Findings and Future Considerations from The Housing and Homelessness Incentive Program (HHIP) Implementation[1]

Overview of the Housing and Homelessness Incentive Program

The Housing and Homelessness Incentive Program (HHIP) was launched alongside CalAIM to accelerate collaboration between managed care plans (MCPs) and homeless response systems and to ensure MCPs developed the necessary capacity and partnerships to connect their members to needed housing services. Through HHIP, which California's Department of Health Care Services (DHCS) created using time-limited funding from the American Rescue Plan Act, MCPs could earn one-time incentive funds by meeting specific metrics related to:

- Partnering with Continuums of Care (CoCs) and counties
- Developing capacity to provide housing-related services
- Improving data sharing between health and housing systems
- Increasing successful housing placements
- Reducing entries into homelessness
- Increasing utilization of ECM and Community Supports
- Improving health outcomes for members experiencing homelessness

Once earned, MCPs could use HHIP funds flexibly to invest in local homeless response systems, build infrastructure for cross-sector collaboration, and expand service capacity. Because meeting the HHIP metrics required collaboration with local homeless response system partners, the program represented a significant shift in requiring MCPs to actively engage with CoCs and county agencies and incentivized MCPs to invest in addressing homelessness in the communities in which they operate.

Together, these initiatives aimed to create sustainable funding streams for housing-related services through Medi-Cal while building lasting partnerships between the health care and homeless response sectors. The programs mark an important recognition by the State of California that addressing homelessness requires both housing resources and integrated health care services, with formal coordination between previously siloed systems.

This report synthesizes lessons learned from HHIP's implementation, drawing from:

- listening sessions with 17 CoCs, 12 MCPs, and over 60 service providers;
- interviews with staff from state agencies, health plans, and providers; and
- Homebase's monthly CoC roundtables, initiated in 2023, and provision of direct technical assistance in several communities from 2022 through 2024.

Our analysis reveals both promising innovations and significant challenges that can inform future cross-system collaboration efforts.

Key Findings from HHIP Implementation

The Housing and Homelessness Incentive Program (HHIP) provided an unprecedented opportunity to build partnerships and leverage important resources in communities. The resources made available allowed communities to fill important gaps that are not able to be filled through traditional local, state, or federal homeless response funding and the structure of the program created unique incentives and opportunities for spurring meaningful cross-system collaboration.

Implementation of HHIP demonstrated both significant promise and persistent challenges in creating sustainable partnerships and integrated systems of care. While the financial incentives and flexibility of the program successfully catalyzed collaboration between MCPs and CoCs, communities faced substantial hurdles in implementing new programs and establishing sustainable operational structures.

The sections below outline key findings from HHIP implementation, as well as primary successes, challenges, and opportunities to inform future programs aimed at facilitating cross-system collaboration and improved health and housing outcomes for people experiencing homelessness in California.

[1] This paper is part of a larger report entitled Statewide Initiatives to Address Complex Needs of People Experiencing Homelessness: Key Takeaways from Implementation of the Department of Health Care Services' Systems Integration Efforts, developed by Homebase and funded by the California Health Care Foundation. The report offers a deep dive into the impact, challenges, and opportunities made possible by two critical and complementary state initiatives aimed at improving health and housing zoutcomes of Californians experiencing homelessness: CalAIM's housing-related services – Enhanced Care Management (ECM) and Community Supports (collectively referred to in these materials as ECM/CS) – and the Housing and Homelessness Incentive Program (HHIP).

Primary HHIP Implementation Findings

1. The flexible financial incentives and relatively minimal bureaucracy of HHIP effectively catalyzed partnerships and drove cross-sector collaboration. This allowed communities to fill critical service gaps and respond to emerging needs, resulting in stronger relationships between MCPs and homeless response system partners. Many MCPs have become more integrated into homeless response systems, expanded their provider networks to include entities with experience serving people experiencing homelessness, and added housing-focused staff. MCPs also developed dedicated housing teams and deeper relationships with county departments.
2. While one-time funding is a challenge for ongoing system planning, its use for strategic investments in homeless response system infrastructure can fill much needed gaps and create foundational resources to support continued system improvement.
3. Insufficient information and a short program runway, complicated by delayed guidance and mid-program changes, compromised MCPs' and CoCs' ability to fully collaborate on planning.
4. Uneven power dynamics between health care and homeless response systems led to missed opportunities for coordinated strategic investments.

