

Human Services

FY16-17 Biennial Budget Change Item

Change Item Title: Housing and Supportive Services for People with Disabilities

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	1,409	2,268	8,899	15,922
Revenues	55	239	471	752
Other Funds				
Expenditures	36	149	273	425
Revenues	36	149	273	425
Net Fiscal Impact = (Expenditures – Revenues)	1,354	2,029	8,428	15,170
FTEs	5	5	5	5

Recommendation:

Beginning July 1, 2015, the Governor recommends changes to Group Residential Housing (GRH) to ensure quality services and settings for people with low incomes and disabilities, and to simplify program rules. Effective February 1, 2017, the Governor recommends restructuring GRH and Minnesota Supplemental Aid (MSA) Shelter Needy to meet the Olmstead Plan's Housing Goal to increase housing options that promote choice and access to integrated settings. This restructuring will include merging GRH funding for non-congregate settings with MSA Shelter Needy funding to provide housing assistance that allows people to choose where they want to live, and ensure that people receive services they need no matter where they live.

Rationale/Background:

GRH and MSA Shelter Needy are 100 percent state-funded income supplements to help address housing needs for people with low incomes and disabilities that keep them from supporting themselves. GRH pays for room and board, and some service costs. MSA Shelter Needy provides a cash benefit to help pay for housing costs. GRH and MSA serve people with a wide variety of disabilities including physical, developmental, mental health illnesses, and chemical dependencies. The goals of GRH and MSA Shelter Needy are to reduce and prevent institutionalization and homelessness for people by helping them afford their housing and stay in their own homes.

People with disabilities are often stuck in institutions, bouncing between friends' couches and crisis beds, and sleeping on mats in homeless shelters. Three main issues prevent people with disabilities from accessing housing in the community.

- **Many people with disabilities cannot afford to live in the community.** Only one out of three people with disabilities who live in their own homes can sustainably afford their housing. Annually, more than 30,000 people with disabilities who have low income get help paying for housing through GRH and MSA Shelter Needy, but these programs allow only a small portion of program recipients to live in a place of their own in the community. Most recipients live in group or congregate settings.
- **Medicaid-funded services that help people live independently in the community do not adequately serve all people with disabilities.** Many people cannot access Medicaid-funded services because their disability does not match the requirements or because they have not been adequately assessed or diagnosed. Many people also need services not covered by Medicaid, such as tenancy supports.
- **Access to affordable supportive housing in the community is inequitable.** People with disabilities who also have low incomes, have mental illnesses, or live outside the Twin Cities metropolitan area are overrepresented in group settings and in homelessness counts.

Additionally, state law does not define monitoring roles and authority for the state or counties, leading to inconsistent quality and potential for harm, fraud and misuse of state funds.

In recent years, the four significant reviews below have called for changes to these programs. This proposal will bring the department into compliance with mandates of these four reviews.

- **The Minnesota Olmstead Plan's Housing Goal, Action 3,** requires increasing housing options that promote choice and access to integrated settings by:

- Ensuring income supplement programs (i.e. GRH and MSA Shelter Needy) can be used in the most integrated setting of a person's choice
- Providing access to housing independent of receiving services from a particular provider, or receiving any services
- Implementing a Housing Stability Services option to those who need additional support to obtain housing or remain in the community.

The Olmstead Plan requires that a proposal be developed for legislative change by January 6, 2015 (HS 3A), and that program changes authorized by the Legislature be implemented by December 31, 2015 (HS 3B).

- **2013 State Plan to Prevent and End Homelessness** recommends reforming GRH and MSA Shelter Needy to allow greater flexibility, increased housing options, and increased access to these programs for people who are homeless.
- **2013 Legislated Service Rate Study** found no correlation among the GRH service rate amount, services provided and the level of individual need; and thus recommended separating the service rate from the housing rate to allow transition and choice, and setting rates based on individual needs and services provided.
- **2007 Office of the Legislative Auditor Report** recommended clarifying and simplifying program rules, adequately and equitably funding program administration at the counties, providing more training and guidance, and ensuring accountability performance across the state.

Proposal:

This proposal includes two parts: Quality Assurance and Simplification, and Olmstead Plan Implementation.

Quality Assurance and Simplification

Ensure quality services and housing for people with low incomes and disabilities.

- Clarify expectations of provision of room and board; implement minimum provider qualifications, including background studies; and add habitability inspections for non-congregate settings.
- Increase monitoring and oversight at the state and county level, including:
 - Internal Audits to review individual and provider eligibility (two staff)
 - Staff to training staff county financial workers (one staff)
 - Policy staff to implement changes, and train county contract managers, social workers and providers (one staff)
 - Termination clause for the department
 - Monitoring and oversight requirements for counties and tribes, supported by an administrative allocation.

An estimated 1,000 background studies will be completed in the first year and 350 background studies will be completed in subsequent years. In FY 2014, DHS completed nearly 293,000 background studies. Based on existing background study capacity, these additional studies can be incorporated into existing workloads. The standard fee is \$20 per study and it is set at a rate that recovers the cost of the background study. This proposal will:

Assure equal access to housing and services across all counties by:

- Simplifying license requirements for supportive housing settings
- Simplifying individual eligibility for receiving the GRH Service Rate in supportive housing settings
- Standardizing contracting and service authorizations
- Allowing tribes to enter into GRH agreements.

