NC, NJ, OR
Medically necessary home environment modifications	MA, NC, NJ, OR	MA, NC, NJ, OR
Other Miscellaneous Housing Services (considered on a case-by-case basis)		
Legal assistance related to housing	NC	NC
Post-hospitalization housing for short-term period, not to exceed six months	CA*, NC	CA*, NC

**Recuperative care and short-term post-hospitalization housing services are provided through California's 1115 waiver, while the other community supports or allowable ILOS are provided under the State's 1915(b) waiver. The other approved ILOS include housing transition navigation services, housing deposits, housing tenancy and sustaining services, day habilitation programs, nursing facility transition/diversion to assisted living facilities, community transition services/nursing facility transition to a home, personal care and homemaker services, environmental accessibility adaptations, medically tailored meals, sobering centers, and asthma remediation.*

The New York Department of Health (DOH) submitted an amendment to CMS on September 2022 for its 1115 Demonstration Medicaid Redesign Team (MRT) Waiver. One of the proposed initiatives is the Health Equity Regional Organizations (HEROs) program. HEROs will bring together different stakeholders, including MCOs, local health departments, hospitals, providers, CBOs, etc., into a coalition to conduct regional planning and coordination around health equity improvement and inform continued movement to more advanced VBP arrangements. The structure of the HERO program is informed by the successes of DSRI. The HEROs program will include Social Determinants of Health Networks (SDHNs), that consist of a network of CBOs that will work together to provide Medicaid services addressing beneficiaries' social care needs that will improve

health outcomes, such as housing instability, food insecurity, transportation, and interpersonal safety. SDHN regions will overlap with the regions and subregions of the HEROs program. The amendment also seeks to establish an Enhanced Transitional Housing Initiative (ETHI) that will provide medical respite, community transitional services (including short-term rental assistance up to 6 months), tenancy supports, and referral and coordination of related services and benefits (such as behavioral health supports and HCBS) to certain high-need members or for those living in an institutional setting for 90 days or more. The ETHI will utilize HERO's housing inventory and mapping to find appropriate housing with the services being funded through payments to SDHNs and provided by CBOs within these networks. As of April 2023, New York's amendment is pending approval.^{xii}



HRSN Funding

The following table demonstrates the approved and/or requested federal funding and allocation for each state's HRSN, housing supports and services, and/or housing infrastructure:

State	Funding	Allocation
Arizona ^{xiii}	\$481.8 million	HRSN services (plus any unspent infrastructure dollars), including housing supports.
	\$67.5 million	Infrastructure related to implementing HRSN services (e.g., IT; business/operational development; workforce development; outreach, education and stakeholder convening).
Arkansas ^{xiv}	\$84.8 million	HRSN services (plus any unspent infrastructure dollars), including housing supports.
	\$10.46 million	Life360 HOMEs Program infrastructure. The state shall provide permissible sources for the non-federal share of all Life360 HOME expenditures derived from state funds that do not utilize impermissible provider taxes or intergovernmental transfers (IGTs) as the source of revenue.
California ^{xv}	\$1.165 billion (annually)	Enhanced Care Management, ILOS, and performance incentive payments.
	\$1.44 billion	Provided through the Providing Access and Transformation Health (PATH) Supports initiative under the 1115 waiver for local and cross-agency coordination over the five-year demonstration period. PATH funding is not for reimbursable services but is provided to support capacity building, infrastructure, and systems for delivery of care.
Massachusetts ^{xvi}	\$687.9 million (\$253.2 million for FSP)	Funding can be used for the completion of various DSRIIP incentive payments (including ACO startup/ongoing, FSP management/delivery, CP infrastructure and capacity building, and CP care coordination) and associated close-out costs.
New Jersey ^{xvii}	\$71.15 million*	Housing-related services with 10% of adults requiring long-term care in an institution or in the community under an HCBS program will receive such services. 2% of all other Medicaid beneficiaries will receive such services. The average cost of such services will be \$17,037 per-member per-month. (Number does not include 7% reduction in other Medicaid expenditures). *Based on SFY20 enrollment numbers
New York ^{xviii}	\$2.7 billion	\$1.57 billion for ETHI.
		\$859.5 million for SDHNs.
		\$292.5 million for the HEROs program.
North Carolina ^{xix}	\$650 million	\$550 million to cover the cost of pilot services.
		\$100 million to capacity building for Network Leads and HSOs in the early years of the demonstration.
Oregon ^{xx}	\$1 billion	\$904 million (plus any unspent infrastructure dollars) on HRSN services.
		\$119 million for infrastructure related to implementing HRSN services (e.g., IT; business/operational development; workforce development).

