

REQUEST FOR INFORMATION

PAY FOR SUCCESS PROGRAM For Community Engagement in Supportive Housing Interventions

RFI 16-016

**WASHINGTON STATE
HEALTH CARE AUTHORITY**
P.O. Box 42700 • Olympia, Washington 98504-2700

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1. Introduction:

1.1 Summary

Washington State is a leader in health care reform and system transformation with innovations such as its Healthier Washington initiative, its status as a Medicaid expansion state, and most recently its pursuit of an 1115 Medicaid Transformation Waiver. As part of this work, the Health Care Authority (HCA) is committed to its efforts to empower local communities to take the lead in determining their health care needs. The HCA is issuing this Request for Information to get feedback on Pay for Success (PFS), which is another possible tool for community engagement in supportive housing interventions. In particular, with this RFI, the HCA seeks information on ways to increase the efficiency of government-funded service delivery, reduce costs to taxpayers, and accelerate locally-driven innovation to improve outcomes for high-need individuals with demonstrated housing need.

Additional background information about Pay for Success in general can be found [here](#). Additional background information about PFS in the supportive housing world can be found [here](#).

1.2 Purpose of this Request for Information

The purpose of this RFI is to obtain information from city and county governments, Managed Care Organizations, Accountable Communities of Health, providers, and others on the use of the growing concept of PFS contracts, a relatively new way of financing social programs, to improve outcomes for individuals with housing and service needs. From providers, the State is particularly interested in which models of supportive housing have the greatest potential to improve outcomes and reduce costs if given the opportunity to expand.

The HCA is also soliciting information to help establish potential partnerships between local entities and Managed Care Organizations who may be interested in participating as end-payers in a State-endorsed Pay for Success strategy. The information obtained from this RFI will be used to help HCA make a decision about how to move forward; this may be by providing support to an established local partnership, by helping to develop a partnership that may be in its early stages, or by issuing an RFP.

1.3 Why Respond to this RFI?

The benefits of responding to this RFI are two-fold. The State gets the benefit of direct relevant information concerning models of supportive housing and local interest in Pay for Success. The

Respondent gets the benefit of being able to address and promote the benefits of its supportive housing initiatives, and explain how and why these are effective. Additionally, Respondents can determine their own level of input. HCA has provided a list of questions (Exhibit A) and Respondents can answer as few (or as many) of the questions as they so choose.

2. Overview:

2.1 HCA's Intended PFS Model

Pay for Success contracts are an innovative approach to improving outcomes and reducing costs for contracted government services. Contracted parties raise upfront funding for service delivery, then, as the program operates, an independent evaluator measures program outcomes. The end-payer only reimburses the upfront costs if the evaluator determines that agreed-upon performance targets have been achieved. If maximum outcomes are achieved, the initial investors are reimbursed for the entire cost of the program plus risk premium payments. Ideally, these payments are made when predetermined delivery system savings are realized due to the program's effectiveness. Because savings in supportive housing often accrue to more levels of government than just the State, the HCA is considering a unique framework for Pay for Success (**Figure 1**) in which the State would not be an end-payer in the typical sense of providing separate outcome payments.

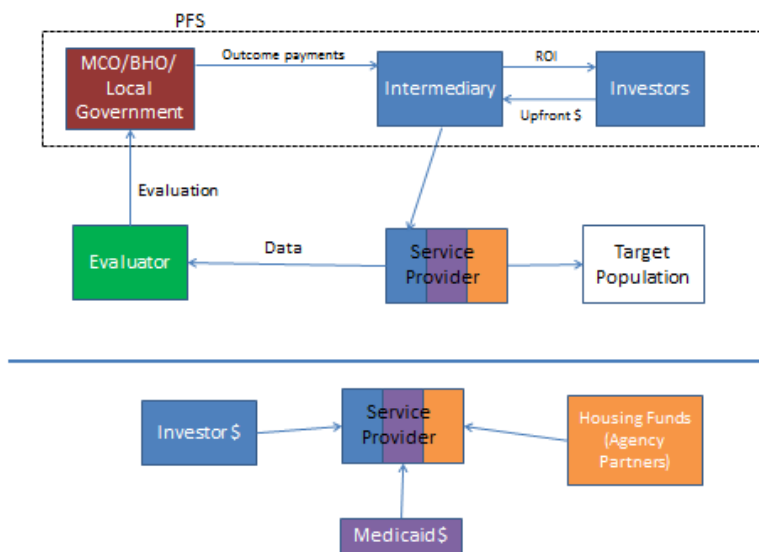


Figure 1: Proposed Pay for Success Framework

In the framework illustrated in the diagram above, service providers would receive funding from a PFS contract, but this would also be supplemented with Medicaid dollars and other housing funds that

