



CALENDAR YEAR 2023 (JANUARY THROUGH DECEMBER 2023) Report to the Governor and General Assembly

Rhode Island Pay for Success Act January 30, 2024

REPORTING REQUIREMENT:

Relating to State Affairs and Government – Rhode Island Pay for Success Act

Rhode Island General Laws Section 42-160-3

webserver.rilegislature.gov//Statutes/TITLE42/42-160/42-160-3.htm

The Executive Office of Health & Human Services (EOHHS), in collaboration with the Rhode Island Coalition to End Homelessness (RICEH), shall provide yearly progress reports to the general assembly beginning no later than January 30, 2022, and annually thereafter until January 30, 2027. These reports will include recommendations on a proposed structure for entering into pay for success contracts, for administering the program, and for any and all matters related thereto that the EOHHS deems necessary to administer future pay for success projects at the conclusion of the pilot program in 2026. As a condition of this project, HUD requires that a third party conduct a transparent and rigorous evaluation of the intervention to determine whether the outcomes have indeed achieved success. The evaluation results will be reported yearly to the governor and general assembly.

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I. EXECUTIVE SUMMARY

The Pay for Success (PFS) Permanent Supportive Housing (PSH) pilot program uses a social finance approach to house people experiencing homelessness and provides additional services and supports for these clients to remain successfully housed. A robust evaluation plan is a pillar of pay for success programs. Evaluation results directly impact how much money the government will repay the private investors.

RICEH contracted with EOHHS to execute this program in accordance with passed legislation naming the RICEH as the lead implementation partner. In this social finance model, capital funds to support service delivery and program administration are raised from private, non-state government investors. The PFS PSH pilot program in Rhode Island is expected to serve 175 -200 homeless individuals who are high utilizers of the state’s healthcare, housing, and criminal justice systems.

In 2016, the United States Department of Justice (DOJ) and the United States Department of Housing and Urban Development (HUD) awarded grant funding to RICEH to pursue a PFS program in Rhode Island. This funding was awarded to the RICEH because of the Rhode Island legislature's commitment to provide service delivery funds in the amount of six million dollars. Throughout calendar year 2022¹, RICEH leveraged funds from this DOJ/HUD award to engage in required preparatory and planning work, which including research and information gathering with stakeholders, management of relationships with prospective private investors, development of program approaches and implementation strategy, draft requests for proposals for an independent evaluator and service providers, as well as convening all PFS groups and committees.

In 2023, the PFS pilot program has transitioned from a planning phase into an operational phase. RICEH has engaged, executed, and maintained contracts and ongoing relationships with the evaluator, investors, and homeless service providers. Service provider contracts were executed on June 30, 2023. Service delivery began in September 2023, with the first PFS client being enrolled in October 2023.

II. SUMMARY OF CALENDAR YEAR 2023 ACHIEVEMENTS

During calendar year 2023, the Rhode Island PFS Program demonstrated significant progress in both program planning and operational initiation. These notable achievements stem from a rigorous process of program planning and active collaboration with stakeholders, showcasing the program's commitment to success and effective implementation.

Planning and Design (RICEH) Achievements

1. Planning and Oversight

The PFS governance structure continued to evolve with the program in 2023. Committees met regularly to further develop the Rhode Island PFS rollout, model, and operations including:

- PFS Working Group: met every two weeks from January 2023 -October 2023;
- PFS Planning Steering Committee: met monthly from January 2023 -August 2023;
- PFS Stakeholder Committee: held quarterly meetings from February 2023-August 2023;
- PFS EOHHS and RICEH Collaboration: held every two weeks from January 2023-December 2023;

¹ For a more detailed summary of Pay for Success achievements from 2022, please reference the 2022 Legislative Report submitted on January 31, 2023.

- Executive Steering Committee: held kick-off meeting in October 2023 and will meet at minimum twice yearly and ad hoc; and
- Management Team: met at a minimum of every two weeks October-December.

2. Evaluation Plan and Contract²

Faulkner Consulting Group (FCG) conducted baseline data analysis through the state's Data Ecosystem in order to inform the pricing and payment schedule for the state's outcomes payments. The evaluation plan was completed in August 2023, and the latest draft is currently under review with HUD/DOJ, under the terms of the Notice of Funds Availability (NOFA) for the PFS planning grant.

3. Supportive Service Providers Contracts³

Onboarding meetings were conducted every two weeks with service providers beginning in March 2023. Contracts were fully executed on June 30, 2023. Funds were transferred to service providers in September 2023. As the program transitioned into an operational phase, weekly case conferencing meetings began in October 2023 and have actively continued since. During these meetings, the service providers report out on updates, challenges, and successes of their work. The group is able to learn from each other and problem solve together around barriers to engagement and housing.

