Statewide Supportive Housing Expansion (SWSHE) Pilot Project – Final Report

April 2025

COLORADO
Department of Health Care Policy & Financing

I. Executive Summary

Through the Statewide Supportive Housing Expansion (SWSHE) Pilot Project, the Department of Health Care Policy and Financing (HPCF) learned important lessons about bringing community-based organizations into the healthcare space as providers through engagement with Medicaid. In addition to connecting Medicaid members to essential evidence-based housing supports, this pilot project served as an important foundation for expanding engagement between Medicaid and supportive housing providers. Through the pilot, HCPF learned a lot about the unique needs of community-based organizations serving Health First Colorado members "outside" of the traditional healthcare infrastructure where services are coded and billed for reimbursement. At the start of the grant, half of the SWSHE grantees did not have prior experience billing health insurance, including Medicaid. The SWSHE pilot helped the grantees build a foundation for better understanding and navigating the Medicaid system in Colorado to expand Permanent Supportive Housing (PSH).

HCPF contracted with the Urban Institute to conduct an independent evaluation of the services provided and the clinical and cost outcomes of Medicaid coverage for Permanent Supportive Housing. While this level of analysis is essential to build continued support and evidence for PSH programs, it does not explore the administrative challenges and opportunities of statewide PSH expansion. The Colorado Medicaid team found that the administrative risks and solutions identified in this project were an essential part of the pilot learnings, with a focus on financing, reporting, and community partnerships.

II. Introduction and Project Overview

The Statewide Supportive Housing Expansion (SWSHE) Pilot Project was a collaboration between the Department of Health Care Policy and Financing (HCPF) and the Department of Local Affairs (DOLA) to expand access to Permanent Supportive Housing (PSH) services across Colorado. Permanent Supportive Housing (PSH) is an evidence-based model that combines permanent housing assistance, through specific voucher types, with supportive services, such as intensive case management, housing navigation and connections to physical and behavioral health care. Studies in Colorado and across the country have consistently shown that PSH is an effective approach to reduce homelessness, improve health outcomes, and increase housing stability for people with the highest needs.

Through American Rescue Plan Act (ARPA) funding, the SWSHE Pilot Project provided grant funding for 28 PSH organizations across the state of Colorado. SWSHE combined housing through housing vouchers funded by DOLA and expanded access to defined supportive services including housing navigation and case management to create high-quality supportive housing opportunities, promoting housing attainment and retention for Health First Colorado (Colorado's Medicaid program) members who met defined risk score criteria including defined diagnoses and service utilization.

The goals of the pilot were twofold:

- To expand pre-tenancy and tenancy support services for people experiencing homelessness with the highest unmet health needs, and
- To inform Medicaid policy and systems change to create a more permanent funding source for supportive housing providers across the state.

HCPF partnered with the Division of Housing (DOH) within DOLA to jointly implement the SWSHE Pilot Project. DOLA is the state agency through which PSH is funded and managed. DOLA was responsible for selecting organizations to participate in the grant, issuing vouchers to program participants, and managing the project's contractor. HCPF entered into a data sharing agreement with each of the four Continuum of Care (COCs) who manage the statewide Homeless Management Information System (HMIS) to support the SWSHE participant selection and referral process. HCPF also facilitated relationship building between the CoCs and Regional Accountable Entities (RAEs), the managed care entities responsible for providing care coordination to Medicaid members.

Throughout this pilot project, many lessons were learned; the three areas HCPF learned the most include grant administration, integration of non-traditional providers into the Medicaid provider community, and building cross-agency policy for PSH. The lessons learned in these areas will enable HCPF to continue to build stronger provider networks for the delivery of community-based services and allow HCPF to better manage grant-based opportunities for providers to continue exploring pilot work in the future.

