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DATE: September 19, 2022

ALL PLAN LETTER 22-007 (*REVISED*)

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS¹

SUBJECT: CALIFORNIA HOUSING AND HOMELESSNESS INCENTIVE PROGRAM

PURPOSE:

The purpose of this All Plan Letter (APL) is to provide Medi-Cal managed care health plans (MCP) with guidance on the incentive payments linked to the Housing and Homelessness Incentive Program (HHIP) implemented by the California Department of Health Care Services (DHCS) in accordance with the Medi-Cal Home and Community-Based Services (HCBS) Spending Plan. Revised text is found in *italics*.

BACKGROUND:

In accordance with section 9817 of the American Rescue Plan Act of 2021, DHCS developed an HCBS Spending Plan detailing a series of initiatives that will enhance, expand, and strengthen HCBS in California. HHIP is one of the HCBS *Transition* initiatives, which aim to expand and enhance programs that facilitate individuals transitioning to community-based independent living arrangements. HHIP is a voluntary incentive program that *enables* MCPs to earn incentive funds for improving health outcomes and access to whole person care services by addressing homelessness and housing insecurity as social drivers of health and health disparities.

Effective January 1, 2022, DHCS *implemented* HHIP. As designed, the incentive program is intended to support delivery and coordination of health and housing services for *Members* by:

- Rewarding MCPs for developing the necessary capacity and partnerships to connect their *Members* to needed housing services; and
- Incentivizing MCPs to take an active role in reducing and preventing homelessness.

¹ This APL does not apply to Prepaid Ambulatory Health Plans or any MCP *that* will not be in operation in CY 2023, which includes, but is not limited to, Cal Medi-Connect Plans.

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The incentive program period is expected to be effective from January 1, 2022 to December 31, 2023. The program period *is* split between two distinct Program Years (PY) with three distinct measurement periods:

- PY 1 (January 1, 2022 to December 31, 2022), and:
- PY 2 (January 1, 2023 to December 31, 2023)

MCP Submission	Measurement Period	MCP Submission Date	Program Year
MCP Local Homelessness Plan (LHP) Submission	January 1, 2022 to April 30, 2022	June 30, 2022	1
MCP LHP Submission Revisions	January 1, 2022 to April 30, 2022	August 12, 2022	1
MCP Investment Plan (IP) Submission	N/A	September 30, 2022	1
MCP Submission 1	May 1, 2022 to December 31, 2022	March 10, 2023	1
MCP Submission 2	January 1, 2023 to October 31, 2023	December 29, 2023	2

POLICY:

Participating MCPs must comply with the policy requirements outlined throughout this APL to earn incentive payments. The incentive payments will be in addition to the MCPs' actuarially sound capitation rates. *Program Resources and Submission Materials* can be found on the DHCS website.²

MCP Eligibility and Participation

MCP participation in this incentive program is voluntary, but strongly encouraged. MCPs that elect to participate must adhere to program and applicable federal and state requirements to earn incentive payments.

Definition of Individuals Experiencing Homelessness

The HHIP includes all *Members* who are at risk of, have recently been, or are currently experiencing homelessness. In order to assist MCPs with identification of these *Members*, DHCS has provided a definition for individuals *or families* who are experiencing *or have recently experienced* homelessness *or* are at risk of homelessness that aligns with the Community Supports Policy Guide and the Housing

² These documents can be found on the HHIP website. The HHIP website can be found at: <https://www.dhcs.ca.gov/services/Pages/Housing-and-Homelessness-Incentive-Program.aspx>.

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and Urban Development definition as provided in Section 91.5 of Title 24 of the Code of Federal Regulations (CFR).^{3,4} These include:

- An individual or *families* who lacks adequate nighttime residence.
- An individual or *families* with a primary residence that is a public or private place not designed or ordinarily used for habitation.
- An individual or *families* living in a shelter.
- An individual or *families* exiting an institution into homelessness.
- An individual or *families* who will imminently lose housing in next 30 days.
- Unaccompanied youth *under 25 years of age*, or families *with* children and youth, defined as homeless under other federal statutes.
- Individuals or *families* fleeing domestic violence.

MCP Incentive Payments

DHCS will make available up to the total funding of \$1.288 billion across eligible MCPs in *four* payments. DHCS determined and shared the maximum amount of incentive payments that each MCP is eligible to earn for each measurement period based on a range of factors, including *Member* enrollment, revenue, and county point-in-time (PIT) counts of homelessness,⁵ subject to the requirement of 42 CFR section 438.6(b)(2) that incentive payments not exceed five percent of the value of capitation payments attributable to the enrollees or services covered by the incentive arrangement.⁶ Each MCP may earn up to its allocated amount based on the successful completion of the requirements for the *four* payments as outlined below.

Each MCP payment will be based on the successful completion and achievement of program measures, LHP components, and the IP.

DHCS will evaluate each MCP's submissions and performance and make incentive payments that are proportional to the number of points earned. DHCS will monitor the timeliness and content of MCP submissions and may request *information* for incomplete submissions as needed during the review timeframe.

