
ENGROSSED SUBSTITUTE HOUSE BILL 1866

AS AMENDED BY THE SENATE

Passed Legislature - 2022 Regular Session

State of Washington

67th Legislature

2022 Regular Session

By House Health Care & Wellness (originally sponsored by Representatives Chopp, Riccelli, Macri, Bateman, Davis, Fey, Goodman, Leavitt, Ortiz-Self, Peterson, Ramel, Ryu, Santos, Orwall, Wylie, Cody, Simmons, Slatter, Valdez, Wicks, Pollet, Taylor, Stonier, Ormsby, Hackney, Harris-Talley, and Frame)

READ FIRST TIME 02/03/22.

1 AN ACT Relating to assisting persons receiving community support
2 services through medical assistance programs to receive supportive
3 housing; amending RCW 36.22.176; adding new sections to chapter 74.09
4 RCW; adding new sections to chapter 43.330 RCW; adding a new section
5 to chapter 44.28 RCW; and creating new sections.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) The epidemic of homelessness apparent in communities
9 throughout Washington is creating immense suffering. It is
10 threatening the health of homeless families and individuals, sapping
11 their human potential, eroding public confidence, and undermining the
12 shared values that have driven our state's prosperity, including
13 public safety and access to public streets, parks, and facilities;

14 (b) In seeking to identify the causes of this epidemic, a large
15 proportion of those unsheltered also suffer from serious behavioral
16 health or physical health conditions that will inevitably grow worse
17 without timely and effective health care;

18 (c) Housing is an indispensable element of effective health care.
19 Stable housing is a prerequisite to addressing behavioral health
20 needs and lack of housing is a precursor to poor health outcomes;

1 (d) A home, health care, and wellness are fundamental for
2 Washington residents;

3 (e) Reducing homelessness is a priority of the people of
4 Washington state and that reducing homelessness through policy
5 alignment and reform lessens fiscal impact to the state and improves
6 the economic vitality of our businesses;

7 (f) The impact of this epidemic is falling most heavily on those
8 communities that already suffer the most serious health disparities:
9 Black, indigenous, people of color, and historically marginalized and
10 underserved communities. It is a moral imperative to shelter
11 chronically homeless populations; and

12 (g) Washington state has many of the tools needed to address this
13 challenge, including a network of safety net health and behavioral
14 health care providers in both urban and rural areas, an effective
15 system of health care coverage through apple health, and excellent
16 public and nonprofit affordable housing providers. Yet far too many
17 homeless families and individuals are going without the housing and
18 health care resources they need because these tools have yet to be
19 combined in an effective way across the state.

20 (2) It is the intent of the legislature to treat chronic
21 homelessness as a medical condition and that the apple health and
22 homes act address the needs of chronically homeless populations by
23 pairing a health care problem with a health care solution.

24 NEW SECTION. **Sec. 2.** A new section is added to chapter 74.09
25 RCW to read as follows:

26 The definitions in this section apply throughout sections 3 and 4
27 of this act unless the context clearly requires otherwise.

28 (1) "Community support services" means active search and
29 promotion of access to, and choice of, appropriate, safe, and
30 affordable housing and ongoing supports to assure ongoing successful
31 tenancy. The term includes, but is not limited to, services to
32 medical assistance clients who are homeless or at risk of becoming
33 homeless through outreach, engagement, and coordination of services
34 with shelter and housing. The term includes benefits offered through
35 the foundational community supports program established pursuant to
36 the authority's federal waiver, entitled "medicaid transformation
37 project," as amended and reauthorized.

38 (2) "Community support services provider" means a local entity
39 that contracts with a coordinating entity to provide community

1 support services. A community support services provider may also
2 separately perform the functions of a housing provider.

3 (3) "Coordinating entity" means one or more organizations,
4 including medicaid managed care organizations, under contract with
5 the authority to coordinate community support services as required
6 under sections 3 and 4 of this act. There may only be one
7 coordinating entity per regional service area.

8 (4) "Department" means the department of commerce.

9 (5) "Homeless person" has the same meaning as in RCW 43.185C.010.