III. Lessons Learned & Opportunities Moving Forward

A. Lessons Learned through the Grant Process

Funding through the American Rescue Plan Act (ARPA) was considered a 'once in a generation' opportunity for states to expand select services and infrastructure through significant federal investment following the COVID-19 pandemic. Colorado chose to implement the SWSHE Pilot Project using ARPA funding. Administering federal grant dollars for a housing-related pilot project was a new venture for HCPF and came with new challenges and learning opportunities. Beginning in December 2022, the 28 grantees were among the first recipients of ARPA grant funding from HCPF and the first recipients to contract through HCPF's fiscal agent for grant administration. As a new experience on multiple levels for the parties involved, many lessons were learned throughout the grant process.

For example, the SWSHE Pilot Project was structured as a deliverable-based grant, meaning specific funding amounts were tied to each deliverable and paid to grantees upon completion of the deliverable. This differed from other HCPF-administered ARPA grants which were reimbursement-based with itemized budgets. The deliverable-based model allowed grantees to receive up-front funding with the intention of providing ample flexibility to support capacity building. HCPF implemented this knowing that many of the grantees were small community-based organizations with limited general operating budgets, which was important to build the infrastructure and capacity needed for program sustainability.

Through reviewing feedback and the documentation and communications with grantees, HCPF determined that grantees did not receive clear and detailed guidance from HCPF and sub-contractors related to the funding use restrictions under federal ARPA regulations. This created misunderstanding over allowable costs and grantees expressed frustration over what they experienced as changes in expectations during the grant period. This affected some grantees more than others. Out of the 28 grantees, eight were requested to return some amount of unspent funds. For five of them, the average requested recoupment was 4% of the total grant award. For three of them, the average requested recoupment was over 50% of the total grant award. HCPF worked closely with each grantee to account for allowable costs and decreased the recoupment amounts to the furthest extent possible.

The importance of providing clear and upfront guidance on grant funding restrictions was a significant lesson learned by HCPF. Throughout the grant, HCPF relied on contractors, including the fiscal agent, to translate expectations for spending and reporting requirements to providers. At times this caused confusion and frustration among grantees. For the many providers that had not worked with Medicaid before, this created tension and diminished trust, which created risk for sustaining the program and the partnerships necessary to build out Medicaid–billable services. For future grants, the following should be considered:

- Federal requirement to recoup unspent funds must be clearly articulated prior to entering into grant agreements, with examples, and revisited in regular grantee meetings.
- Tailoring guidance to grantees based on each grantee's prior experience.
- Considerations for direct vs facilitated communications with providers if a fiscal agent is used, as confusion may arise when contract management and oversight is spread across multiple teams and organizations. This can result in incorrect or incomplete information being shared with grantees.
- Use of a hybrid approach to funding that provides a combination of prospective, deliverable-based payments and reimbursement of approved budget spending.

B. Lessons Learned with Non-Traditional Providers

The SWSHE Pilot Project provided an opportunity for HCPF to work with community-based supportive housing organizations, many of which had no prior experience with the Medicaid system. HCPF learned critical lessons through working with these non-traditional providers.

First, HCPF learned the importance of developing a shared vocabulary. Early on in the pilot, it became clear that terminology such as 'case management' held different meaning within the Medicaid system as compared to the housing system. Through developing a shared vocabulary, HCPF and the grantees were able to develop a mutual understanding of the two systems – housing and healthcare – and how they intersect and can work together.

Next, many of the community-based organizations involved in the SWSHE pilot did not have prior experience with Medicaid. Since one of the goals of this project was to support grantees in billing Medicaid for supportive services following the end of the grant, HCPF worked closely with the organizations to provide technical assistance. Despite HCPF's efforts, many of the grantees reported a 'steep learning curve' when preparing for Medicaid provider enrollment. A few of the smaller organizations involved in the grant noted that the administrative requirements of Medicaid were challenging due to limited human resource capacity within their organizations.

