



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 4, 2025

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401-1991

RE: SB 367 - Maryland Medical Assistance Program - Supportive Housing and Health Services - Letter of Information

Dear Chair Beidle and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of information for Senate Bill (SB) 367 – Maryland Medical Assistance Program - Supportive Housing and Health Services. The Department estimates that SB 367 would have a fiscal impact of \$136 million TF (\$68 million GF, \$68 million FF) in FY27 and \$41.6 million TF (\$20.8 million GF, \$20.8 million FF) in FY28. Costs are expected to increase in subsequent years as enrollment increases.

SB 367 requires the Medical Assistance Program (Medicaid) to provide supportive housing and health services to participants meeting certain eligibility criteria. The Department must also establish a certification process for supportive health and health services professionals, establish a stakeholder advisory committee, and apply for a waiver from the Centers for Medicare and Medicaid Services (CMS). This bill would take effect on July 1, 2026.

Each year, more than 4,300 Marylanders with a permanent disability experience chronic homelessness.¹ Existing programs provide some, but not all, of the services required by SB 367 and eligibility criteria vary by program. These programs are operated jointly by Medical Assistance in partnership with the Developmental Disabilities Administration (DDA) or by the Department of Housing and Community Development (DHCD). See Appendix A for more information on the Department's existing programs, including eligibility criteria and covered services.

Supportive Housing and Health Services: SB 367 requires Medical Assistance to provide supportive housing and health services to participants who (1) are experiencing homelessness or chronic homelessness, (2) require intensive case management, (3) have a chronic health

¹ Leveraging Multifamily Affordable Housing Development to End Chronic Homelessness in Maryland: Permanent Supportive Housing and Homeless Preferences in the 2024/2025 Maryland Qualified Allocation Plan
https://dhcd.maryland.gov/HousingDevelopment/Documents/OAP_MRFP/PSH-Companion-2024-2025-OAP.pdf

condition or acute illness, and (4) require assistance with obtaining or maintaining housing as a result of a documented mental illness, substance use disorder, or disability. These services must include assistance with transition costs; home accessibility modifications; housing and tenancy supports; rental assistance and other wraparound services. For purposes of its fiscal analysis, the Department assumes housing and tenancy supports would be required on an ongoing basis and rental assistance would be available for six months.² Community transition costs would be available on a one-time basis. The Department projects a significant fiscal impact over five years from FY27 through FY31:

- Ongoing Housing and Tenancy Supports and Wraparound Services: \$198 million TF (\$99.3 million GF, \$99.3 million FF)
- Rental assistance costs (6 months): \$54 million TF (\$27 million GF, \$27 million FF)
- Home Accessibility Modifications: \$31.8 million TF (\$15.9 million GF, \$15.9 million FF)
- One-Time Transition Costs: \$24 million TF (\$12 million GF, \$12 million FF)

Certification Requirements: SB 367 requires the Department to establish a certification process that meets certain standards for supportive health and health services professionals. DDA ensures that service providers comply with their DDA contracts, which state that Housing Support Service Staff is trained and certified by an approved DDA vendor. The Department assumes that DDA will continue this role for SB367. Were these responsibilities to shift to Maryland Medicaid, it would result in additional budgetary impacts which are currently indeterminate.

Stakeholder Advisory Committee: SB 367 further requires the Department to establish a stakeholder advisory committee to advise the Department on the development of regulations and procedures to implement the legislation. To the extent that Medical Assistance is responsible for establishing a stakeholder advisory committee, the Department estimates \$1.05 million TF (\$523,000 GF, \$523,000 FF) in staffing costs over five years from FY27 through FY31.

Additional Considerations: CMS approved multiple §1115(a) demonstrations for Health Related Social Needs (HRSN) during the last federal administration. It is unclear whether CMS will continue to authorize HRSN waivers in the current administration. Additionally, opening Maryland's §1115(a) demonstration waiver to include additional services prior to the expiration of the current demonstration may put existing programs at risk. The current demonstration ends on December 31, 2026. The Department plans to seek renewal for this demonstration effective January 1, 2027 and anticipates releasing that renewal for public comment later in 2025.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov or (410) 260-3190.

Sincerely,



Laura Herrera Scott, M.D., M.P.H.
Secretary

² Current HRSN waivers allow for up to six months rent for eligible program participants. Existing HRSN approved states have rental assistance rates from CMS that cannot exceed 110% Fair Market Rent.