10 (6) "Housing provider" means a public or private organization
11 that supplies permanent supportive housing units consistent with RCW
12 36.70A.030 to meet the housing needs of homeless persons. A housing
13 provider may supply permanent supportive housing in a site-based or
14 scattered site arrangement using a variety of public, private,
15 philanthropic, or tenant-based sources of funds to cover operating
16 costs or rent. A housing provider may also perform the functions of a
17 community support services provider.

18 (7) "Office" means the office of apple health and homes created
19 in section 5 of this act.

20 (8) "Program" means the apple health and homes program
21 established in section 3 of this act.

22 (9) "Permanent supportive housing" has the same meaning as in RCW
23 36.70A.030.

24 NEW SECTION. **Sec. 3.** A new section is added to chapter 74.09
25 RCW to read as follows:

26 (1) Subject to the availability of amounts appropriated for this
27 specific purpose, the apple health and homes program is established
28 to provide a permanent supportive housing benefit and a community
29 support services benefit through a network of community support
30 services providers for persons assessed with specific health needs
31 and risk factors.

32 (a) The program shall operate through the collaboration of the
33 department, the authority, the department of social and health
34 services, local governments, the coordinating entity or entities,
35 community support services providers, local housing providers, local
36 health care entities, and community-based organizations in contact
37 with potentially eligible individuals, to assure seamless integration
38 of community support services, stable housing, and health care
39 services.

1 (b) The entities operating the program shall coordinate
2 resources, technical assistance, and capacity building efforts to
3 help match eligible individuals with community support services,
4 health care, including behavioral health care and long-term care
5 services, and stable housing.

6 (2) To be eligible for community support services and permanent
7 supportive housing under subsection (3) of this section, a person
8 must:

9 (a) Be 18 years of age or older;

10 (b)(i) Be enrolled in a medical assistance program under this
11 chapter and eligible for community support services;

12 (ii)(A) Have a countable income that is at or below 133 percent
13 of the federal poverty level, adjusted for family size, and
14 determined annually by the federal department of health and human
15 services; and

16 (B) Not be eligible for categorically needy medical assistance,
17 as defined in the social security Title XIX state plan; or

18 (iii) Be assessed as likely eligible for, but not yet enrolled
19 in, a medical assistance program under this chapter due to the
20 severity of behavioral health symptom acuity level which creates
21 barriers to accessing and receiving conventional services;

22 (c) Have been assessed:

23 (i) By a licensed behavioral health agency to have a behavioral
24 health need which is defined as meeting one or both of the following
25 criteria:

26 (A) Having mental health needs, including a need for improvement,
27 stabilization, or prevention of deterioration of functioning
28 resulting from the presence of a mental illness; or

29 (B) Having substance use disorder needs indicating the need for
30 outpatient substance use disorder treatment which may be determined
31 by an assessment using the American society of addiction medicine
32 criteria or a similar assessment tool approved by the authority;

33 (ii) By the department of social and health services as needing
34 either assistance with at least three activities of daily living or
35 hands-on assistance with at least one activity of daily living and
36 have the preliminary determination confirmed by the department of
37 social and health services through an in-person assessment conducted
38 by the department of social and health services; or

39 (iii) To be a homeless person with a long-continuing or
40 indefinite physical condition requiring improvement, stabilization,

1 or prevention of deterioration of functioning, including the ability
2 to live independently without support; and

3 (d) Have at least one of the following risk factors:

4 (i) (A) Be a homeless person at the time of the eligibility
5 determination for the program and have been homeless for 12 months
6 prior to the eligibility determination; or

7 (B) Have been a homeless person on at least four separate
8 occasions in the three years prior to the eligibility determination
9 for the program, as long as the combined occasions equal at least 12
10 months;

11 (ii) Have a history of frequent or lengthy institutional contact,
12 including contact at institutional care facilities such as jails,
13 substance use disorder or mental health treatment facilities,
14 hospitals, or skilled nursing facilities; or

15 (iii) Have a history of frequent stays at adult residential care
16 facilities or residential treatment facilities.