DHCS expects participating MCPs to work closely with all applicable local partners including, but not limited to: local Continuums of Care (CoCs), counties, public health agencies, organizations that deliver housing services (i.e., interim housing, rental

³ Definition aligns with the Community Supports Policy Guide and 24 CFR section 91.5. The Community Supports Policy Guide is available at

<https://www.dhcs.ca.gov/Documents/MCQMD/DHCS-Community-Supports-Policy-Guide.pdf>.

⁴ The CFR is searchable at <https://www.ecfr.gov/>.

⁵ PIT estimates as of 2019. DHCS may, at its discretion, use an updated PIT count as appropriate to redetermine these amounts for PY 2.

⁶ See 42 CFR Section 438.6(b)(2).

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assistance, supportive housing, outreach, *and* prevention/diversion), *Providers*, county mental health plans, and Drug Medi-Cal and Drug Medi-Cal Organized Delivery Systems in their efforts to meet the program's goals and to report on measures. DHCS does not direct or restrict the MCP's use of incentive funds they have earned. However, DHCS intends for the HHIP to bolster housing and homelessness-focused efforts and investments at the local level, with the aim of building or expanding capacity and partnerships to connect *Members* to needed housing services and achieving measurable progress in reducing and preventing homelessness. Therefore, DHCS anticipates participating MCPs will maximize investment with local partners who are leading housing and homelessness-related efforts on the ground and most directly supporting and assisting this vulnerable population.

Requirements for Payment 1 (measurement period January 1, 2022 to April 30, 2022)

Participating MCPs operating in the same county must collaborate *with the local CoCs* to submit a single LHP by **June 30, 2022**, *and MCPs must submit revised LHP measures to DHCS by August 12, 2022*. DHCS will issue Payment 1 to MCPs in *October of 2022*, subject to DHCS' acceptance of the LHP submissions *and the MCP's performance on applicable measures*. The MCP is required to complete the LHP in full, as outlined in the *MCP LHP Template*, including the following sections:

1. **Measurement Areas:** MCPs must complete required quantitative and narrative responses, outlined in the *MCP LHP Template*, providing information on current regional progress and goals toward the three priority areas of HHIP (*Partnerships and capacity to support referrals for services, Infrastructure to coordinate and meet Member housing needs, Delivery of services and Member engagement*) described in this APL.
2. **MCP Strategies:** MCPs must provide a county-wide aggregate and unique MCP narrative submission identifying housing and service gaps in alignment with the Homeless Housing, Assistance and Prevention Program (HHAP) strategies to meet HHAP Outcome Goals and *address* the overall approach for the county as well as specific strategies for each MCP and how they align with the county approach.
3. **Landscape Analysis:** MCPs must provide an aggregate and unique landscape analysis in alignment with the HHAP Round 3 (HHAP-3)⁷ application landscape analysis utilizing relevant data from the Homeless Management Information System (HMIS), PIT counts, and other local needs assessments.⁸

⁷ MCPs may also reference HHAP Round 2 (HHAP-2) applications if additional context is helpful for them, or if Round 3 are not yet available. https://bcsh.ca.gov/calich/hhap_program.html

⁸ If the MCP does not have the current data capabilities, they *must* provide an estimate based on PIT counts and describe what they need to achieve the connectivity to HMIS or other local data sources to report this information in the future.

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- 4. Funding Availability:** MCPs must submit as an appendix their local HHAP funding availability assessment identifying state, federal, and local funds currently being used, and available to be used, to provide housing and homelessness-related services in alignment with the HHAP-3 assessment (or Round 2, if Round 3 is unavailable).

Effective July 19, 2022, participating MCPs must complete revised measures 1.1, 3.3, 3.4 and 3.5 and resubmission of Measure 2.1 is optional and may be submitted at the MCP's discretion. MCPs are encouraged to reference the LHP Revised Measures Template for further details.

MCPs will be evaluated based on the quality of the LHP components they submit, including the Landscape Analysis, Funding Availability assessment, and MCP Strategies, as well as on the program measures. Each program measure will either be earned in full, or not earned.

The *MCP LHP Template* specifies the requirements for MCP reporting. The data sources specified in the *MCP LHP Template* and *LHP Revised Measures Template* must be used for collecting and reporting data. The *MCP LHP Template* and the *LHP Revised Measures Template* must be submitted electronically to DHCSHHIP@dhcs.ca.gov.

Requirements for Payment 2 (based on the MCP IP 2022)

*Each MCP(s) must collaborate with the local CoCs and participating MCPs to complete one IP per county in which they are participating in HHIP. MCPs must submit completed IPs to DHCS by **September 30, 2022**. The IP must be submitted electronically to DHCSHHIP@dhcs.ca.gov. DHCS will issue Payment 2 to MCPs in December of 2022, subject to DHCS' acceptance of the IP submissions and the MCP's performance on applicable components of the IP.*

PART I: Investments: *MCPs must submit a narrative describing specific investments they intend to make to overcome identified housing and service gaps and needs to meet the goals of HHIP. The narrative should include details of anticipated funding activities, investment amounts, recipients, and timelines. For each intended investment, MCPs must specify:*

- 1. Which HHIP measures each investment is intended to impact; and*
- 2. Whether each investment will support MCP or Provider/partner infrastructure and capacity (or both), or direct Member interventions.*

PART II: Risk Analysis: *MCPs must conduct a brief risk analysis to identify challenges they may face in achieving the HHIP program goals and in making the investments outlined in Part 1. This narrative description must include what steps the MCP might take to address these potential risks and*

barriers.

PART III: CoC Letter of Support: MCPs must submit a signed letter of support from their CoC partner(s) validating that the CoC(s) collaborated with the MCP, was given an opportunity to review the MCP's IP, and supported the MCP's IP. The letter of support must be included with the IP submission as an appendix.

PART IV: Attestation: MCPs must provide a signed attestation that the IP provides a true representation of the MCP's expected investments and their strategy for achieving program measures and targets. The attestation must be signed under penalty of perjury by the MCP's Chief Executive Officer or Chief Financial Officer, or equivalent executive officer, or their designee, and included with this IP submission as an appendix.

MCPs will be evaluated based on the quality of the IP components they submit, including the Investments, Risk Analysis, CoC Letter of Support, and Attestation.

Requirements for Payment 3 (measurement period May 1, 2022 to December 31, 2022)

MCPs must report a set of quantitative and narrative measures, as outlined in the *HHIP Measure Set Updated for MCP Submission 1*, describing their performance during the period from May 1, 2022 to December 31, 2022. MCPs must submit completed Submissions to DHCS by **March 10, 2023**. For MCPs operating in more than one county, the MCP must complete a Submission 1 *template* for each county in which it operates and elects to participate in the incentive program. *Submission 1 Templates will be distributed to the MCPs via the DHCS HHIP inbox.* DHCS will issue Payment 3 to MCPs in May 2023, subject to DHCS' acceptance of the MCP Submission 1 and the MCP's performance on applicable measures.

Requirements for Payment 4 (measurement period January 1, 2023 to October 31, 2023)

MCPs must report a set of quantitative and narrative measures, as outlined in the *HHIP Measure Set Updated for MCP Submission 2 template*, describing their performance in Program Year 2 by **December 29, 2023**. For MCPs operating in more than one county, the MCP must complete a Submission 2 *template* for each county in which it operates and elects to participate in the incentive program. *Submission 2 Templates will be distributed to the MCPs via the DHCS HHIP inbox.* DHCS will issue Payment 4 to MCPs in March 2024, subject to DHCS' acceptance of the MCP Submission 2 and the MCP's performance on applicable measures.

Program Priority Areas and Measurement Areas

HHIP will prioritize MCP investment in and achievement of partnerships, capacity-building, infrastructure, delivery of services, and *Member* engagement.

Program Resources and Submission Materials are available on the HHIP website.

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High Performance Option

The program allows MCPs that fail to achieve points on select measures in Submissions 1 and 2 to earn back some or all of those points by performing over and above thresholds on select Priority Measures in the same reporting period. This option is only applicable to points not earned on pay-for-performance measures that are not noted in the HHIP measure set as a priority measure. Points that are not earned on a priority measure may not be re-earned by the MCP.

DHCS Oversight

DHCS will monitor the timeliness of MCP submissions, as well as the content of the reports, and *may request further information if submissions are incomplete*. DHCS will send confirmation of approved submissions, as well as revision requests for incomplete submissions, to MCPs electronically.

If the requirements contained in this APL, including any updates or revisions to this APL, necessitate a change in an MCP's *contractually required* policies and procedures (P&Ps), the MCP must submit its updated P&Ps to its Managed Care Operations Division (MCOD) contract manager within 90 days of the release of this APL. If an MCP determines that no changes to its P&Ps are necessary, the MCP must submit an email confirmation to its MCOD contract manager within 90 days of the release of this APL, stating that the MCP's P&Ps have been reviewed and no changes are necessary. The email confirmation must include the title of this APL as well as the applicable APL release date in the subject line.

MCPs are responsible for ensuring that their Subcontractors and Network Providers comply with all applicable state and federal laws and regulations, contract requirements, and other DHCS guidance, including APLs and Policy Letters.⁹ These requirements must be communicated by each MCP to all Subcontractors and Network Providers.

If you have any questions regarding this APL, please email DHCSHHIP@dhcs.ca.gov and CC your MCOD Contract Manager and/or your Capitated Rates Development Division Rate Liaison.

Sincerely,

Dana Durham, Chief

⁹ For more information on Subcontractors and Network Providers, including the definition and applicable requirements, see APL 19-001, and any subsequent APLs on this topic.

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Managed Care Quality and Monitoring Division