

Rhode Island PFS PSH Pilot Program

FAQs

Updated: December 2023

Why did you decide to pursue a Pay for Success financing model?

In October 2015, the **U.S. Department of Housing and Urban Development (HUD)** and the **U.S. Department of Justice (DOJ)** formed an interagency collaboration to make \$8,679,000 available to incentivize and support Pay for Success (PFS) Demonstration projects across the country.

The goal of the [HUD/DOJ PFS Demonstration funding](#) was to strengthen communities' ability to prevent and end homelessness and reduce avoidable incarceration by increasing the provision of Permanent Supportive Housing (PSH), a proven, evidence-based practice. The PFS Demonstration was also seen as a valuable opportunity to test ways of achieving greater cost-efficiency effectiveness in providing homelessness assistance while expanding communities' access to available funding for PSH initiatives.

In keeping with our mission of working collaboratively with stakeholders to create and advance lasting solutions to end homelessness, the **Rhode Island Coalition to End Homelessness (the Coalition)** applied for and in 2016 was awarded a PFS Demonstration grant of **\$1.4 million** to support planning for and implementation of a PFS PSH program in Rhode Island.

The Coalition was **one of just seven** PFS Demonstration grant awardees nationwide.

Why was permanent supportive housing selected as the intervention?

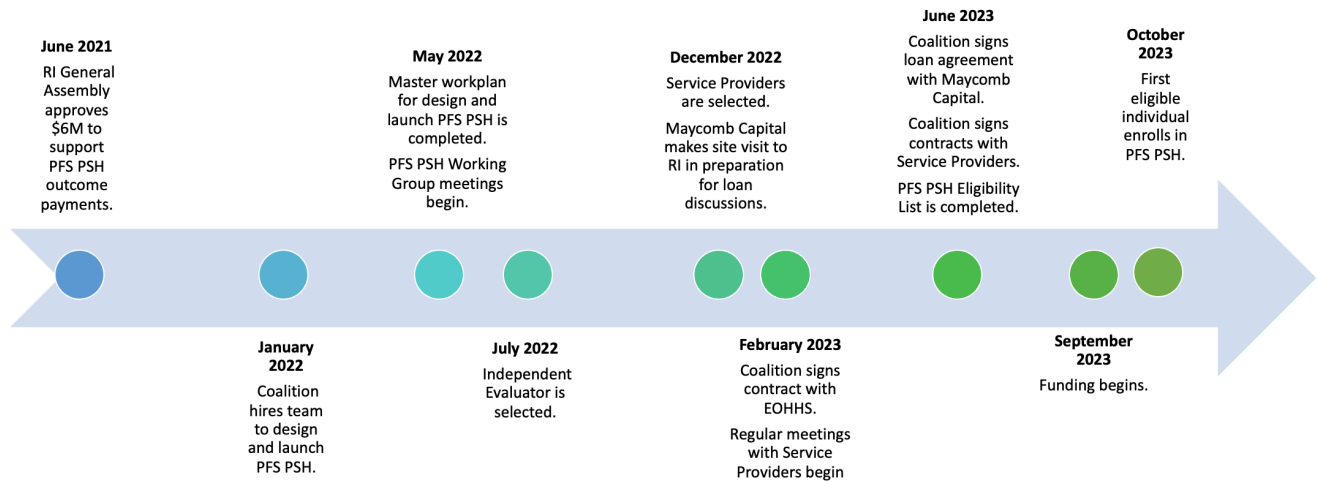
Permanent Supportive Housing (PSH) is an intervention that combines affordable housing assistance with voluntary support services to address the needs of people experiencing chronic homelessness. It pairs housing with case management and supportive services to build independent living and tenancy skills and connect people with community-based healthcare, treatment, and employment services.

PSH has consistently been demonstrated to help people with multiple barriers to finding and maintaining housing achieve housing stability. Notably, PSH is also a cost-effective solution, shown to lower public costs associated with the use of crisis services like shelters, hospitals, jails, and prisons.

More information about PSH is available [here](#).

What were the main steps in planning and launching the PFS PSH Pilot Program?

PFS financing models are inherently complicated undertakings! Please see the timeline below for an overview of the key milestones that were met on the way to making the PFS PSH Pilot Program a reality.



The work undertaken to achieve these milestones included (but was in no way limited to):

- Writing and managing procurements for PFS PSH Service Providers and the Independent Evaluator.
- Defining the “success” outcomes for PFS PSH.
- Defining the criteria for “high utilizers” of Medicaid, DOC, and homeless services, and developing and executing the data use agreements with Medicaid and DOC needed to access the data required to identify individual high utilizers who are eligible for PFS PSH.
- Developing the parameters for PFS PSH implementation and governance, including a program operations model, a program funding model, and program governance and reporting policies and procedures.
- Identifying and engaging private investors to provide the upfront capital needed to launch and run the program.
- Writing and executing all PFS PSH contracts, including the contract with EOHHS, the contracts with Service Providers, and the loan agreement with Maycomb Capital.
- Engaging with more than 15 service provider agencies and countless stakeholders across Rhode Island to inform priorities, concerns, and opportunities critical for PFS PSH program design.