HHIP Implementation Successes

Flexible, Financial Incentives Spur Relationship Building & System Integration

HIGHLIGHTS

- Strengthened MCP-CoC partnerships
- Integration of MCPs into homeless response systems
- Expanded provider networks
- MCP representation on CoC boards/working groups
- Hiring of housing-focused staff with homeless response sector experience by MCPs and introduction of CalAIM-focused staff into homeless response systems

HHIP demonstrated that using financial incentives to drive collaboration between the health care and homeless response sectors can be highly effective. The program successfully catalyzed stronger relationships between MCPs and CoCs, accelerating partnership development even in communities where previous relationship-building attempts had stalled. Both CoCs and MCPs pointed to the availability of flexible funds as the key driver of progress.

> The flexibility was great. We do a lot of braided funding and there's some inflexibility in other funding sources. Giving people leeway takes the worry off of us. We were able to provide funding to other projects across the system of care.
>
> *– County Representative*

MCPs have become significantly more integrated into local homeless response systems. Many now have representatives on CoC boards and working groups, demonstrating a sustained commitment to addressing homelessness among their members. MCPs have also expanded their provider networks to include more local homeless response service providers, recognizing that resources are better utilized when working with organizations that have experience serving unhoused people.

The program prompted MCPs to build internal capacity for this work by hiring more housing-focused staff, particularly those with direct experience working in the homeless response sector. This staffing shift reflects a growing understanding within MCPs about the importance of having personnel who understand both health care and homeless response systems. In one community, HHIP fostered such a strong relationship between the MCP and CoC that the MCP not only has a representative on the CoC's Board and hired staff from a neighboring CoC, but also became the CoC's HMIS administrator.

The flexibility of HHIP funds proved particularly valuable, allowing communities to respond dynamically to emerging needs by filling gaps that traditional funding streams don't cover. Communities appreciated the reduced bureaucracy and reporting requirements compared to other funding sources, which enabled them to focus on building relationships and implementing services rather than administrative compliance. The flexibility also allowed for investing directly in CoC staffing and infrastructure, which is hugely impactful given CoCs' limited resources and the difficulty of implementing new programs and requirements without funding allotted.

These successes demonstrate that financial incentives can effectively drive systems change and integration, particularly when funds are provided with sufficient flexibility to meet local needs and circumstances. While challenges remain in sustaining these gains beyond the program, HHIP has created foundational relationships and infrastructure that communities can build upon moving forward.

MCP Investments and Collaboration Supported ECM and Community Supports Implementation

HIGHLIGHTS

- Integration of CalAIM resources into HMIS
- Increased provider awareness and participation
- Deepened County department relationships

HHIP accelerated and improved implementation of CalAIM's Enhanced Care Management (ECM) and Community Supports (collectively referred to as ECM/CS). In some communities, HHIP funds were used to integrate CalAIM resources into Homeless Management Information Systems (HMIS) or Coordinated Entry Systems (CES), creating more streamlined processes for referrals, tracking, and service coordination across systems.

Integrating CalAIM Resources into HMIS or CES

Some CoCs used HHIP funding to make changes to HMIS. For example, some created data fields or CalAIM "programs" in their HMIS, which allowed them to easily enter and track client-level information about ECM and Community Supports referrals and utilization (e.g., whether an individual had been referred to a specific Community Support, the status of that referral, and the assigned Community Support provider).

Other CoCs incorporated workflows into their existing CES process to allow for more seamless coordination between services. For example, when a client was identified as being connected soon to a housing resource such as Rapid Rehousing or Permanent Supportive Housing through the CoC, that client could also be referred to the "Housing Trio" Community Supports - Housing Transition Navigation Services, Housing Deposits, and Housing Tenancy and Sustaining Services - to provide the support needed to find a housing unit, move in, and sustain their tenancy.