may be available at the state level. Efforts in Massachusetts, Santa Clara, and Denver have been able to leverage various State resources and combine them with Medicaid reimbursement and private funding to create PFS projects in supportive housing. Following their example, in Washington, the State may be able to coordinate across agencies to contribute resources on the front end. The potential 1115 Waiver benefit for supportive housing services may be one of these resources; other resources may come from finding ways to help fund the housing elements of a model. The HCA would welcome ideas from Respondents about how the State may be able to help fill housing and service funding gaps in their models.

In the proposed PFS framework, the HCA has identified MCOs and BHOs in addition to local governments as potential end payers, as savings will likely accrue to those entities as well. The HCA would like to help enable MCOs or BHOs or other third party payers to participate as an end payer along with local governments. Information from MCOs and BHOs about the best way to ensure they can capture their savings to make outcome payments several years in the future would aid the HCA in making a decision about this unique model.

2.2 Target Populations

The HCA is specifically interested in interventions for sub-populations of their 1115 Waiver's Initiative 3, though responses are **not limited** to projects or models that serve this particular population. These individuals would ideally be eligible for a supportive housing benefit through Medicaid if the Waiver is approved. The benefit will be able to provide Medicaid reimbursement for some but not all of the services offered in supportive housing models; PFS could be an opportunity to fill those funding gaps and help the Waiver benefit go further.

To be eligible for the potential Waiver benefit, individuals must meet one or more of the criteria listed in the waiver. A basic list of the criteria is as follows:¹

- Meet HUD Definition of Chronically Homeless;
- OR
- Have frequent or lengthy institutional contacts (ER visits, nursing facility stays, hospital stays, psychiatric hospital stays, jail stays)—frequency, length, and acuity to be determined;

¹For complete definition, and any updated information, please see the HCA's 1115 Waiver Application and general website, located at: http://www.hca.wa.gov/hw/Pages/medicaid_transformation.aspx

OR

- Have frequent or lengthy adult residential care stays (Adult Residential Treatment Facilities, Adult Residential Care, Enhanced Adult Residential Care, Assisted Living, Adult Family Home, Expanded Community Services, or Enhanced Service Facilities)—frequency, length, and acuity to be determined;

OR

- Have frequent turnover of in-home caregivers or providers—frequency, length, and acuity to be determined by ALTSA CARE assessment;

OR

- Meet specific risk criteria (PRISM risk score of 1.5 or above).

Some sub-populations, for example the ALTSA home caregivers population, may not be relevant to a discussion around MCOs or Counties as an end payer.

In considering potential supportive housing intervention costs and outcomes, respondents should feel free to factor in the proposed Waiver benefit if they choose, but should also be aware that the benefit may not be available for a potential project. The HCA would appreciate information regarding the differences in costs and savings with and without the benefit.

3. RFI Responses:

3.1 Questions and Answers

Attached as **Exhibit A** is series of questions that are to be used as prompts for the information being sought under this RFI. The Exhibit contains some broad questions and some specific questions—with additional detail for those respondents who may have already been developing a project or may be able to provide a more comprehensive response. Respondents do not need to answer every question in order to submit a response; Respondents should feel free to only answer those questions that are applicable to their organization. **Responses should be limited to no more than 10 pages.**

3.2 Respondent Inquiries

If any Respondents have questions concerning this RFI, or concerning the Pay For Success model in general, they should email their question to the RFI Coordinator at: Contracts@hca.wa.gov with the subject line: PFS Questions RFI #16-016-PFS [your entity's name].

SCHEDULE

April 5, 2016	Issuance of Request for Information
April 15, 2016	Forum Registration Deadline
April 20, 2016	Forum for Questions & Answers
May 6, 2016	RFI Submission Deadline

HCA will facilitate an online forum to outline ideal structure and components of a written response of this RFI. Additionally, the forum will address questions regarding Pay for Success and the RFI process. The forum is open to all who register by the deadline. Schedule and details below:

FORUM DETAILS

Date: April 20, 2016 **Time:** 12:00 to 1:30pm

Location: <https://attendee.gotowebinar.com/register/3629488257000741891>

Those interested are asked to provide their name, title, organization name, and contact information to contracts@hca.wa.gov by April 15, 2016, with the subject line: Forum Registration RFI #16-016-PFS [your entity's name].

