

**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

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DATE: September 17, 2015

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations, and  
Neighborhoods Committee

FROM: Sharon M. Tso *St* Council File No.: 15-0002-S63  
Chief Legislative Analyst Assignment No. : 15-06-0478

SUBJECT: Resolution (Bonin - Huizar) to support administrative actions relative to approval of  
the State's Department of Health Care Services, 1115 waiver petition.

CLA RECOMMENDATION: Adopt the attached Resolution (Bonin - Huizar), which would support any administrative action that would approve the State of California, Department of Health Care Services, 1115 Waiver petition.

SUMMARY

The Resolution (Bonin - Huizar), introduced June 9, 2015, notes that according the Los Angeles Homeless Services Authority (LAHSA) Homeless Count, there are 41,174 homeless men, women and children without a home in Los Angeles County and on any given night 29,000 of them are unsheltered.

The Resolution asserts that new, comprehensive strategies are necessary at all levels of government. It states that one state and county effort, which requires federal approval, deserves support from the City. It notes that since California expanded eligibility for Medi-Cal, nearly all of the people experiencing homelessness are now eligible to enroll in Medi-Cal. It points out that the County of Los Angeles created a Flexible Housing Subsidy Program using general fund dollars to rapidly rehouse homeless patients who use the county medical system frequently.

The Resolution notes that the State of California is seeking federal permission to do something similar at a larger scale. The Resolution informs that the California Department of Health Care Services is asking the federal government to use Medicaid money to put the most medically fragile homeless in housing, pay for case managers to help people get what they need to stay in housing except for rents, including transportation, job assistance and substance abuse treatment. It further notes that any savings could be used by managed care companies to invest directly in providing housing, in partnership with local government and other entities.

Therefore, the Resolution recommends that the City support any action that would approve the State of California, Department of Health Care Services, 1115 waiver petition, allowing Medicaid funds to be used to provide housing for homeless patients.

BACKGROUND

*Flexible Housing Subsidy Pool*

In 2014, the Los Angeles County Department of Health Services (DHS) with other governmental partners and the Conrad N. Hilton Foundation launched a supportive rental housing subsidy program, the Flexible Housing Subsidy Pool (FHSP). According to the Conrad N. Hilton Foundation, the FHSP's goal is to secure decent, safe and affordable housing for DHS patients who are homeless and

have physical and behavioral health conditions. A total of \$14 million will fund FHSP over four years, including \$1 million from County Supervisor Mark Ridley-Thomas' office and \$13 million from DHS, which will be matched with \$4 million from the Hilton Foundation.

*1115 Waiver Authority Petition for Medi-Cal 2020 Demonstration*

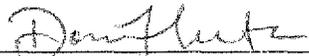
In accordance with Section 1115 of the Social Security Act, the Secretary of Health and Human Services has authority to allow experimental, pilot, or demonstration projects "likely to assist in promoting objectives of [the Medicaid statutes]." Two types of authority that may be requested under Section 1115 (1115 Waiver) are: (1) Waiver Authority, which allows the Secretary to waive compliance with certain requirements a State must meet in providing assistance under a State Medicaid plan, allowing the State to carry out demonstration projects; and (2) Expenditure Authority, which allows the Secretary to authorize reimbursement for costs that would not otherwise be eligible for federal financial participation, under the parameters that limit Medicaid payments made to States.

In March 2015, the State of California Department of Health Care Services (DHCS) submitted an application to renew the state's Section 1115 Waiver demonstration, known as "Medi-Cal 2020." In a component of the application, DHCS notes the 1115 Waiver exemplifies the shared commitment between state and the Federal government to improve the health care delivery system. It also notes that the focus of the 1115 Waiver will be to continue to transform the Medi-Cal program, supporting a safety net in California, and Medicaid expansion.

The Medi-Cal 2020 proposal for a renewed 1115 Waiver, proposes new approaches to promote delivery system transformation. The 1115 Waiver would allow for the state to partner with Medi-Cal managed care plans, counties, community organizations and federal partners to develop a pilot program. The pilot program for specified geographic region, either a county or group of counties, would assist eligible populations maintain housing and access community supports.

Should the waiver be approved, DHCS would provide access to intensive housing-based care management services and intensive care management to eligible tenants. Managed care plans would have the option of paying for non-traditional services to improve health outcomes. Regional housing partnerships could be formed to offer programs to move eligible Medi-Cal members out of homelessness, hospitals, and nursing facilities into permanent supportive housing. Proponents expect that Medi-Cal managed care plans would achieve cost savings and would reinvest a portion of those savings. It is proposed that each pilot program would include a shared savings funding pool from managed care plans and counties, for supportive services and long-term rental subsidies and assistance. Final approval of the current 1115 Waiver petition is pending.

Support for the State of California, Department of Health Care Services, 1115 Waiver petition would be consistent with the City's past and on-going support for securing new resources and developing a comprehensive approach to address homelessness in the City.

  
 Dora Huerta  
 Analyst

**RESOLUTION**

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the recent bi-annual Greater Los Angeles Homeless Count, conducted by the Los Angeles Homeless Services Authority (LAHSA), revealed that there are 41,174 homeless men, women and children without a place to call home in Los Angeles County, and on any given night 29,000 of them are unsheltered, and are left to sleep on our sidewalks, our beaches, and under our bridges; and

WHEREAS, even though incredible public-private partnerships have housed more people in Los Angeles than ever before, homelessness in our city and our region is growing. New, aggressive, comprehensive strategies are necessary at all levels of government – city, county, state and federal. One state and county effort, which requires federal approval, is worthwhile and deserves the full-throated support and encouragement of the City of Los Angeles; and

WHEREAS, since January 1, 2014, California has expanded eligibility for Medi-Cal and streamlined the enrollment process. This means that nearly all of the people who are experiencing homelessness are now eligible to enroll in Medi-Cal. Until recently, most of these individuals were uninsured. In order to reduce costs to the medical system and simultaneously house more members of the growing homeless population, the County of Los Angeles created a Flexible Housing Subsidy Program, using general fund dollars to rapidly house homeless patients who use the county medical system frequently and at great cost; and

WHEREAS, the State of California is seeking federal permission to do the same thing – on an even bigger scale. California's Department of Health Care Services is asking the federal government for permission to use Medicaid money to help put the most medically fragile homeless people in housing. As part of its recently submitted 1115 waiver application, California's Department of Health Care Services outlined ways to reduce health costs and improve outcomes by better coordinating the care and helping find and maintain stable housing for them; and

WHEREAS, other states have sought similar permission, only to be denied by the Centers for Medicare and Medicaid Services (CMS.) California's proposal could be the most comprehensive of its kind, allowing Medicaid to cover a broader population on a consistent basis. The federal money would pay for case managers to help people get whatever they need to

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stay in housing except for rent -- including transportation, job assistance and substance abuse treatment. Any savings could be used by managed care companies to invest directly in providing housing, in partnership with local governments and others;

NOW THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 Federal Legislative Program, support for any administrative action which would approve the State of California, Department of Health Care Services, 1115 waiver petition, allowing Medicaid funds to be used to provide housing for homeless patients.

PRESENTED BY:



MIKE BONIN

*Councilmember, 11th District*

SECONDED BY:

