



HEALTH SYSTEMS DIVISION

Kate Brown, Governor



July 21, 2022

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To: Community Partners

From: Steve Allen, Behavioral Health
Director

RE: Addendum related to Start-up and Operational Costs and other changes to the Supportive Housing and Licensed Residential Treatment Homes or Facilities RFGAs

Dear Partners,

OHA announces the release of Addendum to two of its previously posted RFGAs (Supportive Housing and Licensed Residential Treatment Homes or Facilities). OHA encourages community partners to review the changes to these RFGAs and take advantage of the additional funds available. The Addendum also extended the application period for both RFGAs to December 30, 2022, but OHA will start reviewing and making awards starting August 1, 2022, so don't delay!

First, in addition to providing funding for land acquisition and new construction or acquisition of existing properties and renovation, OHA amended its current solicitation for Supportive Housing for individuals with Severe and Persistent Mental Illnesses to permit grant awards for initial start-up costs. Such start-up costs may include:

- Upfront personnel costs for recruitment, salaries, or training for up to the first two months of start-up and initial operations
- Initial facility costs – lease or mortgage payments, utility hookup fees, insurance premiums, etc.
- Office supplies and furnishings
- Equipment - appliances, specialized equipment, vehicle(s)

This change to now allow initial start-up costs under both RFGAs will help fill funding gaps to ensure facilities and homes built or renovated under these RFGAs have the support to start operating and serving people as quickly as possible. Please keep in mind that while both RFGAs will now permit grants funds to be used to pay for initial start-up costs, ongoing operating costs will be paid through normal processes utilizing Medicaid and non-Medicaid funds. Funding awards cannot be used to cover any costs that have been paid or will be paid for by other financing or funding sources, including other grants or contracts,

whether from OHA or from another State of Oregon agency or any third party (including Medicaid).

Second, successful Supportive Housing RFGA applicants are eligible for rental assistance for individuals provided they demonstrate attempts to secure other financial assistance support as a primary source. Such rental assistance will be provided by OHA's traditional rental assistance program and other opportunities but not this RFGA.

Third, with respect to the Licensed Residential Treatment Homes or Facility RFGA, for individuals with a Serious and Persistent Mental Illnesses and a priority for those under Aid and Assist, Guilty Except for Insanity or Civil Commitment orders, OHA has heard the community is concerned about paying for operating costs which have escalated. Please note that the legislature has authorized and funded significant rate increases for residential treatment programs. The increased rates are being finalized and are planned to be retroactive to July 1, 2022. OHA recognizes that providers treating individuals ordered for treatment under Aid and Assist and the Psychiatric Review Board may encounter funding gaps when providing licensed levels of care.

The RFGA still allows for grant payments for initial start-up operations costs. OHA wants to assure its partners that OHA will reimburse for an individual's documented needs. OHA has set aside Part C funds to cover on-going operating costs for those individuals not eligible for Medicaid, costs beyond the Medicaid based rate, and costs for services that are deemed "not medically appropriate". Such ongoing operating costs will be covered through Service Element 17 of the County Financial Assistance Agreement (CFAA). OHA will use an application process centered on the restoration services needs of the client—similar to reviews for clients who are under civil commitment or the PSRB.

The services may include one or more of the following:

- *Additional staffing*
- *Security risk payments related to criminogenic factors*
- *Legal skills training*
- *Funding gaps related to the loss of or pause in Medicaid*
- *Community transportation*
- *Non-medically approved services included but not limited to: assessment, evaluation, outpatient treatment and polygraph.*

Services for non-Medicaid clients will be reimbursed using funds available through the CFAA, also utilizing part C as necessary to cover cost beyond the base rate. Reimbursement to providers for services to individuals in licensed residential setting (SRTF, RTF or RTH) will use the current process of:

1. *Determining the individual's Medicaid eligibility.*
2. *Determining medical necessity for the service; and*
3. *Deciding Medicaid fee schedule rate as a basis for habilitative costs.*

Successful RFGA applicants will be provided the appropriate contact regarding ongoing operation costs requirements and processes, including contracting. If RFGA applicants have questions or concerns prior to RFGA award decisions, please contact William.Osborne@dhsoha.state.or.us.

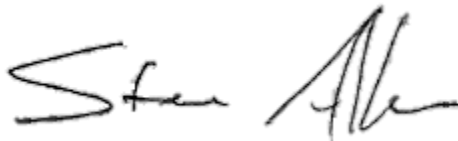
Please remember all medically necessary rehabilitative services can be billed separately through Medicaid (FFS or CCO) if the person is a Medicaid enrollee. Non-Medicaid clients' rehabilitative services can be paid through appropriate service elements in the CFAA. These funding directions are true for existing programs, as well as programs funded through these two solicitations. OHA wants to ensure that those awarded funds to build new facilities will have the funds needed to pay for services costs.

Fourth, the Addendum reflect a change to not require successful applicants of either RFGA to provide a trust deed as security for real property projects. Instead, successful applicants receiving \$100,000 or more for a real property project must execute a grant agreement and declaration of restrictive covenants. Awardees will still be obligated to use the property for the intended use for a 20-year compliance period but OHA's security will be the recorded use restriction and not a lien handled through a trust deed.

Applicants who have questions regarding either RFGA or the Addendum should contact the Housing Investment Coordinator, RICHARD.F.MALLOY@dhsoha.state.or.us.

We hope these updates to our current solicitations motivates our community partners to engage in developing more capacity to help Oregonians.

Sincerely,

A handwritten signature in black ink that reads "Steve Allen". The signature is written in a cursive, flowing style.

Steve Allen
Behavioral Health Director
Health Systems Division
Oregon Health Authority
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