17 (3) Once a coordinating entity verifies that a person has met the
18 eligibility criteria established in subsection (2) of this section,
19 it must connect the eligible person with a community support services
20 provider. The community support services provider must:

21 (a) Deliver pretenancy support services to determine the person's
22 specific housing needs and assist the person in identifying permanent
23 supportive housing options that are appropriate and safe for the
24 person;

25 (b) Fully incorporate the eligible person's available community
26 support services into the case management services provided by the
27 community support services provider; and

28 (c) Deliver ongoing tenancy-sustaining services to support the
29 person in maintaining successful tenancy.

30 (4) Housing options offered to eligible participants may vary,
31 subject to the availability of housing and funding.

32 (5) The community support services benefit must be sustained or
33 renewed in accordance with the eligibility standards in subsection
34 (2) of this section, except that the standards related to
35 homelessness shall be replaced with an assessment of the person's
36 likelihood to become homeless in the event that the community support
37 services benefit is terminated. The coordinating entity must adopt
38 procedures to conduct community support services benefit renewals,
39 according to authority standards.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 74.09
2 RCW to read as follows:

3 (1) To establish and administer section 3 of this act, the
4 authority shall:

5 (a) (i) Establish or amend a contract with a coordinating entity
6 to:

7 (A) Assure the availability of access to eligibility
8 determinations services for community support services benefits and
9 permanent supportive housing benefits;

10 (B) Verify that persons meet the eligibility standards of section
11 3(2) of this act;

12 (C) Coordinate enrollment in medical assistance programs for
13 persons who meet the eligibility standards of section 3(2) of this
14 act, except for actual enrollment in a medical assistance program
15 under this chapter; and

16 (D) Coordinate with a network of community support services
17 providers to arrange with local housing providers for the placement
18 of an eligible person in permanent supportive housing appropriate to
19 the person's needs and assure that community support services are
20 provided to the person by a community support services provider.

21 (ii) The primary role of the coordinating entity or entities is
22 administrative and operational, while the authority shall establish
23 the general policy parameters for the work of the coordinating entity
24 or entities.

25 (iii) In selecting the coordinating entity or entities, the
26 authority shall: Choose one or more organizations that are capable of
27 coordinating access to both community support services and permanent
28 supportive housing services to eligible persons under section 3 of
29 this act; and select no more than one coordinating entity per region
30 which is served by medicaid managed care organizations;

31 (b) Report to the office for the ongoing monitoring of the
32 program; and

33 (c) Adopt any rules necessary to implement the program.

34 (2) The authority shall establish a work group to provide
35 feedback to the agency on its foundational community supports program
36 as it aligns with the work of the housing benefit. The work group may
37 include representatives of state agencies, behavioral health
38 administrative services organizations, the coordinating entity or
39 entities, and contracted agencies providing foundational community
40 supports services. Topics may include, but are not limited to, best

1 practices in eligibility screening processes and case rate billing
2 for foundational community supports housing, regional cost
3 differentials, costs consistent with specialized needs, improved data
4 access and data sharing with foundational community supports
5 providers, and requirements related to the use of a common practice
6 tool among community support services providers to integrate social
7 determinants of health into service delivery. The authority, in
8 consultation with foundational community supports providers and their
9 stakeholders, shall engage each region on case management tools and
10 programs, evaluate effectiveness, and inform the appropriate
11 committees of the legislature on the use of case management tools.
12 Case management shall also be a regular item of engagement in the
13 work group. The authority shall convene the work group at least once
14 each quarter and may expand upon, but not duplicate, existing work
15 groups or advisory councils at the authority or other state agencies.

16 (3) To support the goals of the program and the goals of other
17 statewide initiatives to identify and address social needs, including
18 efforts within the 1115 waiver renewal to advance health equity and
19 health-related supports, the authority shall work with the office and
20 the department of social and health services to research, identify,
21 and implement statewide universal measures to identify and consider
22 social determinants of health domains, including housing, food
23 security, transportation, financial strain, and interpersonal safety.
24 The authority shall select an accredited or nationally vetted tool,
25 including criteria for prioritization, for the community support
26 services provider to use when making determinations about housing
27 options and other support services to offer individuals eligible for
28 the program. This screening and prioritization process may not
29 exclude clients transitioning from inpatient or other behavioral
30 health residential treatment settings. The authority shall inform the
31 governor and the appropriate committees of the legislature on
32 progress to this end.

