

## **Summary of House Bill 3332**

### **Background**

NAMI Oregon's proposal (House Bill 3332) was developed through a series of meetings that NAMI convened with residential providers, Coordinated Care Organization representatives, and behavioral health leaders at several hospital systems. The group looked at sticking points in our community mental health system and determined that housing for individuals with mental illness, or lack of housing, led to longer stays in acute care, at the state hospital, and in residential care.

The group concluded that needs will vary by region. Representatives from residential providers concluded that most projects can be successfully conceived and constructed if the state offers financing of up to 20 percent. The state investment will spur additional private investment.

**➔ Each \$1 in state funds will generate an additional \$4 in other funding for housing construction. This investment will add long-term infrastructure to Oregon's community mental health system.**

### **Proposal Summary**

The NAMI-endorsed legislation would:

- Create a special fund that will provide up to 20 percent of construction costs as an incentive for development. Outside funding will come from various sources, such as private financing, federal grants, local funds and other housing incentives.
- The fund can provide up to 50 percent of startup costs such as fixtures and training. In a typical 16-bed center, those costs are about \$200,000. In this example, the fund could provide up to \$100,000.
- Housing projects can include higher-end residential treatment, respite, treatment homes, independent supported housing, or other housing projects that are shown to be needed within a region. We envision that CCOs and Local Mental Health Authorities would partner with providers to apply for funding. The legislation is intended to dovetail with the regional planning under way, or about to be under way, in Oregon communities now being served by new CCOs.
- The Addictions and Mental Health Division would create an Advisory Group that will assist the division with the development of a prioritized list of community mental health projects to be developed and funded during the biennium.



Comments on House Bill 3332  
From Chris Bouneff, Executive Director, NAMI Oregon  
March 25, 2013  
House Human Services and Housing Committee

Thank you for this opportunity to provide testimony on House Bill 3332, which creates a housing investment fund that would produce new permanent housing infrastructure across Oregon for individuals living with mental illness and addiction. NAMI Oregon is pleased to express our support for House Bill 3332 and to urge its approval.

### **Background**

The proposal contained in HB 3332 came about through a series of meetings that NAMI Oregon convened with a variety of stakeholders. We believed that after years of advocating just to preserve mental health treatment and support services, the time was right to pursue an initiative that would improve Oregon's community mental health system while also complementing the health care transformation under way in our state.

The need is so great, however, that it was a challenge to choose a starting point. This led us to seek out those across our state who we found to be among our most creative thinkers and who also represented a cross section of our system — behavioral health leaders of several hospital systems, leaders at two Coordinated Care Organizations, residential treatment and supported housing providers, and those within NAMI who knew the system inside and out.

The group quickly settled on housing as our No. 1 priority. Broadly speaking, housing represented our system's major sticking point at every level of care. At our highest level of acuity — emergency rooms — hospital systems find it difficult to place people in the Oregon State Hospital or other longer-term care settings. In turn, those waiting to discharge from the Oregon State Hospital wait much longer than necessary because open placements in step-down programs are scarce.

For those in step-down programs, discharges are difficult because supported housing and other semi-independent and independent housing is unavailable. This is true in our civil system, and it is also true within other systems. Law enforcement, for example, can cite multiple examples of people entering our jail system for no other reason than they have a mental illness and nowhere else to go.

And a work group that looked at placements from the Oregon State Hospital for those under the jurisdiction of the Psychiatric Security Review Board concluded that people languished at OSH long after they were deemed ready for discharge. Why? Because our system lacked more semi-independent housing. The group's recommendation? Develop more supported housing and independent supervision programs so people exit OSH in a timely fashion.

In short, movement through the system is difficult, if next to impossible, regardless of your point of entry. People languish at higher levels of care longer than necessary because of a shortage of housing, thereby costing the system significantly more money. The group felt that if we could open that logjam, the system could save money, improve outcomes and, consequently, help more people.