APPENDIX A

Table 1. SB367 Services Currently Covered by Existing Medicaid Programs for Medicaid Participants

| Program Name | Agency Administering | Waiver Authority | Eligibility Criteria | Bill Service Covered | Service Description |
|--|-----------------------------|--|---|--|--|
| Assistance in Community Integration Services (ACIS) | Medical Assistance | §1115(a) (2,140 spaces approved) | Homeless or at risk of homelessness AND Repeated ED use or at least 2 chronic health conditions | Housing and tenancy case management services and other wraparound services including case management to remain housed and improve overall health | Provides housing and tenancy-based case management services |
| Increased Community Services (ICS) | Medical Assistance | §1115(a) (100 spaces) | Aged 18 and over, Meet the nursing facility level of care, AND Not be eligible for a Medicaid 1915(c) waiver | Case management services | Medicaid State Plan benefits and HCBS allows residents to live at home with appropriate supports, as opposed to residing in a nursing facility. |
| Rare and Expensive Care Management (REM) | Medical Assistance | §1115(a) (No space limit) | Eligible for the HealthChoice managed care program AND Have at least one rare and expensive condition | Case management assessment and services and therapies to improve health | Provides case-managed fee-for-service alternative to HealthChoice Managed Care Organization (MCO) participation for participants with specified rare and expensive conditions. |
| Community First Choice (CFC) | Medical Assistance | §1915(k) State Plan program with no enrollment limits | Meet an institutional level of care | Assistance with community transition costs and home accessibility modifications | Provides HCBS to older adults and individuals with disabilities |

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|---|--------------------|-------------------------------------|---|---|--|
| Community Pathways | DDA | §1915(c) (16,365 approved slots) | Must be 18 years of age or older, In need of residential services, AND Meet an intermediate care facility for the intellectually disabled level of care. | Wraparound services including employment services; home modifications; housing support services | Provides comprehensive supports and services to help participants live more independently in their homes and communities |
| Community Supports | DDA | §1915(c) (3,640 approved slots) | Must be 18 years of age or older, AND Meet an intermediate care facility for the intellectually disabled level of care. | Wraparound services including employment services; home modifications; housing support services | Helps participants to live more independently in their homes and communities. |
| Family Supports | DDA | §1915(c) (525 approved slots) | Must be children from birth through 21 years of age AND Meet an intermediate care facility for the intellectually disabled level of care. | Wraparound services; home modifications; housing support services | Allows individuals to live more independently in their homes and communities through a variety of Support Services |
| Model Waiver for Medically Fragile Children (Model Waiver) | Medical Assistance | §1915(c) (190 approved slots) | Must be children up to age 22 with complex medical needs who would otherwise be hospitalized AND Are certified as needing either hospital or nursing facility level of care | Wraparound services including case management | Provides medically necessary and appropriate services in the community. |

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| Home and Community-Based Options Waiver (CO Waiver) | Medical Assistance | §1915(c) (6,348 approved slots) | Must be 18 years or age or older AND Meet a nursing facility level of care. | Support with activities of daily living, such as bathing, grooming, dressing, and getting around. | Provides community-based services and supports that enable older adults and those with physical disabilities to continue living in their own homes or in assisted living |
| Brain Injury Waiver | Behavioral Health Administration | §1915(c) (165 approved slots) | Must be individuals diagnosed with brain injury that was sustained after age 17 AND Require a specialty hospital or nursing facility level of care. | Wraparound services including employment services | Provides residential habilitation, day habilitation, and supported employment services to adults with brain injuries. |
| Medical Day Care Services Waiver | Medical Assistance | §1915(c) (7,913 approved slots) | Must be at least 16 years old AND Must not be enrolled in another home and community-based waiver. | Wraparound services including activity programs and daily living skills training, personal care to improve health | Provides a structured group program to maximize health functioning and independence by providing community-based health, social and related support services, as an alternative to institutional care. |
| Waiver for Children with Autism Spectrum Disorder (Autism Waiver) | Maryland State Department of Education | §1915(c) (2,950 approved slots) | Must be children with autism ages 1 through 21 AND Need an intermediate care facility for the intellectually disabled level of care. | Wraparound services including employment services; home modifications | Allows eligible children with Autism Spectrum Disorder to receive specific waiver services and certain Medicaid services to support them in their homes and communities |