33 (4) (a) The authority and the department may seek and accept funds
34 from private and federal sources to support the purposes of the
35 program.

36 (b) The authority shall seek approval from the federal department
37 of health and human services to:

38 (i) Receive federal matching funds for administrative costs and
39 services provided under the program to persons enrolled in medicaid;

1 (ii) Align the eligibility and benefit standards of the
2 foundational community supports program established pursuant to the
3 waiver, entitled "medicaid transformation project" and initially
4 approved November 2017, between the authority and the federal centers
5 for medicare and medicaid services, as amended and reauthorized, with
6 the standards of the program, including extending the duration of the
7 benefits under the foundational community supports program to not
8 less than 12 months; and

9 (iii) Implement a medical and psychiatric respite care benefit
10 for certain persons enrolled in medicaid.

11 (5) (a) By December 1, 2022, the authority and the office shall
12 report to the governor and the legislature on preparedness for the
13 first year of program implementation, including the estimated
14 enrollment, estimated program costs, estimated supportive housing
15 unit availability, funding availability for the program from all
16 sources, efforts to improve billing and administrative burdens for
17 foundational community supports providers, efforts to streamline
18 continuity of care and system connection for persons who are
19 potentially eligible for foundational community supports, and any
20 statutory or budgetary needs to successfully implement the first year
21 of the program.

22 (b) By December 1, 2023, the authority and the office shall
23 report to the governor and the legislature on the progress of the
24 first year of program implementation and preparedness for the second
25 year of program implementation.

26 (c) By December 1, 2024, the authority and the office shall
27 report to the governor and the legislature on the progress of the
28 first two years of program implementation and preparedness for
29 ongoing housing acquisition and development.

30 (d) By December 1, 2026, the authority and the office shall
31 report to the governor and the legislature on the full implementation
32 of the program, including the number of persons served by the
33 program, available permanent supportive housing units, estimated
34 unmet demand for the program, ongoing funding requirements for the
35 program, and funding availability for the program from all sources.
36 Beginning December 1, 2027, the authority and the office shall
37 provide annual updates to the governor and the legislature on the
38 status of the program.

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.330

2 RCW to read as follows:

3 (1) Subject to the availability of amounts appropriated for this
4 specific purpose, there is created the office of apple health and
5 homes within the department.

6 (2) Activities of the office of apple health and homes must be
7 carried out by a director of the office of apple health and homes,
8 supervised by the director of the department or their designee.

9 (3) The office of apple health and homes is responsible for
10 leading efforts under this section and coordinating a spectrum of
11 practice efforts related to providing permanent supportive housing,
12 including leading efforts related to every aspect of creating
13 housing, operating housing, obtaining services, and delivering those
14 services to connect people with housing and maintain them in that
15 housing.

16 (4) The office of apple health and homes shall:

17 (a) Subject to available funding, allocate funding for permanent
18 supportive housing units sufficient in number to fulfill permanent
19 supportive housing needs of persons determined to be eligible for the
20 program by the coordinating entity or entities under section 3 of
21 this act;

22 (b) Collaborate with department divisions responsible for making
23 awards or loans to appropriate housing providers to acquire, build,
24 and operate the housing units, including but not limited to nonprofit
25 community organizations, local counties and cities, public housing
26 authorities, and public development authorities;

27 (c) Collaborate with the authority on administrative functions,
28 oversight, and reporting requirements, as necessary to implement the
29 apple health and homes program established under section 3 of this
30 act;

31 (d) Establish metrics and collect racially disaggregated data
32 from the authority and the department related to the program's effect
33 on providing persons with permanent supportive housing, moving people
34 into independent housing, long-term housing stability, improving
35 health outcomes for people in the program, estimated reduced health
36 care spending to the state on persons enrolled in the program, and
37 outcomes related to social determinants of health;

38 (e) Develop a publicly accessible dashboard to make key program
39 outcomes available to the public. Key program outcomes include, but

1 are not limited to, the number of people served by the program and
2 the number of housing units created by the office;

3 (f) Create work plans and establish milestones to achieve the
4 goal of providing permanent supportive housing for all eligible
5 individuals; and

6 (g) Oversee the allocation of community support services provider
7 and housing provider capacity-building grants to further the state's
8 interests of enhancing the ability of community support services
9 providers and housing providers to deliver community support services
10 and permanent supportive housing and assure that an initial
11 infrastructure is established to create strong networks of community
12 support services providers and housing providers.