### **Flexible Solution Needed**

The group recognized that every region had particular needs, so any solution would have to be flexible. In the Portland metro area, for example, state hospital services are about to be eliminated. Alternatives to acute hospitalizations will have to be developed. Otherwise, lower costs will never be achieved. Certainly, outcomes will never improve. In comparison, Southern Oregon may have the right amount of residential treatment beds. But the region may need significantly more units of supportive housing.

The definition of “housing” should be broad when talking about the needs of those living with mental illness and addiction. A full array of housing needs to be on the table to address key bottlenecks — subacute care, respite care, licensed residential care and permanent supportive housing. Every region in Oregon should feature a full array of housing to meet the goals of health transformation.

The group believed that any proposed solution needed to meet three overarching goals. Any initiative proposed must:

- Help the state achieve the goals within the Triple Aim — better outcomes, better care, lower costs.
- Complement and even enhance the transformation process under way in Oregon.
- Help the state of Oregon meet its obligations in its settlement with the U.S. Department of Justice over violations of the American With Disabilities Act. Housing, and improvements in housing status for individuals with serious and persistent mental illness, is among the key metrics to which Oregon has committed.

### **Housing Fund Proposed**

The group then discussed the mechanics of housing development. In the past, the state would request funding from the Legislature for specific projects. A residential treatment facility here, a supported housing unit there. This led to slow development of permanent infrastructure, as well as uneven location of such resources.

We wanted a process that is more nimble and able to react quickly to the transformation process in Oregon. So we talked to those who plan and develop such housing projects, and we asked a simple question: What would it take for you to build housing — any housing — that meets the need of a particular region? The answer was simple: You give us 20 percent, and we’ll find the other 80 percent in financing to build.

We then settled on the fund you see detailed on HB 3332. A pool of development dollars that can be tapped as regions completed their community needs assessments, rather than following the old process of seeking legislative approval project-by-project. With a fund that is tightly managed as

called for in HB 3332, the state could act quickly when opportunity presented itself and develop housing that would help meet the state's goal of reducing the health care cost curve.

Among the highlights contained in the legislation:

- HB 3332 creates a special fund that will provide up to 20 percent of construction costs as an incentive for development. Outside funding will come from various sources, such as private financing, federal grants, local funds and other housing incentives.
- HB 3332 provides up to 50 percent of startup costs such as fixtures and training. This provides the bridge funding that is needed before a facility is eligible to bill Medicaid, Medicare and other payer streams.
- Housing projects can include higher-end residential treatment, respite, treatment homes, independent supported housing, or other housing projects that are shown to be needed within a region. We envision that CCOs and Local Mental Health Authorities will partner with providers to apply for funding.
- The Addictions and Mental Health Division would create an Advisory Group that will assist the division with the development of a prioritized list of community mental health projects to be developed and funded. This includes key stakeholders from mental health, addictions, and affordable housing.
- HB 3332 takes advantage of upcoming Medicaid expansion by creating permanent infrastructure that is eligible for reimbursement, unlike facilities such as the Oregon State Hospital that are excluded from Medicare and Medicaid funding.

We believe we are on to something with HB 3332. What started as a small group of stakeholders coming forth with a simple concept has transformed into legislation that has drawn support from many quarters. There are other health advocacy groups who support HB 3332, such as We Can Do Better and Elders in Action. There are several hospital systems, such as Providence in Portland and St. Charles in Bend. There are CCO partners. There are providers, such as Central City Concern. There is law enforcement.

And we are even fielding queries from the affordable housing sector, which looks at our legislation as a potential model for their world now that they are in the early stages of transformation.

Most importantly for me, we enjoy the wide support of NAMI members. We understand firsthand that housing is the cornerstone. Without housing, you cannot really reach or maintain recovery from mental illness or addiction. We know this. We live it. We struggle with it every day as we try to help others find the housing they need.

NAMI members see this as a solution worthy of this moment in time. For this reason, and for the many others detailed in this written testimony, we respectfully request your support.

Thank you for this opportunity and for your time today.