3.3 RFI Submission:

Please send your written RFI response to contracts@hca.wa.gov. Note on the subject line: RFI #16-016 PFS [your entity's name]. **Responses should be limited to no more than 10 pages.** Responses should be submitted **no later than May 6, 2016.**

3.4 Washington Electronic Business Solution (WEBS)

This RFI will be posted in WEBS under commodity codes 952-55, 952-08, 952-59, 952-78, 952-91, and 952-92. HCA may submit a future Request for Proposals (RFP) based on information from this RFI. Any future RFP will be posted in WEBS under the above commodity codes. It is highly recommended for all parties interested in this subject matter to register their entity in WEBS under any of the above applicable commodity codes. Registration in WEBS is free, and can be made at <https://fortress.wa.gov/ga/webs/>. Additional information on WEBS can be found at the Department of Enterprise Services (DES) website at: <http://des.wa.gov/services/ContractingPurchasing/Business/BidOpportunities/Pages/bidNotification.aspx>.

Exhibit A

(Please limit responses to no more than 10 pages. Respondents may answer as few or as many questions as necessary.

Please number your answer as set forth below.)

Supportive Housing

1. **How, and to what extent, would implementing supportive housing as an intervention for a particular target population result in improved outcomes as well as State and local government savings in your community?** Savings may accrue to the health care system, criminal justice, etc.
2. **What mechanisms would MCOs/BHOs or local governments use to capture the health care savings that may result from providing access to new supportive housing capacity through PFS?**

Pay For Success Contracts

3. **Is raising upfront investment to supplement existing State resources necessary to the success of expanding supportive housing (or other) models? If you think not, what opportunities do you see to repurpose or reallocate existing resources at the State for supportive housing for the target population you are proposing?** The HCA is partnering with the Department of Commerce and the Department of Social and Health Services in our exploration of PFS.
4. **Do you see opportunities for local partnerships in a potential PFS project in your community? (between Accountable Communities of Health, local governments, MCOs, BHOs, Homeless Continuums of Care, Housing Authorities, affordable housing providers, non-profits, etc.) Would you consider being an end-payer if an evaluation of costs and benefits shows savings will accrue to your level of government, or to your entity?**
5. **What type of partnership or coordination with the State would be desirable for you in developing a PFS project?**

Ongoing Projects

6. **Do you have partnerships already in place for a project?** Please describe who you may already be working with on developing a PFS project. In your response, you **might highlight** any of the following topics **if they are applicable** to you:
 - a. Information on specific partners, including demonstrated commitment to planning (letters of support, a co-authored response, etc.).
 - b. Which entities are working together, and what is the history of their partnership, before this project proposal, and/or through it?
 - c. Do you have experience working with the State and/or any local governments?

- 7. What are the details of your project so far?** Please provide as much information about your model as possible. In your response, you **might highlight** any of the following **topics if they are applicable** to you:
- a. The model you are considering;
 - b. The size of your target population for your model;
 - c. Age, gender, and other demographic information about the population;
 - d. The population's utilization of institutions such as in-patient stays in area hospitals, detox stays, psychiatric visits, jail stays, stays in assisted living facilities, etc.;
 - e. Available housing stock; specifically, if you will be leveraging scattered-site housing, or single-site housing; and if it is single-site, if it will be new construction;
 - f. The details of your model (services offered, staffing requirements, costs);
 - g. Current costs of the population to your local system and/or to Medicaid;
 - h. Projected savings from the model, and to which system those savings would accrue;
 - i. Data management capacity for collecting, monitoring, and analyzing performance;
 - j. Demonstrated evidence base: has your model been evaluated for outcomes or impacts?
- 8. What additional resources would be necessary to make your project successful?** For example:
- a. Additional housing stock—identifying scattered site, or new construction;
 - b. Additional housing vouchers;
 - c. Additional capacity-building to interact with Medicaid;
 - d. Other resources that may assist you in making your project more impactful.
- 9. Would you welcome a partnership with the State in further developing your project?**
- 10. Is there additional information about your project that would be helpful to the HCA in investigating PFS as a mechanism to improve outcomes?**