Evaluating the Business Case for Permanent Supportive Housing Program

Before signing on the dotted line to become an FCS Provider, organizational leadership must evaluate critical business considerations to determine the organizational "fit" of Permanent Supportive Housing (PSH), both as it relates to current capacity and future growth and development. Contracting with Medicaid as an FCS provider requires a significant investment of resources, including time, capital, and adaptation of operational processes.

This transformation is most successful and sustainable where there are:

1. Alignment with an organization's core mission and advances the organization's vision for its continuing growth and impact;
2. Clarity as to program requirements and how those requirements impact current operations;
3. A feasible, actionable plan to identify and address operational gaps in the short term to meet program requirements, and
4. Alignment with the organization's strategic and business plans for sustained financial growth and operational development.

Consideration #1:

Do PSH services align with your Organization's Mission and Vision?

First, some definitions:

- An organization's mission is its purpose and is articulated through its mission statement, which succinctly describes the organization's goals (its "why") and how the organization will meet those goals (e.g., what it is the organization does and how it does it).

- An organization's vision refers to the desired future impact that the organization will have on society. It is aspirational and transformative.

- In brief, an organization's mission reflects its current operations and impact, and the vision is what it is working towards – including its broader impact across society.

When evaluating a new contracting opportunity, jumping directly to the financial and operational impact side of the equation can be tempting. But before moving into the nuts and bolts, it is essential to pause and confirm "organizational fit" and alignment with broader organizational purpose, values, and strategy. Change takes time and resources and is easiest (and most likely to "stick") when the change reinforces the organization's "why." An organization and its team members are more likely to have the motivation and self-efficacy to initiate and sustain change if it is a necessary or natural component of its shared mission and vision.

Questions to Ask:
- *The organization's mission is to serve vulnerable populations, including individuals and families experiencing homelessness, inadequate housing, or barriers to housing stability.*

- *The target populations either experience, are at significant risk of or are directly impacted by homelessness or housing instability, such that the vision (the desired future impact on the community) cannot be realized without addressing this common need.*

Consideration #2:

Do PSH Program Requirements align with the organization's operations, expertise, and capacity?

Briefly, does the organization have the knowledge, infrastructure, and staff to:

1. **Evaluate** the cost and operational requirements of new or expanded services
2. **Reliably assess** the impact that new or adapted services will have on existing operations and workflows;
3. **Implement** a plan to mitigate operational disruption associated with implementation; and
4. **Effectively deliver** (and bill for) new or expanded services.

This is important for two reasons. First, an organization's prior experience (including staff experience in Medicaid contracting and healthcare billing) means that an organization is better able to anticipate the operational requirements *and impacts* associated with Medicaid contracting. Secondly, the most straightforward implementations build upon an existing infrastructure in the immediate term. The proposed changes are "edits" or "adaptions" to existing operations, as opposed to those that require reversals or complete pivots.

This is *not* to say that an organization shouldn't pursue PSH contracting if there isn't a close match between current capacity and program requirements **or** that they must already be providing PSH services. There will *always* be gaps in operations and the need for further capacity development. The organization must have a realistic perception of program requirements, how it will impact existing processes and resources, and an actionable plan to address deficits and grow over time. If this is a new area for the organization, it will take then more time to evaluate and learn "what they don't know." Seek direct input from other organizations contracted as FCS providers, and lean on team members with experience in Medicaid contracting and managed care.

Be aware of all the implementation costs.

If an organization already provides similar services, be aware of "hidden" operational costs implicit with contracting with the state and other healthcare payers. Generally, there is no such thing as "free money" to "do what you are already doing." Being a Medicaid provider carries additional operational and administrative costs that must be accounted for. Even when there is a (near) perfect overlay regarding the scope and delivery of services, there is always an implementation cost. Billing and the Accounts Receivable process are frequent points of friction for organizations. Still, an organization's compliance operations are likely to require greater focus and investment. An organization may need to plan for (and finance) more regular audits and implement greater policies and controls to ensure adherence to program integrity, privacy and security (i.e., HIPAA), and other contractual requirements.

Questions to Ask:

- *Do PSH services require the addition of new service lines by the organization? If so, which ones and how will they be delivered?*

- *Do PSH services require the modification of existing service lines? If so, how so?*

- *How do PSH contract requirements impact current workflows? (e.g., How do program requirements impact received referrals? Document referrals? Deliver Services?)*

- *How do PSH contract requirements impact the workforce? Do PSH program requirements (e.g., professional qualifications) alter which staff members can deliver services? Do team members need additional IT, documentation, or administrative skills?*

- *Will a PSH contract significantly alter the volume of referrals received? If so, how will the organization adapt to that change in volume?*

- *How will the expansion or modification of PSH services impact other services delivered by the organization? How will the organization anticipate and mitigate the impact?*

Consideration #3:

Do the Numbers Work? Does Contracting as an FCS Provider offer greater Financial Stability or opportunities for Financial Growth?