Simplify program rules by:

- Automating overpayment tracking
- Simplifying budgeting and reporting
- Limiting eligibility to people with disabling conditions and defining who can verify disabling conditions
- Requiring that people apply for all benefits for which they might be eligible, and to agree to re-pay any GRH benefits received while successfully applying for other benefits by signing an Interim Assistance Agreement.

Olmstead Plan Implementation

Implement Minnesota's Olmstead Plan Housing Goal, Action 3, by ensuring people can use income supplements in the most integrated setting of their choice.

Provide Housing Assistance for people to live where they want by merging current GRH funding for non-congregate settings with MSA Shelter Needy to offer housing assistance. Housing assistance will be structured like other state and federal housing programs, based

on fair market rents and a portion of a person's income, and administered directly to housing assistance recipients, landlords, mortgage holders and utilities, instead of to a GRH vendor.

To be eligible, individuals must meet all of these criteria:

- Have a disability
- Demonstrate a need for services
- Have low incomes
- Reside in an institution or GRH setting, or receive MSA Shelter Needy in their own home
- Secure housing in the community with their own lease or mortgage.

Make services available to people who need them where they want to live by:

- Allowing people who receive housing assistance to receive GRH services, if not available from other sources
- Allowing people to choose their GRH services provider

Fund housing modifications to accommodate people's disabilities by allowing a county or tribe to negotiate a difficulty-of-care rate for a person receiving GRH or housing assistance, as approved by the commissioner of Human Services.

To be eligible, individuals must:

- Have extraordinary emotional, behavioral or physical health needs requiring the housing modification in order to secure housing
- Be transitioning from institutional care or a segregated setting into a more integrated setting.

Implementation timeline

The department will implement these proposals over three years.

- 2015: Increase program integrity and quality assurance, and begin building the infrastructure necessary to offer housing assistance and to allow housing and services to be independent of each other.
- 2016: Revise eligibility criteria, and simplify and standardize rules.
- 2017: Offer housing assistance and make services available for the new housing assistance recipients.

This timeline meets the requirements of the Olmstead Plan.

Results:

This proposal will satisfy recommendations of the Minnesota Olmstead Plan, the 2013 State Plan to Prevent and End Homelessness, the 2007 Office of the Legislative Auditor Report, and the 2013 Legislated Service Rate Study. It will prevent intervention and prescriptive remedies from the Olmstead court monitor.

Restructuring existing program elements will expand choices for people with low incomes and disabilities about where they can live and receive services by:

- Increasing people's ability to afford housing in the community
- Allowing people to receive services where they want to live
- Simplifying and standardizing program rules to increase access
- Increasing program integrity and quality of care.

This will decrease the backlogs and waiting lists for housing at hospitals and institutions, and prevent homelessness for people exiting institutions and other residential settings. An estimated 3,100 people per year will exit institutions and other residential settings upon full implementation of this proposal.

The department will use the Results-Based Accountability model to measure the impact of this proposal on increasing choices and quality of care for people with disabilities in Minnesota, including:

- Increase in number of people exiting institutions or group residential housing
- Decrease in number of people becoming homeless after exiting institutions or group residential housing
- Increase in number of income supplement recipients living in affordable housing in the community.

Statutory Change(s):

256I, 256D, 256.017, 245C

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (dollars in thousands)			FY 15	FY 16	FY 17	FY 16-17	FY 18	FY 19	FY 18-19
General Fund				1,354	2,029	3,383	8,428	15,170	23,598
HCAF									
Federal TANF									
DED Fund				0	0	0	0	0	0
Total All Funds			\$0	1,354	2,029	3,383	8,428	15,170	23,598
Fund	BACT#	Description	FY 15	FY 16	FY 17	FY 16-17	FY 18	FY 19	FY 18-19
GF	25	Group Residential Housing Grants (Housing grant/elig change, Difficulty of Care)		(121)	2,117	1,996	10,382	17,694	28,076
GF	23	General Assistance		0	13	13	81	158	239
GF	24	Minnesota Supplemental Aid		0	(962)	(962)	(2,661)	(3,027)	(5,688)
GF	REV2	Interim Asst Recoveries (non-dedicated)		(55)	(239)	(294)	(471)	(752)	(1,223)
DED	REV	Interim Asst Recoveries (dedicated 35%)		(29)	(129)	(158)	(253)	(405)	(658)
DED	EXP	Interim Assistance		29	129	158	253	405	658
GF	47	Children & Economic Assistance Grants (County Monitoring)		800	800	1,600	800	800	1,600
GF	12	Children & Families Operations (FTEs 2,2,2,2))		236	206	442	206	206	412
GF	12	Test Assessments/Rates		75	0	75	0	0	0
GF	13	Operations Health Care Admin. FTE 1,1,1,1		86	72	158	72	72	144
GF	11	Operations (Internal Audits FTEs 2,2,2,2)		199	168	367	168	168	336
DED	REV	Operations background study revenue		(7)	(20)	(27)	(20)	(20)	(40)
DED	EXP	Operations background study expense		7	20	27	20	20	40
GF	REV1	FFP @35%		(209)	(156)	(365)	(156)	(156)	(312)
GF	11	Operations (MAXIS)		311	0	311	0	0	0
GF	11	Operations (MMIS)		32	10	42	7	7	14
Requested FTE's									
GF	11	Operations (Internal Audits)		2	2	2	2	2	2
GF	12	Children & Families Operations		2	2	2	2	2	2
GF	13	Health Care Admin		1	1	1	1	1	1