Conclusion

Evidence continues to mount on the impact of social needs on health outcomes.^{xxi} Recently, states have increasingly utilized section 1115 waivers to pilot innovative programs that address social determinants to improve health outcomes. Simultaneously, CMS has demonstrated its recognition of the importance of addressing long-term health inequities and poor health outcomes and has created a HRSN framework that permits substantial flexibility in 1115 waiver program design to allow states to undertake novel and transformative SDOH initiatives.^{xxii}

As demonstrated with the approved and pending section 1115 waivers discussed above, this groundbreaking federal and state collaboration is progressing towards covering and providing non-medical health related services. While a large focus has been placed on housing services and support, these 1115 initiatives also address other significant HRSNs, such as food insecurity and nutrition. Currently, CMS is open to the approval and inclusion of relevant services that both address HRSN and impact overall health outcomes and cost.

- ⁱ [CMS Issues New Roadmap for States to Address the Social Determinants of Health to Improve Outcomes, Lower Costs, Support State Value-Based Care Strategies | CMS](#)
- ⁱⁱ [Recent Updates to Section 1115 Waiver Budget Neutrality Policy: Overview and Implications for States \(shvs.org\)](#)
- ⁱⁱⁱ [Ibid](#)
- ^{iv} [SD Housing WhitePaper V5.pdf](#)
- ^v [ca-calaim-ext-appvl-12292021.pdf \(medicaid.gov\)](#)
- ^{vi} [ma-masshealth-ca1.pdf \(medicaid.gov\)](#)
- ^{vii} [or-health-plan-state-acceptance-ltr.pdf \(medicaid.gov\)](#)
- ^{viii} [az-hccc-ca-10142022.pdf \(medicaid.gov\)](#)
- ^{ix} [ar-arhome-demo-appvl-12282022.pdf \(medicaid.gov\)](#)
- ^x [nc-medicaid-reform-demonstration-amendment-pa.pdf](#)
- ^{xi} [extension://elhekieabhbkpmcefcoobjddigjcaadp/https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/nj-1115-cms-exten-dmnstr-aprvi-03302023.pdf](#)
- ^{xii} [https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/ny-medicaid-rdsgn-team-pa-09152022.pdf;](#)
- ^{xiii} [az-hccc-ca-10142022.pdf \(medicaid.gov\)](#)
- ^{xiv} [ar-arhome-demo-appvl-12282022.pdf \(medicaid.gov\)](#)
- ^{xv} [ca-calaim-ext-appvl-12292021.pdf \(medicaid.gov\)](#)
- ^{xvi} [ma-masshealth-ca1.pdf \(medicaid.gov\)](#)
- ^{xvii} [NJ FamilyCare Comprehensive Demonstration \(medicaid.gov\)](#)
- ^{xviii} [ny-medicaid-rdsgn-team-pa-09152022.pdf](#)
- ^{xix} [nc-medicaid-reform-demonstration-amendment-pa.pdf](#)
- ^{xx} [or-health-plan-state-acceptance-ltr.pdf \(medicaid.gov\)](#)
- ^{xxi} [Addressing Social Needs in Health Care Settings: Evidence, Challenges, and Opportunities for Public Health - PubMed \(nih.gov\)](#)
- ^{xxii} [CMS Approves Groundbreaking Section 1115 Demonstrations | Commonwealth Fund](#)