While evaluating the opportunity for organizational "fit" and impact on operations, organizations can't neglect the numbers. As introduced in Consideration #2, an organization must have a realistic perception of the costs associated with contracting as a Medicaid provider. They need to immediately confirm an adequate "rate of return" and that the investment in delivering services furthers its strategic plan and business objectives.

This means that the compensation for delivering services (considering the rate of reimbursement **and** projected volume of referrals) provides an adequate rate of return to ensure sustainable growth and reinvestment for the organization over time. Finally, the investment required to deliver new services and adapt to Medicaid requirements is offset by the opportunities presented for additional revenue sources (additional grants, other contract opportunities), operational efficiencies, or where the investment aligns with the organization's strategic plan for sustainable growth.

Questions to Ask:

- *What is the total cost of delivering and billing for PSH services as a Medicaid Provider in the next year?*
- *Can the organization deliver services within the existing budget and resources? If so, double-check by identifying all reasonably foreseeable contingencies and interdependencies.*
  - *e.g., What assumptions are part of this calculus (i.e., minimum referral volume or cadence, staff time to deliver services, the number of cases that 1 FTE can handle)?*
  - *What are the potentially "hidden" costs associated with providing and billing for FCS services (e.g., compliance updates or expansions, IT needs, auditing expenses, additional administrative costs related to billing and invoicing?).*
- *Becoming an FCS provider or entering the healthcare ecosystem creates new contracting opportunities or makes the organization a more competitive candidate for existing opportunities.*
  - *e.g., Are there opportunities to contract with other health providers or payers to provide services to non-Medicaid populations? Does the investment associated with FCS contracting make the organization more competitive for additional grants in your industry?*
- *Can the organization develop partnerships or vendor relationships to deliver services more efficiently or effectively?*
- *What additional financial investments (i.e., people, platforms, partnerships, and processes) will be needed to ensure that FCS services are delivered efficiently and effectively?*

Consideration #4:

Is there a commitment across the organization to Continue to evolve and develop the capacity to deliver and Improve PSH Services?

It is about more than what the organization can do today; they must also plan for the future. Medicaid contracting and contracting compliance is not a "one and done" thing, and FCS service contracting, specifically through Medicaid, is an innovative and evolving program. These programs will continue to change, and providers will need to be able to keep up. This will require continued investment and capacity development over time.

Therefore, PSH contracting and compliance requirements must align with the organization's long-term plans for organizational investment and capacity development. The organization must have the motivation and the resources to *continue* to grow with and around the program and contract requirements.

> **Questions to Ask:**
> - *What are the skills, training, and qualifications will the workforce need in the future to continue to evaluate and improve the efficiency and effectiveness of services?*
> - *What technologies and resources will the organization need to invest in over time?*
> - *How will the organization engage with and educate the governing board to identify and plan for future growth and investment?*

Recommendations

Having identified the key considerations, the next question is how to get answers.

This sort of undertaking must start with leadership. Still, an organization must obtain input from stakeholders to have a comprehensive (and accurate) evaluation of current capacity, operational impact, gaps, and the feasibility of long-term integration and sustainability. That includes the front-line internal operations "subject matter experts" who will be responsible for the implementation of the new requirements **and** the organization's board members or governance committee, who are responsible for ensuring alignment with the organizational mission, strategy, and adequacy of funding to support (short and long term) capacity development.

This means that there are two competing interests: (1) the efficiency and nimbleness of the evaluation and (2) its accuracy and inclusivity. Both are important. Leadership should consider approaching evaluation in a staged process to accommodate both objectives. Once leadership has conducted its own initial evaluation, convening a team of staff members tasked with formally evaluating the opportunity, identifying where investment and adaptations will be needed, and the desirability and feasibility of those adaptions. While the core team responsible for the evaluation should be "tight," – those team members should engage with other staff members to collect information to inform that evaluation.

For this evaluation, the team should use a structured evaluation process to provide organization and ensure completeness. As a first step, the team should brainstorm and refine the operational, strategic, and cultural questions most pertinent to the implementation. A shortened sample worksheet is provided based on the first three (operationally oriented) considerations discussed in this section to illustrate how this can be formatted. The worksheet should be expanded to address other critical considerations identified in the evaluation process.

