Multnomah County's Role in Supporting a Medicaid 1915(c) Waiver

Background

Health Management Associates (HMA) was engaged to identify opportunities for Multnomah County to support the Oregon Health Authority (OHA) in responding to Executive Order No 26-01. This order directs OHA to evaluate the feasibility of implementing a Medicaid 1915(c) home and community-based services (HCBS) waiver aimed at assisting individuals experiencing chronic homelessness who have behavioral health needs.

Findings

There are several inherent features of the 1915(c) waiver authority that present challenges for its use in serving homeless individuals with behavioral health needs:

- **Inability to Target the Homeless Population:** States may not design 1915(c) waiver programs where eligibility is based solely on social risk factors such as homelessness or housing instability. Applicants must meet an institutional level of care (i.e., need care in a nursing facility or hospital if they don't receive HCBS waiver services).
- **Meeting Cost Neutrality Requirements Is Challenging:** 1915(c) waivers must be "cost neutral." This means states must demonstrate that Medicaid will not spend more on community-based services through the waiver than it would on comparable care in an institution. The costs being compared must reflect the same level of medical and support needs as those targeted by the waiver. However, Medicaid rules do not allow comparisons that include stays in certain state psychiatric hospitals or other mental health facilities for adults aged 21–64, so only limited acute care hospital costs can be used for this comparison. [1]
- **Parity Concerns:** Key features of 1915(c) waivers can function as access limitations that raise mental health parity considerations.[2]

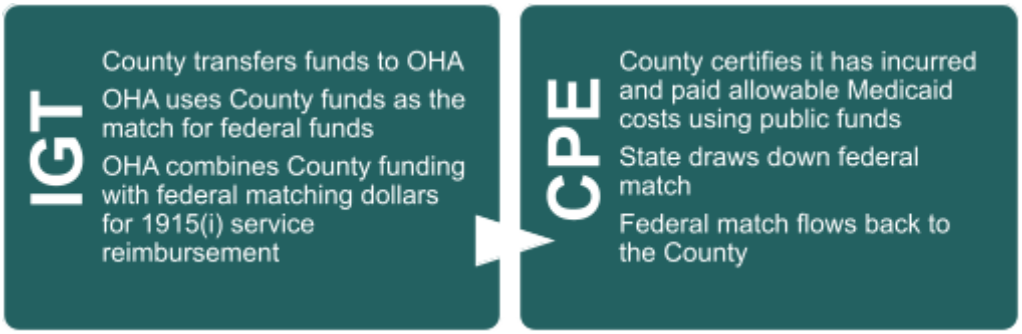
Recommendations

Oregon is already in a strong position to support Medicaid-funded supportive housing under its 1915(i) State Plan authority. OHA's current State Plan covers Individual

[1] Federal Medicaid law generally prohibits the use of federal Medicaid funds for services provided to individuals ages 21 through 64 who are patients in an Institution for Mental Diseases (IMD)—defined as a hospital, nursing facility, or other institution with more than 16 beds that is primarily engaged in treating individuals with mental illness.

[2] The Mental Health Parity and Addiction Equity Act (MHPAEA) requires Medicaid programs to avoid more restrictive limits or management on MH/SUD benefits than medical/surgical benefits, and DOJ's *Olmstead* enforcement emphasizes community integration for people with disabilities including serious mental illnesses (SMI); therefore, 1915(c) features such as level of care eligibility, caps, and waiting lists can create heightened parity/integration risk when used to structure access for SMI populations.

Housing & Tenancy Sustaining Services, which align with the Housing Retention & Tenancy Sustaining Services that Multnomah County provides through its Housing Services Department contractors. To help finance the 1915(i) State Plan, Multnomah County could use methods such as Intergovernmental Transfer (IGT) or Certified Public Expenditures (CPE). Both approaches would lower the state's financial burden while enabling expanded services for those who need them. [3]



Leveraging the existing 1915(i) program can help avoid delays that come with implementing a new 1915(c) waiver, such as developing, operationalizing, and securing federal approval. Meanwhile, County contractors have reported ongoing difficulties in promptly identifying and enrolling eligible individuals in the current program. Starting discussions with the state about setting up IGT or CPE arrangements gives Multnomah County the chance to collaborate with the state to address these operational challenges while improving access and outcomes for people seeking support without creating extra layers of services that may cause additional issues.

[3] To pull down Medicaid federal funds, the county matching funds cannot be from other federal sources.