The regular convenings and partnerships developed through HHIP created opportunities for education and outreach around ECM/CS. When HHIP began, many community-based organizations (CBOs) were unfamiliar with these new CalAIM programs. Through HHIP-driven collaboration, awareness increased significantly, with some homelessness-focused CBOs ultimately becoming ECM and/or Community Support providers themselves.

> Building relationships with community-based organizations is invaluable, and HHIP directly led to that.
>
> *– MCP Representative*

HHIP's emphasis on cross-sector collaboration has also helped deepen relationships with County departments. The program created structured opportunities for more in-depth conversations about CalAIM implementation, which opened doors to continued work and more complex collaborations with County departments. These strengthened partnerships extend beyond HHIP's specific focus areas, creating lasting infrastructure for cross-sector collaboration.

Primary HHIP Implementation Challenges

Lack of Awareness and Understanding of HHIP & Inconsistency of Approach

HIGHLIGHTS

- Very limited understanding of HHIP by CoCs and counties at the program's start and inconsistent understanding throughout the program's duration
- Inconsistency of CoC involvement
- Limited awareness of HHIP by state agencies with housing- and homelessness-focused programs

> It felt like we were in a dark room with no lights, trying to find the light switch. We didn't know what was going on. What we were being scored on. We were told after we got the results and it was too late to do anything about it. [The MCPs] had all the information.
>
> *– CoC Representative*

There was uneven communication and engagement from MCPs directed at Counties and CoCs. The variations included who was involved in the collaborations (especially early on), what CoCs heard from their local MCPs, how MCPs approached HHIP, and what was asked of and offered to Counties and CoCs as part of program implementation.

For example, in some communities, MCPs engaged with both the County and CoC, collaborating with leadership from the entire local homeless response system on HHIP planning and implementation. In others, MCPs only communicated and engaged with a County representative who may or may not have included the local CoC in discussions. In some cases, key homeless response system partners did not know anything about HHIP, including during the crucial time periods of Local Homeless Plan and Investment Plan development.

Because homeless response systems received most, if not all, information about HHIP from their local MCPs rather than directly from the State, the information Counties and CoCs

received about HHIP was inconsistent across the state. CoCs lacked clarity about their role in HHIP implementation, how the funds differed from traditional grant funding, and the fact that the program was intended to ensure sustained cross-system partnership between CoCs and MCPs (not just to meet the HHIP metrics and earn the one-time HHIP funds).

The lack of consistent and comprehensive understanding by CoCs reduced the ability of local communities to identify how best to leverage HHIP resources in a way that was sustainable past the program's conclusion. Many communities struggle to create capacity, hire staff, and prioritize needs to ensure long-term impact with one-time funds.

Significantly, the lack of awareness and understanding of HHIP was not limited to local partners like CoCs and Counties. Some staff of State agencies focused on housing and homelessness did not know about HHIP until it was being implemented, and even then, the level of awareness varied. For example, the California Interagency Council on Homelessness (Cal ICH) was consulted on HHIP's design, but other State agencies that administer homeless assistance programs were not involved with planning and as such, were unable to answer questions from communities about the program once it had rolled out.

Power Imbalances

HIGHLIGHTS

- Inconsistent CoC involvement in planning
- Information access disparities
- Varying levels of MCP-CoC collaboration
- County or MCP control of funding decisions

Since HHIP originated with DHCS, the program was heavily informed by people knowledgeable about the health care system and therefore prioritized what health care system partners needed and thought would be most valuable in terms of homeless response. What was missing was collaboration and partnership with those knowledgeable about the homeless response system at the state or local level.

HHIP's structure reflected the disproportionate influence of health system partners. Funds were earned through MCP-CoC collaboration but awarded to MCPs, which created inherent power imbalances that affected implementation. CoC involvement in planning and decision-making varied significantly across communities. While some MCPs actively collaborated with CoCs on funding decisions, others simply allowed CoCs to apply for money alongside other CBOs or deferred entirely to County decisions about fund allocation.