Upon the completion of this evaluation (resulting in a "go-no-go" recommendation, leadership and the evaluation team can then turn to (1) investigating more granular operational changes and investments, (2) clarifying assumptions, and (3) preparing to integrate the governing board in their own evaluation. Table 1 provides a walk through snapshot of how one organization might present and answer these questions.

TABLE 1

Consideration 1	Response	Identified Gaps	Sources[1]	Notes
Do PSH services align with mission and vision?				
Our target population is at high risk for or experiences homelessness, inadequate housing, or barriers to housing stability.	Yes. Strongly Agree.	n/a	Mission statement	Consider impact/ intersection with Goal 5 in our 2023 Strategic Plan.
Consideration 2	**Response**	**Identified Gaps**	**Sources**	**Notes**
Do PSH services align with existing operations, expertise, and capacity?				
Will PSH services require the addition of new service lines by your organization? If so, which?	No. Nonprofit X already provides placement and case management support to individuals at the shelter.	While no new service lines are required, significant adaptations to current processes will be needed including greater documentation and adapting to referrals from outside the shelter.	Shelter Case Workers, Service Line Descriptions, Organization's Operational Manual	Will require investment in more CM staff, training, and process development. Input from board needed to allocate budget / plan for capacity development.
Consideration 3	**Response**	**Identified Gaps**	**Sources**	**Notes**
Does contracting provide greater financial stability and opportunities for growth?				
Can we deliver services within the existing budget and resources?	Maybe. We can profitably deliver services at reimbursed rate to existing clients. More information/ eval needed to determine referral volumes and timeline for additional staff	Additional staff will be needed to develop and manage billing operations. This is a new area for organization. Likely need for expanded clinical CM staff based on additional time required for documentation…	KIIs with Finance Manager, Social Services Director, FCS Reimbursement Rates	Need more information on referrals outside of the shelter. Question for HCA/Amerigroup.
Consideration 4	**Response**	**Identified Gaps**	**Sources**	**Notes**
Is there a commitment across the organization to continue to evolve and develop the capacity to deliver and Improve PSH Services?				
What skills, training, and qualifications will the workforce need in the future to enhance service evaluation and improve efficiency?	Ensure team is enabled by enhancing data analysis, technological capabilities, continuous learning…	Limited time frame, lack of specificity, absence of metrics or evaluation criteria…	n/a	Need to consider availability and…

[1] Sources is a way of "showing your work" to demonstrate the process the team used

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Consideration 2	**Response**	**Identified Gaps**	**Sources**	**Notes**
Do PSH services align with existing operations, expertise, and capacity?				
Do PSH services require the addition of new service lines by the organization? If so, which ones and how will they be delivered?				
Do PSH services require the modification of existing service lines? If so, how so?				
How do PSH contract requirements impact current workflows?				
How do PSH contract requirements impact the workforce? Do PSH program requirements alter which staff members can deliver services? Do team members need additional IT, documentation, or administrative skills?				

Consideration 2	Response	Identified Gaps	Sources	Notes
Do PSH services align with existing operations, expertise, and capacity?				
Will a PSH contract significantly alter the volume of referrals received? If so, how will the organization adapt to that change in volume?				
How will the expansion or modification of PSH services impact other services delivered by the organization? How will the organization anticipate and mitigate the impact?				

Consideration 3	Response	Identified Gaps	Sources	Notes
Does contracting provide greater financial stability and opportunities for growth?				
What is the total cost of delivering and billing for PSH services as a Medicaid Provider in the next year?				
Can the organization deliver services within the existing budget and resources? If so, double-check by identifying all reasonably foreseeable contingencies and interdependencies.				
Becoming an FCS provider or entering the healthcare ecosystem creates new contracting opportunities or makes the organization a more competitive candidate for existing opportunities.				
Can the organization develop partnerships or vendor relationships to deliver services more efficiently or effectively?				

Consideration 3	Response	Identified Gaps	Sources	Notes
Does contracting provide greater financial stability and opportunities for growth?				
What additional financial investments (i.e., people, platforms, partnerships, and processes) will be needed to ensure that FCS services are delivered efficiently and effectively?				

Consideration 4	Response	Identified Gaps	Sources	Notes
Is there a commitment across the organization to continue to evolve and develop the capacity to deliver and Improve PSH Services?				
What are the skills, training, and qualifications will the workforce need in the future to continue to evaluate and improve the efficiency and effectiveness of services?				
What technologies and resources will the organization need to invest in over time?				
How will the organization engage with and educate the governing board to identify and plan for future growth and investment?				