- Convening and running a PFS PSH Working Group to provide key subject matter expertise throughout the program design and launch processes.

Can you provide more details about how the Pay for Success financing model actually works in the context of PFS PSH in Rhode Island?

Yes. Please see below for more details with regards to the inter-agency roles and responsibilities, contractual relationships, and funding flows that provide the framework for PFS PSH in Rhode Island.

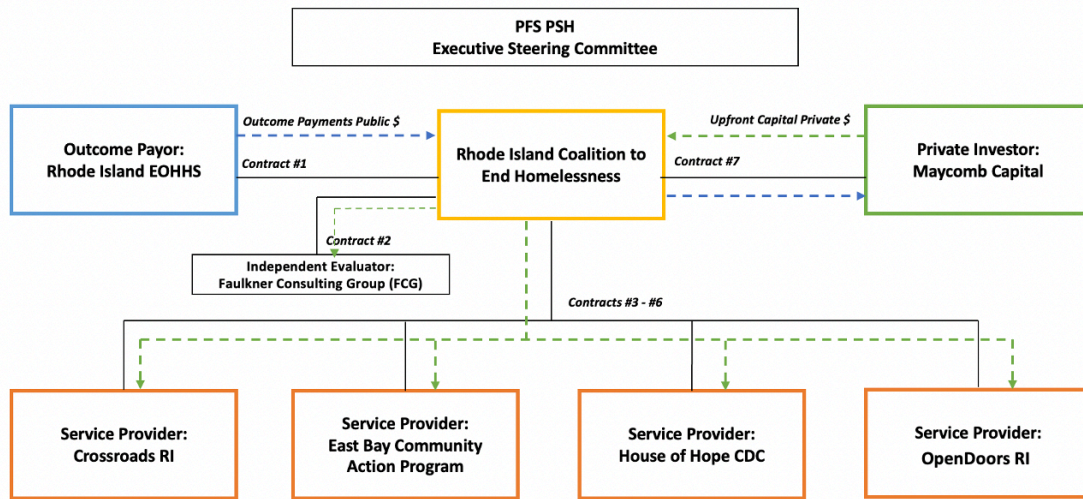
Key PFS PSH roles and responsibilities:

Agency / Role	Responsibilities
Rhode Island Coalition to End Homelessness (the Coalition)	The Coalition manages day-to-day PFS PSH operations in accordance with the EOHHS-Coalition PFS PSH Contract and coordinates all aspects of PFS PSH. Key responsibilities are: <ul style="list-style-type: none"> • Entering into loan agreements with private investors, receiving payments from private investors, and managing the program budget, including making payments to Service Providers using private investor funds • Maintaining a separate bank account for the State Budget funds to be used for outcome payments, receiving EOHHS outcome payment, and making payments to private investors as program outcomes are achieved • Entering into contracts with all Service Providers and overseeing Service Provider activities and performance • Entering into a contract with the Independent Evaluator and overseeing evaluation activities and performance
Rhode Island EOHHS	RI EOHHS manages the State funds appropriated for PFS PSH outcome payments and oversees all aspects of PFS PSH implementation and performance.
Private Investor(s): Maycomb Capital	Private investor(s) provide the upfront capital needed to launch and run PFS PSH. The terms of repayment, including the program outcomes that trigger repayment and the dollar amount (or “price”) associated with each program outcome, are detailed in an extensive loan agreement. Maycomb Capital is the lead investor for PFS PSH.
Service Providers: Crossroads RI; East Bay Community Action Program (EBCAP); House of Hope CDC; OpenDoors RI	Service Providers outreach to individuals deemed eligible for PFS PSH, provide permanent housing services for the eligible individuals they enroll in the program, and collect data to inform the Independent evaluation.
Independent Evaluator: Faulkner Consulting Group (FCG)	The Independent Evaluator implements to the Evaluation Plan that determines the extent to which PFS PSH is achieving pre-determined program outcomes. Evaluation reports are provided quarterly; these reports dictate the payments to be made to private investor(s) each quarter.
Executive Steering Committee	The Executive Steering Committee provides oversight for all aspects of PFS PSH, with a focus on performance management and conflict resolution. The Committee must approve any material changes to the evaluation or the program design.

The Rhode Island Foundation also provided critical grant funding that enabled PFS PSH to launch in 2023.