13 (5) The office of apple health and homes must be operational no
14 later than January 1, 2023. The department shall assure the
15 coordination of the work of the office of apple health and homes with
16 other offices within the department with similar or adjacent
17 authorities and functions.

18 (6) For the purposes of this section:

19 (a) "Community support services provider" has the same meaning as
20 in section 2 of this act.

21 (b) "Coordinating entity" has the same meaning as in section 2 of
22 this act.

23 (c) "Housing provider" has the same meaning as in section 2 of
24 this act.

25 (d) "Permanent supportive housing" has the same meaning as in
26 section 2 of this act.

27 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.330
28 RCW to read as follows:

29 The apple health and homes account is created in the state
30 treasury. Moneys in the account may be spent only after
31 appropriation. Expenditures from the account may be used only for
32 permanent supportive housing programs administered by the office
33 created in section 5 of this act, including acquisition and
34 development of permanent supportive housing units, operations,
35 maintenance, and services costs of permanent supportive housing
36 units, project-based vouchers, provider grants, and other purposes
37 authorized by appropriations made in the operating budget. The
38 department must prioritize allocating at least 10 percent of the
39 expenditures from the account to organizations that serve and are

1 substantially governed by individuals disproportionately impacted by
2 homelessness and behavioral health conditions, including black,
3 indigenous, and other people of color, lesbian, gay, bisexual, queer,
4 transgender, and other gender diverse individuals. When selecting
5 projects supported by funds from the account, the office shall
6 balance the state's interest in quickly approving and financing
7 projects, the degree to which the project will leverage other funds,
8 the extent to which the project promotes racial equity, and the
9 extent to which the project will promote priorities of this act on a
10 statewide basis, including in rural areas and in geographically
11 diverse parts of the state.

12 **Sec. 7.** RCW 36.22.176 and 2021 c 214 s 1 are each amended to
13 read as follows:

14 (1) Except as provided in subsection (2) of this section, a
15 surcharge of \$100 must be charged by the county auditor for each
16 document recorded, which is in addition to any other charge or
17 surcharge allowed by law. The auditor must remit the funds to the
18 state treasurer to be deposited and used as follows:

19 (a) Twenty percent of funds must be deposited in the affordable
20 housing for all account for operations, maintenance, and service
21 costs for permanent supportive housing as defined in RCW 36.70A.030;

22 (b) From July 1, 2021, through June 30, 2023, four percent of the
23 funds must be deposited into the landlord mitigation program account
24 created in RCW 43.31.615 for the purposes of RCW 43.31.605(1).
25 Thereafter, two percent of funds must be deposited into the landlord
26 mitigation program account created in RCW 43.31.615 for purposes of
27 RCW 43.31.605(1); ~~((and))~~

28 (c) (i) The remainder of funds must be distributed to the home
29 security fund account, with no less than 60 percent of funds to be
30 used for project-based vouchers for nonprofit housing providers or
31 public housing authorities, housing services, rapid rehousing,
32 emergency housing, ~~((or))~~ acquisition, or operations, maintenance,
33 and service costs for permanent supportive housing as defined in RCW
34 36.70A.030 for persons with disabilities. Permanent supportive
35 housing programs administered by the office of apple health and homes
36 created in section 5 of this act are also eligible to use these
37 funds. Priority for use must be given to ~~((project-based vouchers and~~
38 ~~related services, housing acquisition, or emergency housing, for))~~
39 purposes intended to house persons who are chronically homeless or

1 maintain housing for individuals with disabilities and prior
2 experiences of homelessness, including families with children. ((At
3 least 50 percent of persons receiving a project-based voucher, rapid
4 rehousing, emergency housing, or benefiting from housing acquisition
5 must be living unsheltered at the time of initial engagement.)) In
6 addition, funds may be used for eviction prevention rental assistance
7 pursuant to RCW 43.185C.185, foreclosure prevention services, dispute
8 resolution center eviction prevention services, rental assistance for
9 people experiencing homelessness, and tenant education and legal
10 assistance.