4. Eligibility Criteria and Program Participant Identification

Per the terms of the FY 2022 state budget appropriations for the program, 75 PFS PSH slots must be filled by Medicaid high utilizers; the remaining 50 PFS PSH slots must be filled by individuals with high Department of Corrections (DOC) involvement and/or by those who are high utilizers of homeless services based on data recorded in Rhode Island's Homeless Management Information System (HMIS). The state budget language recognizes that there may be significant overlap between these three groups. Per the terms of the U.S. Department of Housing and Urban Development (HUD) PFS Demonstration grant that supported PFS PSH planning, a minimum of 100 PFS PSH slots must be filled by individuals with high DOC involvement.

To ensure compliance with state budget and HUD terms, the program leveraged data from Rhode Island Medicaid, the Homeless Management Information System (HMIS), and DOC to identify a population of high utilizers eligible for the Program. The criteria by which high utilizers of each State system were developed and identified are as follows:

² Appendix A - Contract Structure

³ Appendix A – Contract Structure

- Medicaid high utilizers are defined as the top 3% of Medicaid high utilizers based on overall Medicaid spending and Medicaid spending on inpatient hospitalization and emergency department utilization over a five-year lookback period. Individuals who are less than eighteen (18) years of age and individuals living in long term care facilities (i.e., skilled nursing facilities and assisted living facilities) are excluded from the PFS PSH Medicaid high utilizer population.
- DOC high utilizers are defined as individuals who have been incarcerated for a total of 186 days or more over a six-year lookback period, irrespective of consecutive periods of incarceration or current status (i.e., awaiting trial or sentenced).
- HMIS high utilizers are defined as those individuals with the highest number of points based on a scoring metric in which points are assigned as follows: Chronic homelessness or a disability (per HUD criteria), 5 points; Persons with a current living situation of a place not meant for habitation, 5 points; if they are sheltered, persons receive 2.5 points. The remaining points are given based on the number of days enrolled in street outreach, emergency shelter and services. Points are based on cumulative days served by these projects. For every sixty (60) days served, 1 point is assigned for a total maximum number of points in this category of 18.

In addition to meeting the above Medicaid, HMIS, and DOC utilization criteria, individuals must also meet the following eligibility criteria:

- Adult (aged 18 years or older);
- Physically present in Rhode Island;
- Experiencing homelessness according to the HUD Category 1 or Category 4 definition of homelessness; and
- DOC high utilizers, only, are required to sign a Release of Information (ROI) to be eligible for the program.

RICEH is responsible for collecting the relevant high utilizer data from Rhode Island Medicaid, DOC, and HMIS and for integrating that data to produce a single “Eligibility Assignment List” of approximately 300 individuals who meet the eligibility criteria for the program. The Eligibility Assignment List incorporates high utilizers across all three state systems. Typically, individuals must be identified as a high utilizer in at least two of the three PFS PSH high utilizer categories in order to be included on the Eligibility Assignment List.

RICEH produced an initial Eligibility Assignment List prior to the launch of the program. The Eligibility Assignment List will be updated on at least an annual basis for Medicaid and HMIS high utilizers and on a rolling basis for DOC high utilizers as signed ROIs are obtained from individuals identified as having high DOC involvement. Individuals on the Eligibility Assignment List have been distributed,

or “assigned,” to contracted service providers for outreach, engagement, enrollment, and service delivery based on numerous criteria, including, but not limited to, the following:

- Existing relationships with service providers;
- Match between service provider expertise and an individual’s unique circumstances;
- Preference of the eligible individual;
- Service provider preference; and
- Geographic proximity.

RICEH continues to monitor the assignment of eligible individuals to contracted service providers to ensure that PFS PSH is well positioned to: 1) meet the ratio of high utilizers enrolled in the program mandated by the state budget language, and; 2) comply with the HUD/DOJ requirement that at least 100 program enrollees are high utilizers of DOC.

An alternative referral pathway was also developed in 2023. Service providers and other community partners in Rhode Island, including but not limited to shelters, re-entry programs, hospitals, and health centers, may request that RICEH include select individuals in the population of eligible individuals assigned to contracted service providers. RICEH will evaluate such requests based on the most up-to-date high utilizer data received from Medicaid, DOC, and HMIS. If the individual is found to be a high utilizer of any one of these three state systems based on the high utilizer criteria described above, and if there are still unfilled PFS PSH slots remaining among the contracted service providers, RICEH will assign the individual to a contracted service provider using the assignment criteria described above. If neither of these conditions are met, RICEH will make reasonable efforts to connect the individual with a program capable of meeting their needs. No more than 10% of available PFS PSH slots at each service provider may be filled by individuals referred to the program via the Alternative Referral Pathway, unless the Executive Steering Committee provides prior written approval.