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PFS PSH contracts and funding flows:



Contract # (from above diagram)	Parties	Purpose
Contract #1	RI EOHHS → Coalition	Outlines in detail the terms under which PFS PSH must be implemented, including the terms under which outcome payments to private investors may be made.
Contract #2	Coalition → Evaluator	Outlines the scope of work and budget for designing and implementing the PFS PSH independent evaluation.
Contracts #3 - #6	Coalition → Service Providers	Outlines the terms for PSH service delivery under PFS PSH, including payment terms and performance expectations.
Contract #7	Private Investor(s) → Coalition	Outlines in detail the terms under which the private investor(s) will issue a loan to the Coalition to fund PFS PSH, including the program outcomes that will determine loan repayment, the dollar amount (or "price") of the repayment for each outcomes, and the rate of return.

Did the FY 2022 State Budget language determine any elements of PFS PSH Pilot Program design?

The FY 2022 State Budget appropriated **\$6 million total** (to be disbursed at approximately \$1.5 million per year) for outcome payments for PFS PSH in Rhode Island.

The FY 2022 State Budget, along with the accompanying State Fiscal Note, also established the following parameters for PFS PSH:

- **Eligible individuals:** PFS PSH is required to serve individuals with a history of high DOC involvement and/or high utilization of Medicaid and/or homeless services who meet the Category 1 or Category 4 definition of homelessness.
- **Program outcomes:** Outcome payments to private investors must reflect increased housing stability, decreased healthcare utilization, and/or decreased justice involvement among program participants.
- **PFS funding breakdown and match requirements:** \$1.1 million per year in PFS funds must support service delivery: \$600,000 per year of these funds must support supportive services (inclusive of outreach, engagement, and housing navigation); \$500,000 per year of these funds must support housing costs (inclusive of housing vouchers and rental subsidies).

The PFS PSH Pilot Program is also required to leverage existing State funding and other resources to match PFS funds at a rate of approximately 50:50.

The table below outlines these requirements:

PFS Funding Breakdown and Match Requirements	
Supportive Services <i>(Inclusive of outreach, engagement, and housing navigation)</i>	
60%	PFS funds @ \$600,000 per year
40%	Existing funding sources @ \$400,000
Housing <i>(Inclusive of housing vouchers and rental subsidies)</i>	
40%	PFS funds @ \$500,000
60%	Existing funding sources @ \$600,000

These PFS funding breakdowns and match requirements were informed by the PFS PSH Feasibility Study completed in 2017.

More information about how PFS PSH operationalizes these requirements can be found in the PFS PSH **Program Funding Model**, which can be downloaded from the Coalition’s website.

Who does the PFS PSH Pilot Program serve?

The PFS PSH Pilot Program serves individuals with the highest levels of DOC-involvement and/or the highest utilization of Medicaid and/or homeless services in Rhode Island. Individuals must also meet the definition of Category 1 or Category 4 homelessness in order to enroll in the program.

Individuals are identified as high utilizers and thus eligible for PFS PSH based on data provided by Rhode Island Medicaid, DOC, and HMIS as follows:

- 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, they 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.

A list of PFS PSH-eligible individuals is provided to each Service Provider. Service Providers are then in turn expected to conduct outreach to find, engage, enroll, and provide PSH services for the individuals on their eligibility list.

This data-driven approach to determining PFS PSH eligibility means that the PFS PSH Pilot Program will, by design, always be reaching out to and serving a group of individuals with some of the most complex health and social needs in Rhode Island.

For more information about the PFS PSH Pilot Program’s approach to outreach, engagement, and service delivery, please see the PFS PSH **Program Operations Model**, which can be downloaded from the Coalition’s website.

What outcomes will determine whether the PFS PSH Pilot Program is successful, and how will you know if those outcomes have been achieved?

The Rhode Island FY 2022 State Budget, along with the accompanying State Fiscal Note, requires that PFS PSH outcome payments to private investors reflect increased housing stability, decreased justice system involvement, and decreased healthcare utilization among PFS PSH program participants.

Consistent with these requirements, PFS PSH’s level of success will be measured according to the following outcomes:

- **Housing stability**
 - Total number of months of housing stability achieved by individual program participants
 - Increase in housing stability among all program participants compared to a historical baseline among similar individuals
- **Justice system involvement**
 - Increase in “days in community” among program participants with high levels of justice system involvement compared to a historical baseline among similar individuals (Note that “days in community” is the inverse of “days incarcerated”).
- **Healthcare utilization**
 - Decrease in preventable Emergency Room visits among program participants with high levels of Medicaid utilization compared to a historical baseline among similar individuals

The Coalition, EOHHS, and the PFS PSH Working Group recognize that numerous significant challenges must be overcome if PFS PSH is to achieve these outcomes, most notably the:

- Data-driven approach to PFS PSH eligibility, and the complex life circumstances that may make it difficult to find and engage individuals who are eligible for the program
- Severe shortage of affordable housing units in Rhode Island

For this reason, PFS PSH will also include numerous markers of program engagement (such as program enrollment, creation of a housing plan, and becoming “document ready” for housing), as well as entry into a lease, among its success measures.