11 (ii) The department shall provide counties with the right of
12 first refusal to receive grant funds distributed under this
13 subsection (c). If a county refuses the funds or does not respond
14 within a time frame established by the department, the department
15 shall identify an alternative grantee. The alternative grantee shall
16 distribute the funds in a manner that is in compliance with this
17 chapter.

18 (2) The surcharge imposed in this section does not apply to: (a)
19 Assignments or substitutions of previously recorded deeds of trust;
20 (b) documents recording a birth, marriage, divorce, or death; (c) any
21 recorded documents otherwise exempted from a recording fee or
22 additional surcharges under state law; (d) marriage licenses issued
23 by the county auditor; or (e) documents recording a federal, state,
24 county, city, or water-sewer district, or wage lien or satisfaction
25 of lien.

26 NEW SECTION. Sec. 8. Subject to amounts appropriated from the
27 apple health and homes account created in section 6 of this act the
28 department of commerce shall establish a rapid permanent supportive
29 housing acquisition and development program to issue competitive
30 financial assistance to eligible organizations under RCW 43.185A.040
31 and to public development authorities established under RCW 35.21.730
32 through 35.21.755, for the acquisition or the construction of
33 permanent supportive housing units, subject to the following
34 conditions and limitations:

35 (1) Awards or loans provided under this section may be used to
36 construct permanent supportive housing units or to acquire real
37 property for quick conversion into permanent supportive housing units
38 which may include predevelopment or development activities,
39 renovation, and building update costs. Awards or loans provided under

1 this section may not be used for operating or maintenance costs
2 associated with providing permanent supportive housing, supportive
3 services, or debt service.

4 (2) Projects acquired or constructed under this section must
5 serve individuals eligible for a community support services benefit
6 through the apple health and homes program, as established in section
7 3 of this act.

8 (3) The department of commerce shall establish criteria for the
9 issuance of the awards or loans, including but not limited to:

10 (a) The date upon which structural modifications or construction
11 would begin and the anticipated date of completion of the project;

12 (b) A detailed estimate of the costs associated with the
13 construction or acquisition and any updates or improvements necessary
14 to make the property habitable for its intended use;

15 (c) A detailed estimate of the costs associated with opening the
16 units; and

17 (d) A financial plan demonstrating the ability to maintain and
18 operate the property and support its intended tenants through the end
19 of the award or loan contract.

20 (4) The department of commerce shall provide a progress report on
21 its website by June 1, 2023. The report must include:

22 (a) The total number of applications and amount of funding
23 requested; and

24 (b) A list and description of the projects approved for funding
25 including state funding, total project cost, number of units, and
26 anticipated completion date.

27 (5)(a) The funding in this section shall be allocated on an
28 ongoing basis until all funds are expended. The department of
29 commerce shall dispense funds to qualifying applicants within 45 days
30 of receipt of documentation from the applicant for qualifying uses
31 and execution of any necessary contracts with the department in order
32 to effect the purpose of rapid deployment of funds under this
33 section.

34 (b) The department of commerce shall ensure that proposals that
35 reach the greatest public benefit, as defined by the department, are
36 prioritized. For the purposes of this subsection, "greatest public
37 benefit" must include, but is not limited to:

38 (i) The greatest number of qualifying permanent supportive
39 housing units created by the state investment, determined by

1 comparing simultaneous applications for funding from the same
2 geographic region; and

3 (ii) Equitable geographic distribution, to the extent possible,
4 relative to need, as determined by the establishment of regional
5 targets.

6 NEW SECTION. **Sec. 9.** A new section is added to chapter 44.28
7 RCW to read as follows:

8 The joint committee must review the efficacy of the apple health
9 and homes program established by this act and report its findings to
10 the appropriate committees of the legislature by December 1, 2027.
11 The review must include a recommendation on whether this program
12 should be continued without change or should be amended or repealed.

13 NEW SECTION. **Sec. 10.** This act may be known and cited as the
14 apple health and homes act.

--- END ---