> Our MCP gave money directly to the County and told them, 'you can give it to the CoC or not.'
>
> *– CoC Representative*

Information access disparities were particularly problematic. Many CoCs reported feeling like they were "in a dark room with no lights," having to actively seek out information rather than receiving proactive communication from MCPs. Even in communities where MCPs were considered friendly and open, information typically only flowed in response to specific CoC requests rather than through proactive, systematic sharing.

The level of MCP-CoC collaboration varied substantially. This inconsistency in approach created varying levels of system integration and partnership development across communities. The level of transparency of where HHIP awards funds ultimately went varied across MCPs and communities, as well.

Inaccessible Performance Metrics

HIGHLIGHTS

- Unrealistic metrics, exacerbated by overly ambitious timelines
- Lack of established baselines
- Lower than expected earned amounts

The DHCS-defined HHIP metrics were hugely motivating and a helpful framework for both the MCPs and their partner Counties and CoCs. At the same time, the need to focus so singularly on achieving metrics in the requisite timeframe complicated some conversations and relationship building.

> I wish the State could have seen our local goals before they developed the HHIP metrics. We have an existing strategic plan. We have known gaps. But they never asked. I wish we could have shown them, so we could have partnered to address those things. Then we could have worked together to demonstrate how we would work with our MCP to show those outcomes.
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> *– CoC Representative*

The metrics and expected outcomes for HHIP presented significant challenges for both MCPs and CoCs. Participants consistently reported that the metrics were not just ambitious but unrealistic, and even implausible, particularly given the aggressive timeline. Some of the expected metrics, such as housing large numbers of individuals with high needs in extremely tight housing markets or developing data-sharing capabilities that far exceeded the functionality of existing data systems, required much more time than the program allowed.

Some MCPs had to prioritize certain metrics over others. MCPs and CoCs throughout the state lacked sufficient staff capacity to handle the work needed to meet and report on so many metrics within the window of time allotted. Focusing on a subset of metrics meant falling short of meeting one or more, resulting in HHIP funds not being fully awarded.

CoCs and MCPs also expressed an inability to have big picture strategic discussions because of the need to emphasize and focus on quickly meeting so many intensive metrics. Some communities built short-term, manual "work arounds" to meet metrics in time, which postponed and sometimes altogether compromised the ability to think strategically about longer-term goals.

The lack of established baselines for metrics also created substantial uncertainty. Without knowing how DHCS would calculate the metrics from the start, MCPs and CoCs struggled to gauge their likelihood of meeting them or project potential earnings. This uncertainty made it difficult to develop investment strategies and make financial commitments.

Constrained Timeline

HIGHLIGHTS

- Insufficient runway for program launch and planning
- Government contracting delays
- Mid-program changes without adequate notice
- Delayed guidance affecting implementation

The implementation timeline for HHIP – informed by the realities of ARPA timelines and funding streams – proved insufficient for communities to achieve the level of progress desired across the full spectrum of metrics. The State appeared to underestimate the time required for implementation, particularly regarding local government contracting processes, which were necessary in many communities to implement HHIP agreements and plans. In some cases, even investments agreed to early in the program failed to impact metrics because agreements weren't finalized in time to allow for fund delivery.

Mid-program changes, such as the unexpected requirement for an Investment Plan with only a few months' notice, created additional challenges. Similarly, delayed guidance (such as the release of the Street Medicine All Plan Letter several months after HHIP launch) complicated implementation. These challenges even affected communities where MCPs and CoCs established strong partnerships early on.

As noted above, the short timeline also rendered many of the metrics difficult or impossible to meet in full.