5. Program Budget

The PFS program budget was established and approved by the RICEH and EOHHS. The budget allocates six million dollars over five years of program delivery and includes one EOHHS full-time employee to oversee program implementation and evaluation. Guidelines for the use of interest were established through a modification of the contract in June 2023. These funds must be applied to the program and approved by EOHHS for capacity building or quality improvement.

Investment Progress and Achievements

6. HUD Dollars

\$1,405,753.51 in HUD/DOJ funds were awarded to RICEH to implement this planning work from 2016 to 2023. As of December 31, 2023, RICEH has spent the entirety of this award.

7. Maycomb Capital⁴

RICEH signed a loan agreement with Maycomb Capital in June 2023 for 100% of year one funding. These funds (\$721,038.75) were transferred to RICEH in August 2023.

8. Rhode Island Foundation⁵

RICEH and EOHHS have engaged the Rhode Island Foundation (RIF) for the remaining 20% of the capital investment needed to operate the program. RIF chose to serve as a guarantor for year one, assuming 20% of the risk with a \$307,500 grant, instead of an investment. These grant funds were transferred to RICEH in June 2023. The interest accrual on these funds for 2023 (June – November) is \$5,459.64.

9. EOHHS Funds⁶

\$1,331,382.00 in outcome payments funds were transferred to RICEH in April 2023 and \$1,317,991.95 in August 2023. The interest on these funds as of 2023 (April – December) is \$46,739.29.

RICEH continues to actively engage in discussions with prospective 20% subordinate investors and/or grantors (including RIF) for the remaining years of the program.

Staffing and Contracting Achievements

10. RICEH Staff and Consultants

In addition to internal staffing, RICEH continues to work closely with Social Finance, a social impact firm that has informed the RI PFS program development with lessons learned from their PFS program administered in Anchorage, Alaska.

RICEH has continued to support the program throughout 2023 with a skilled consultant (Tara Murphy) and one dedicated FTE from RICEH for program planning and implementation.

⁴ Appendix B – Revised Investment Approach

⁵ Appendix B – Revised Investment Approach

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11. EOHHS-RICEH Contract⁷

EOHHS and RICEH solidified the partnership, with RICEH as the implementation agent named in state legislation, by officially entering into a contractual agreement on 1/30/2023. The contract specifies the deliverables that RICEH is responsible for achieving, including third party evaluation, service provision, outcomes monitoring, and outcome repayment. The contract has been extended through calendar year 2024.

12. Data Use Agreement (DUA) with EOHHS

A DUA with EOHHS was signed and executed in early January 2023 that allows for the transfer of data from EOHHS Medicaid Management Information System (MMIS) to RICEH for data matching to occur across three systems to build the PFS client eligibility list.

RICEH is the responsible entity for building, managing, and updating the eligibility list. The data matching necessary to build out the eligibility list includes data from MMIS, the Department of Corrections, and the Homeless Management Information System (HMIS).

As stated in legislation, the PFS intervention targeted to top Medicaid utilizers is expected to result in the greatest cost savings. The data sharing from EOHHS to RICEH includes the identification of the top 3% of Medicaid utilizers based on overall Medicaid spend and inpatient and emergency department utilization for individuals over 18 years old, excluding individuals in long term care facilities.

In January 2023, EOHHS Medicaid transferred the data needed from MMIS to begin the matching and build of the client eligibility list. Eligibility list creation began in April, and eligible individuals began being assigned to providers in September.

13. Pay for Success FTE (EOHHS)

One FTE, hired by EOHHS, continues to support and play a pivotal role in sustaining the program through contract management, evaluation efforts, and providing insights for program decisions and future spending considerations.

⁷ Appendix A – Contract Structure

Timeline of 2023 Achievements:

2023 Achievements:	Date (2023)	Brief Description
EOHHS-RICEH Contract	January	EOHHS and RICEH executed an agreement defining the Coalition’s responsibilities and funding.
Business Associate Agreements (BAA) and Data Use Agreements (DUA)	February - March	RICEH finalized and executed BAA and DUAs needed to construct the eligibility list and identified benchmarks for the evaluation plan.
Outcome Payment Transfer	April	EOHHS funds for outcome payments paid to RICEH where they sit in a restricted account until outcome measures are met and payment is agreed to by EOHHS.
Eligibility List Creation	April-May	RICEH began creating the initial eligibility list for the program.
Maycomb Agreement	June	Successfully hosted Maycomb for a site visit to RICEH and the service provider sites. Maycomb and RICEH signed an investment agreement.
Provider Agencies	June	RICEH and providers signed service agreements.
Evaluation Plan	August	Evaluation Plan completed. Currently this plan is under review with HUD/DOJ.
Funding Service Providers	September	Maycomb provided funds to RICEH. RICEH then funded service providers for the first 5 months of programming. PFS transitioned from a planning phase into an operational phase.
Eligible individuals assigned to providers	Mid-September	The initial 50 eligible clients were assigned to Service Providers. Service Delivery began.
Enrollment	October	The first program participant was enrolled in the program.
Leveraged Units	November	EOHHS established a housing survey for the service providers to better understand each agency’s housing landscape, available units to be leveraged, and partnerships. Surveys were submitted by providers in November. RICEH is currently compiling the information and formulating the program’s leveraged unit plan.
PFS Press Event	December	A press event and press release announcing the launch of the program was held at the Rhode Island Foundation.
PFS Website	December	RICEH launched the new PFS website: https://www.rhomeless.org/ri-pay-for-success

Next Steps and Key Milestones for 2024

14. Near-term 2024 Milestones

- EOHHS and the RICEH continue to work together on program implementation;
- RICEH to finalize the leveraged unit plan;
- Continuation to monitor and extend EOHHS & RICEH contract, service provider contracts yearly and as needed; and
- Secure twenty percent subordinate investor(s) and/or grantors for years 2-4.

15. Mid-term 2024 Milestones

- Continue client identification, engagement, and enrollment;
- Continue case conferencing with engaged service providers;
- EOHHS to conduct transfer of funds to the escrow account for FY25; and
- Continue program evaluation tracking housing readiness success measures and actual client movement into PSH units.

16. Long-term 2024 Milestones

- Annual program evaluation performed tracking outcomes achieved, payments to investors, and remaining funds; and
- Existing gaps in funding are addressed. RICEH fills any funding gaps with internal fundraising efforts and/or alternative grants outside of the primary investors in the PFS Program. RICEH recently received a \$225,000 award from Point32Health and is waiting to hear about a Congressional earmark for \$750,000.

III. REPORT CORRESPONDENCE

For additional information related to Pay for Success in Rhode Island, please contact the following report authors:

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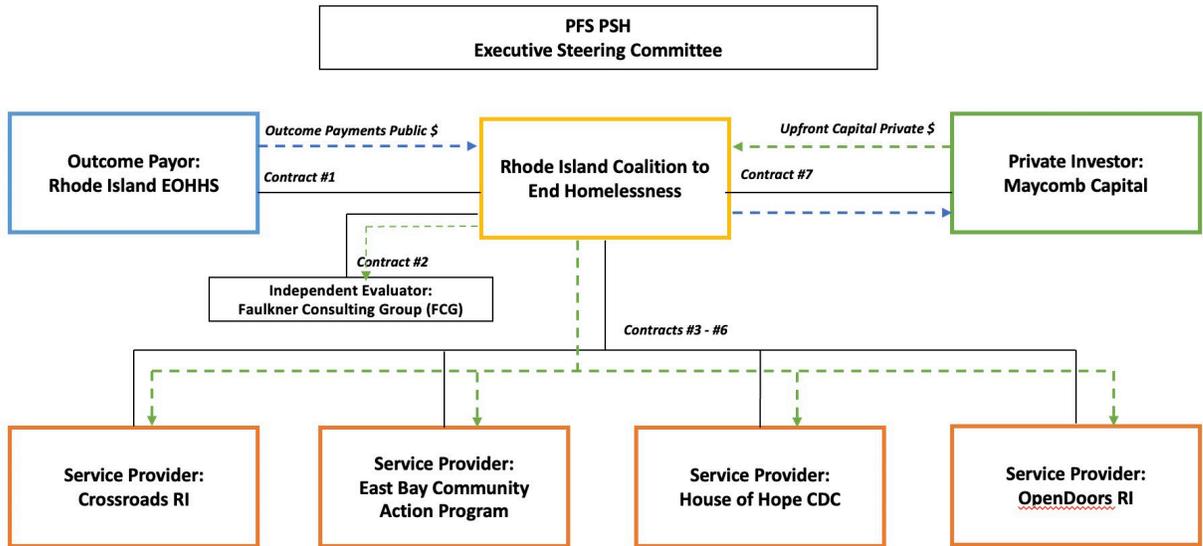
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- Gretchen Bell, Healthcare Initiatives Lead, RICEH
- Tara Murphy, Independent Consultant

APPENDIX A: Contract Structure



APPENDIX B: Revised Investment Approach for Year 1:

Revised Investment Approach