Last, HCPF had to clearly outline the difference between the active ARPA grant and a future state of sustainable billing practices. One very common request from housing providers and partner community-based organizations was for HCPF to adjust billing to align more with a grant program, such as covering costs through invoicing or billing for services that did not include encounters with a Medicaid member. One very common concern was how to cost allocate salaries for unlicensed staff. Building professional relationships to build trust and outlining the limits and benefits of being a Medicaid provider were essential to supporting providers during these discussions.

Recognizing these challenges, HCPF provided extensive technical assistance throughout the grant period to help prepare grantees for Medicaid enrollment and billing. Additionally, the Corporation for Supportive Housing (CSH) brought a national perspective and provided technical assistance for these grantees throughout the steps necessary to prepare for Medicaid provider enrollment. HCPF staff facilitated regular Office Hours and met with grantees to support them through the provider enrollment process. At the start of the grant, half of the grantees (14 out of 28) were enrolled Medicaid providers. By the end of the grant, two thirds of SWSHE grantees were enrolled with Medicaid (19 out of 28) and five agencies were actively in the process of enrolling. As of this report, 21 are enrolled and 3 are in the process.

HCPF learned that there is wide variance among community-based providers when it comes to preparing for and billing Medicaid. Some organizations have other funding streams to help sustain their services while working to implement Medicaid billing, while others may struggle to cover all costs while building towards consistent Medicaid reimbursement. Likewise, knowledge and understanding of healthcare policies and regulations varied widely for the grantees involved. HCPF learned to bridge the gap when it comes to understanding how community-based organizations operate and helped those organizations to better understand the Medicaid model.

Technical assistance and Office Hours that included experts in enrollment, reporting, and provider experience were key to the success in enrollment and billing. Ongoing, HCPF will be continuing to offer these services to prevent provider attrition.

C. Lessons Learned through State and Local Cross-Functional Policy

Working with DOLA's Division of Housing (DOH) in the design, outreach and oversight of the program was one of the most important aspects of the pilot's success. DOH had existing trusted relationships with the regional partners (Continuum of Care) and the local housing providers. They also had a process for determining if an organization was providing PSH services and supports to fidelity. DOH led a lot of the outreach to identify grantee sites and attended almost all public and grantee meetings. Behind the scenes, HCPF and DOH were able to educate one another on lingo, history, policy, and local and regional variations in programs. The staff collaborated to share resources and walk through the policy foundations of both programs to better understand the policy collision and develop new interpretations of policy. Outcomes include:

- DOH created a process to validate that PSH organizations meet the full criteria of delivering supportive housing to fidelity and issue an approval letter.
- Effective July 1, 2024, HCPF created a new provider type for Supportive Housing Providers (PT 89/208).
- To enroll as the new Supportive Housing provider type, organizations must include the DOH approval letter with their Medicaid enrollment. This ensures that billing for supportive housing services is limited to organizations validated by DOH.

IV. Conclusion

In total, the 28 supportive housing organizations involved in the pilot served 869 Medicaid members, exceeding the goal of 500 members served. An evaluation of the project's outcomes and impact was conducted by The Urban Institute and can found on HCPF's Supportive Housing Services webpage.

The SWSHE Pilot Project also met its goal of informing policy to create a more permanent funding source for supportive housing providers across the state, creating the foundation for HCPF's 1115 Health Related Social Needs (HRSN) waiver amendment request submitted in August 2024 and approved by CMS in January 2025.

HCPF will continue to engage with the supportive housing provider network in preparing for and implementing expanded services covered under the HRSN 1115 waiver authority. HCPF will continue to provide Office Hours and one-on-one technical assistance to supportive housing providers. Work with SWSHE grantees taught HCPF that open lines of communication, clear and consistent information, as well as trusted partnerships are the cornerstone of success.

A pilot project was a useful way for HCPF to engage with non-traditional, community-based providers and deliver robust technical assistance to bridge gaps. The grant enabled organizations to build infrastructure and engage directly with Medicaid staff to better understand the system.

While lessons learned through SWSHE were plentiful, including challenges related to the grant's federal funding restrictions, an important foundation was built to continue this work of Medicaid funding for supportive housing services.