> HHIP came on very quickly with a really small runway and required extensive scale of programs that had just been started. So, from my point of view, there was not enough time – it was, 'submit this now' – our hair was immediately on fire. That was the environment we were working with. Measurements were so profound and aggressive, and the runway was so short. So little time to do this program.
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> *– MCP Representative*

Data Difficulties

HIGHLIGHTS

- Data sharing barriers, especially for bilateral data sharing
- HMIS limitations and data quality concerns
- Difficulties with measurement and reporting
- Manual data cleanup burden

Data sharing emerged as a universal challenge, with communities struggling to establish both technical infrastructure and legal frameworks for the kind of information exchange required in the HHIP metrics. Most CoCs expressed frustration at the State's inability to leverage its statewide databases – including the Homeless Data Integration System (HDIS) – to ascertain some of the information required for HHIP reports, which resulted in local communities having to work out data sharing agreements and implementation with each MCP in each county. CoCs also expressed a desire for strong data sharing guidance and support from the State.

> When the first reports were coming due and the MCPs needed data, we were up against deadlines, trying to crunch numbers, get data from service providers. It was a nightmare and a misunderstanding of what HMIS capabilities are.
>
> *– CoC Representative*

HMIS limitations posed particular challenges for measurement and reporting. As primarily an inventory system designed to track where people are rather than what they're achieving, HMIS required significant adaptation to meet HHIP reporting needs. Data quality issues necessitated extensive manual cleanup, creating a time-consuming burden that, while sometimes supported by MCP funding, wasn't sustainable in the long term.

Universal Program Design for Non-Universal Experiences

HIGHLIGHTS

- Program design based on large urban models
- Lack of economies of scale
- Different system relationships and funding structures
- Higher per-person implementation costs

A consistent theme emerged in feedback from CoCs and Counties: that State program design tends to be based primarily on large urban models, particularly drawing from experiences in San Francisco, Alameda, Los Angeles, and Sacramento Counties. This urban-centric approach failed to account for the unique needs and circumstances of rural and mid-size suburban communities.

> "Lots of the assumptions the State makes don't even apply to mid-size suburban counties like us. They're looking at four counties or CoCs and assuming that's how homeless systems in general work.

Smaller communities face distinct challenges due to their lack of economies of scale; they require more money per person to implement programs effectively. Rural and smaller communities often have different relationships between CoCs and Counties, different approaches to project funding, and different scaling considerations that weren't accounted for in the program design.

Considerations for Future Program Design, Development, and Implementation

While HHIP has shown promising results in catalyzing cross-sector collaboration, especially as a companion to CalAIM's ongoing ECM and housing-related Community Supports, sustained investment and systemic changes are needed to realize the full potential of that collaboration. Future success will require continued focus on building capacity in both systems, developing integrated data systems, and ensuring sustainable funding mechanisms that support both health and housing outcomes for California's most vulnerable residents.

The following considerations are intended to support state-level policymakers who plan, design, develop, and implement future state incentive programs and similar initiatives meant to catalyze and support cross-system partnerships and collaboration.

- Engage parties beyond those focused on health care provision in program design and development, including state agencies, departments, and divisions that work on housing and homelessness and local program implementers (County agencies, CoCs, providers).
- Develop programs that are flexible or adaptable enough to reflect local contexts, including considerations for smaller and rural community needs in program design.
- Ensure that new programs include outreach, messaging, and education efforts that reach interested parties at the state and local level.
- Provide implementation guidance and technical support as early as possible.
- Require or encourage standardization and transparency of requirements, policies, and processes to the fullest extent possible.
- Leverage the data sharing infrastructure and guidance the State is developing to support implementation of these types of initiatives.
- Ensure incentive funds flow through both systems to encourage cross-system collaboration.
- Pair one-time flexible funding to expand infrastructure and fill system gaps with longer-term funding to support strategic, collaborative planning and sustainable collaboration.
- Provide guidance to support balanced governance structures for cross-sector initiatives.
- Invest in system and provider capacity building before service launch and develop or support peer learning and cross-system feedback opportunities to facilitate real-time improvements.[2]

[2] Some of the efforts described in this section could be accomplished, at least in part, through the State's existing PATH Technical Assistance Marketplace or PATH Technical Assistance Marketplace or PATH CITED (Capacity and Infrastructure Transition, Expansion and Development) initiative. But to fully address the issues explored in this report, there needs to be an increased effort to increase uptake of those resources.