



## SUMMARY OF STATE ACTION: MEDICAID AND HOUSING UNIT CREATION JANUARY 2015

### INTRODUCTION

As states and communities increasingly recognize supportive housing as an evidence-based practice in reducing the high Medicaid costs unstably housed beneficiaries incur, a significant barrier stands in the way of implementing supportive housing as a health care intervention: the lack of available, affordable, decent housing. High-cost unstably housed beneficiaries not only need intensive housing-based services and supports, they also need housing subsidies to make housing affordable. Federal housing resources, such as Section 8 Housing Choice Vouchers, have failed to grow to meet the need. In fact, the reach of these programs has diminished in recent years as housing costs escalate. While service delivery and financing improvements have the potential to free up some existing funding that can be used for housing, services alone will fail to reduce the Medicaid costs of high-cost beneficiaries if these beneficiaries remain unstably housed.

Medicaid agencies and other payers are experimenting with ways to create state and local housing programs for specific high-cost Medicaid populations. Federally, the Centers for Medicare and Medicaid Services has not approved using Medicaid to pay for capital development or rental assistance. However, state and local entities are using locally-controlled resources for innovative strategies to fund housing. Initiatives in New York, Illinois and Minnesota couple housing and Medicaid reimbursed services to stabilize and reduce health system utilization among high-cost beneficiaries.

### SUMMARY OF STATE ACTIVITY

State/County	Medicaid Mechanism	Proposal	Result	Next Steps/Challenges
New York	1115 Medicaid Waiver	<ul style="list-style-type: none"> <li>Established a global Medicaid cap to cut costs.</li> <li>Proposed using the federal &amp; state savings to fund supportive housing capital, rental assistance and services.</li> </ul>	<ul style="list-style-type: none"> <li>Went through a 19 month approval process with CMS.</li> <li>CMS did not approve federal savings for operating and capital.</li> <li>CMS approved using federal savings for</li> </ul>	<ul style="list-style-type: none"> <li>The State committed \$500 million in supportive housing over five years, based on state's projected share of Medicaid savings (\$400 million invested so far).</li> <li>One-time capital</li> </ul>

			<p>services.</p> <ul style="list-style-type: none"> <li>• CMS federal investment in medical respite (no organization has opted to use this option).</li> </ul>	<p>expenses and pilot projects/grant funds targeted to high cost homeless populations; some on-going service and operating contracts.</p> <ul style="list-style-type: none"> <li>• State is in year four of this initiative and has refined the funding distribution process each year.</li> <li>• One concern is cost savings haven't materialized for HIV/AIDS beneficiaries, due to prescription drug adherence once someone is housed.</li> <li>• There is continued need to refine targeting people to go into units and evaluating cost savings.</li> </ul>
Illinois	1115 Medicaid Waiver	<ul style="list-style-type: none"> <li>• The waiver will help the state complete the shift to a Medicaid managed care system.</li> <li>• One provision asks CMS to use the federal savings to pay federal match for MCO incentive payments for meeting predetermined measures. They want to allow MCOs to use those incentive payments to pay for supportive housing capital, rental assistance and services.</li> </ul>	<ul style="list-style-type: none"> <li>• Still in approval process.</li> </ul>	<ul style="list-style-type: none"> <li>• IL has a state subsidy program funded through a hospital tax.</li> <li>• Hoping to expand this subsidy program with Medicaid cost savings</li> <li>• 1115 outlook unclear with new Governor.</li> <li>• A local organization is developing a demonstration for the managed care companies</li> </ul>

				to test their return on investment potential using supportive housing
Hennepin County (Minnesota)	Accountable Care Organization with Medicaid Managed Care (capitation payments)	<ul style="list-style-type: none"> <li>Created a system that links <b>newly-eligible</b> Medicaid beneficiaries to coordinated housing and services.</li> <li>Hennepin Health uses housing navigators to locate housing options for homeless members whose housing needs impact health and service utilization.</li> <li>Hennepin Health pays for care coordination and intensive case management for their clients.</li> <li>The housing is funded by state and county dollars and Hennepin Health has worked with providers to prioritize their members.</li> <li>Hennepin Health has a relationship with Minneapolis Housing Authority where they use nine of their units for up to 90 days of respite.</li> <li>Hennepin Health has saved the county money and the county has redirected those dollars to support a subsidy program.</li> </ul>	<ul style="list-style-type: none"> <li>Housed 200 homeless high utilizers in supportive housing so far.</li> <li>Hennepin Health collected data on 100 of newly-housed populations (members for at least three months before housed): <ul style="list-style-type: none"> <li>Hospital stays dropped 29% and the cost of the stays fell 72%.</li> <li>ER visits dropped 55% and ER costs dropped 52%.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Working to increase relationship with Minneapolis Public Housing Authority to prioritize their clients for long term housing.</li> <li>Adding families as their members.</li> <li>Hennepin Health only serves expansion Medicaid members and often people are on their plan for a shorter period than the length of time they need housing and services.</li> </ul>