The degree to which PFS PSH achieves success will be measured by an Independent Evaluator according to a pre-determined, detailed Evaluation Plan.

Rhode Island-based **Faulkner Consulting Group (FCG)** was selected via an open procurement to serve as the Independent Evaluator for the PFS PSH Pilot Program. FCG designed the Evaluation Plan in close collaboration with the Coalition, EOHHS, and the PFS PSH Working Group and will lead its implementation over the life of the program.

The full Evaluation Plan will soon be made available on the Coalition's website.

How were Service Providers selected? What is required of Service Providers with regards to PFS PSH service delivery?

Agencies were selected as PFS PSH Service Providers via a competitive open Letter of Interest process conducted in Fall 2022.

Given the novelty of the PFS model, a Letter of Interest process, in which technical assistance (TA) is offered to a group of finalist candidates prior to the submission of full applications, was utilized in an effort to enhance agencies' understanding of PFS before they prepared their final application. Final review and scoring criteria were as follows:

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REVIEW CRITERIA	POINT VALUE
<p>The Applicant’s plan for providing permanent supportive housing as a PFS PSH Service Provider, including the:</p> <ul style="list-style-type: none"> ● Extent to which the proposed plan is well-described and reasonable given the resources and capacity of the agency or partnership; ● Extent to which the proposed plan reflects creativity and flexibility in the context of persistent statewide challenges related to housing and service delivery; ● Extent to which the proposed plan reflects a hands-on understanding of the challenges inherent in serving individuals with a history of chronic homelessness and/or exceptionally complex needs; ● Extent to which the proposed plan reflects a hands-on knowledge of the resources available in Rhode Island to support such individuals, as well as an ability to leverage those resources on behalf of individuals enrolled in PFS PSH; ● Appropriateness of the proposed use of new PFS funds and the plan for meeting “match” requirements; ● Ability of the proposed Management Plan to ensure coordinated service delivery and nimble decision making (<i>for Service Providers comprised of partnerships between two or more organizations, only</i>) 	60
<p>The Applicant’s staffing plan, including the:</p> <ul style="list-style-type: none"> ● Experience and qualifications of proposed leaders and staff ● Experience and qualifications of proposed vendors or consultants ● Approach to recruiting, onboarding, and supporting staff members, especially those that work directly with clients 	30
<p>The Applicant’s ability to work flexibly and collaboratively with peer organizations and stakeholders from different agencies and sectors, including the:</p> <ul style="list-style-type: none"> ● Extent to which the Applicant demonstrates commitment and describes a thoughtful approach to working flexibly and collaboratively with peer agencies and stakeholders from different organizations and sectors ● Extent to which the Applicant provides past examples of such flexible and collaborative work. 	10
ALL REVIEW CATEGORIES	100

Four agencies were selected as PFS PSH Service Providers based on this process: **Crossroads RI, East Bay Community Action Program (EBCAP), House of Hope CDC, and OpenDoors RI.**

PFS PSH Service Providers are expected to carry out the program’s core service delivery activities:

- Finding and engaging/enrolling the eligible individuals “assigned” to the Service Provider.

- Providing support and assistance that enables enrolled individuals to obtain permanent housing, including housing navigation and assistance with accessing resources like housing vouchers and rental subsidies.
- Maintaining enrolled individuals' engagement in the program.
- Identifying and providing and/or coordinating the wide variety of supportive services individuals might require to remain housed.

PFS PSH Service Providers must also participate in regular meetings facilitated by the Coalition for the purpose of case conferencing, joint problem solving, and shared learning.

For more information about the parameters for PFS PSH service delivery, please see the **PFS PSH Program Operations Model**, which can be downloaded from the Coalition's website.

Please also see the **PFS PSH Program Standards for Transparency, Shared Decision Making, and Conflict Resolution**, which can be downloaded from the Coalition's website, to learn how Service Providers and the Coalition's PFS PSH team will work together over the life of the program.

What if Service Providers don't achieve program outcomes? Will they still be paid?

Yes. Service Providers will receive advance payments throughout the life of PFS PSH to ensure that they are consistently resourced to carry out the work of the program.

Service Provider performance will be monitored based on the benchmarks identified on the last page of the **PFS PSH Program Operations Model**, not based on the Evaluation Plan. (The Evaluation Plan will determine payments to private investors, only).

When will data about PFS PSH Pilot Program outcomes be available?

PFS PSH will be evaluated quarterly over the life of the program. The first quarterly evaluation is expected to be completed in Q2 of calendar year 2024 and will report on PFS PSH outcomes for the period September 2023 – March 2024.

Where can I learn more about Pay for Success financing models?

Social Finance has prepared a helpful overview of the Pay for Success model, which is available [here](#).

