

# Supportive Housing as a Tool to Control Costs while Improving Health Outcomes and Care Quality Among High-Cost Medicaid Beneficiaries



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# The Business Case for Medicaid-Financed Care Management Linked to Supportive Housing

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The logo for the Corporation for Supportive Housing (CSH) is located in the bottom right corner. It consists of the letters "CSH" in a bold, black, sans-serif font, centered within a white square. This square is set against a background of several overlapping, semi-transparent circles in shades of orange and light brown, which are layered over a larger, solid orange shape that tapers from the bottom left towards the top right of the slide.

**CSH**

# About CSH

CSH synthesizes two decades of expertise to make it easier to develop and operate high-quality supportive housing. We break through bureaucracy and funding complications to create smarter solutions for these very vulnerable people and the communities where they live.

For 20 years, CSH has led the national movement to end chronic homelessness through supportive housing. Now, we're also using supportive housing to change the way communities respond to a range of vulnerable people.

For more information visit [csh.org](http://csh.org)

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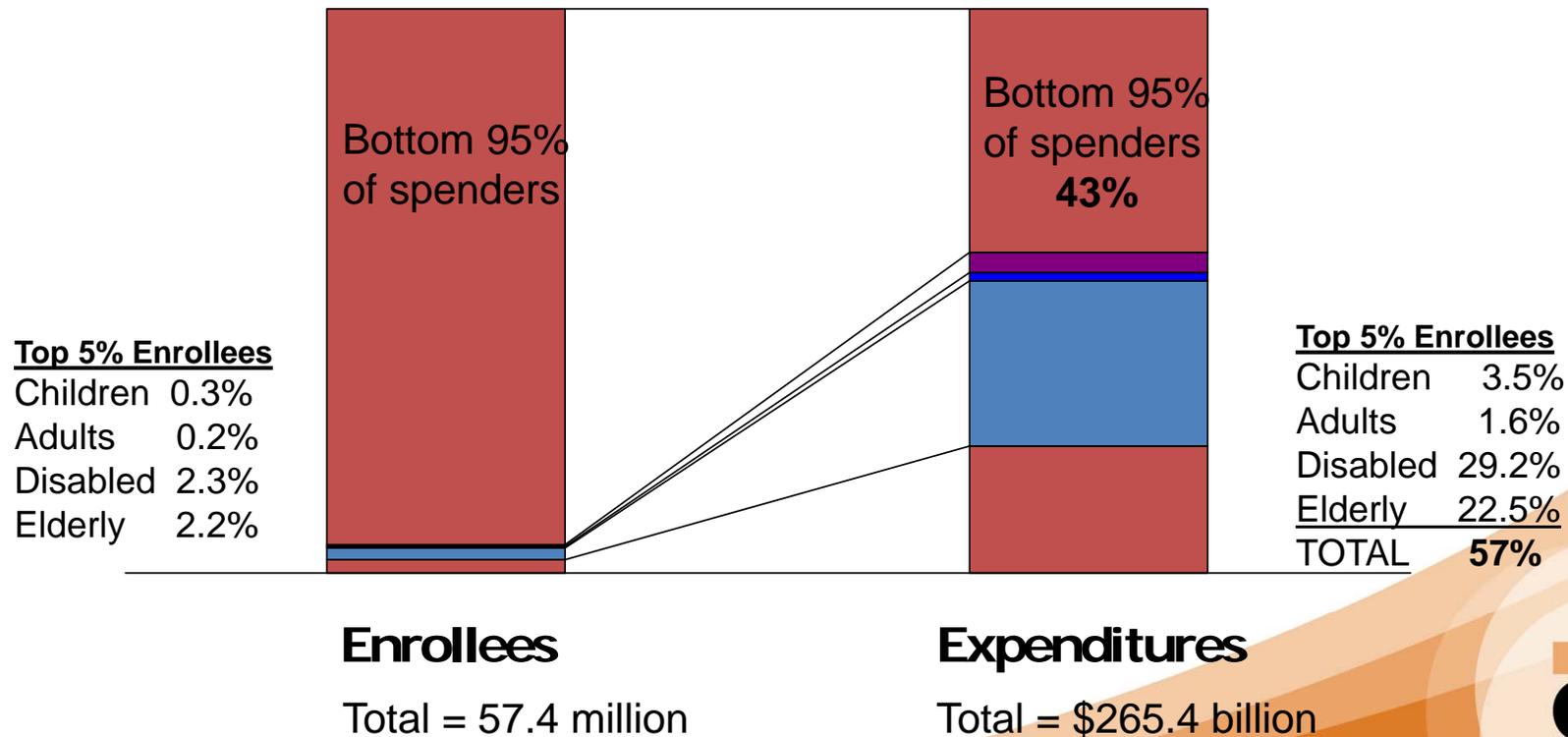
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# Background

- Opportunities for supportive housing under health reform
  - Nearly all homeless chronically ill adults *could* be Medicaid-eligible beginning in 2014
  - New state plan option prioritizes coordinating care for beneficiaries with mental illnesses, substance use disorders, and other chronic conditions that are often found among tenants of supportive housing
- Linking care management to supportive housing can dramatically improve health outcomes

# Background

5:50 rule – Top 5% of enrollees account for more than half of Medicaid spending, 2004



# Demographics

- 1.2 million homeless individuals in the US - approximately 2/3 are single adults and 10% are chronically homeless
- Of those in supportive housing, 82% have a mental or physical health disability and more than 50% have a substance abuse and/or serious mental health condition
- Mortality rates 3-4 times higher than general population
- Significantly higher health care costs, particularly ER and inpatient care, due to the high incidence of chronic illness and lack of regular care

# Review of Existing Evidence

## Impacts on Health

- Denver study found 50% of tenants placed into supportive housing experienced improved health status, 43% had improved mental health outcomes, and 15% reduced substance use
- Seattle study found 30% reduction in alcohol use among chronic alcohol users in supportive housing
- Supportive housing in San Francisco and Chicago had significantly higher survival rates for individuals with HIV/AIDS compared to control groups

## Impact on Health Costs

- 24% to 34% fewer emergency room visits
- 27% to 29% fewer inpatient admissions and hospital days
- 87% fewer days in detox and fewer psychiatric inpatient admissions
- 41% to 67% decrease in Medicaid costs

# Medicaid Business Case - Background

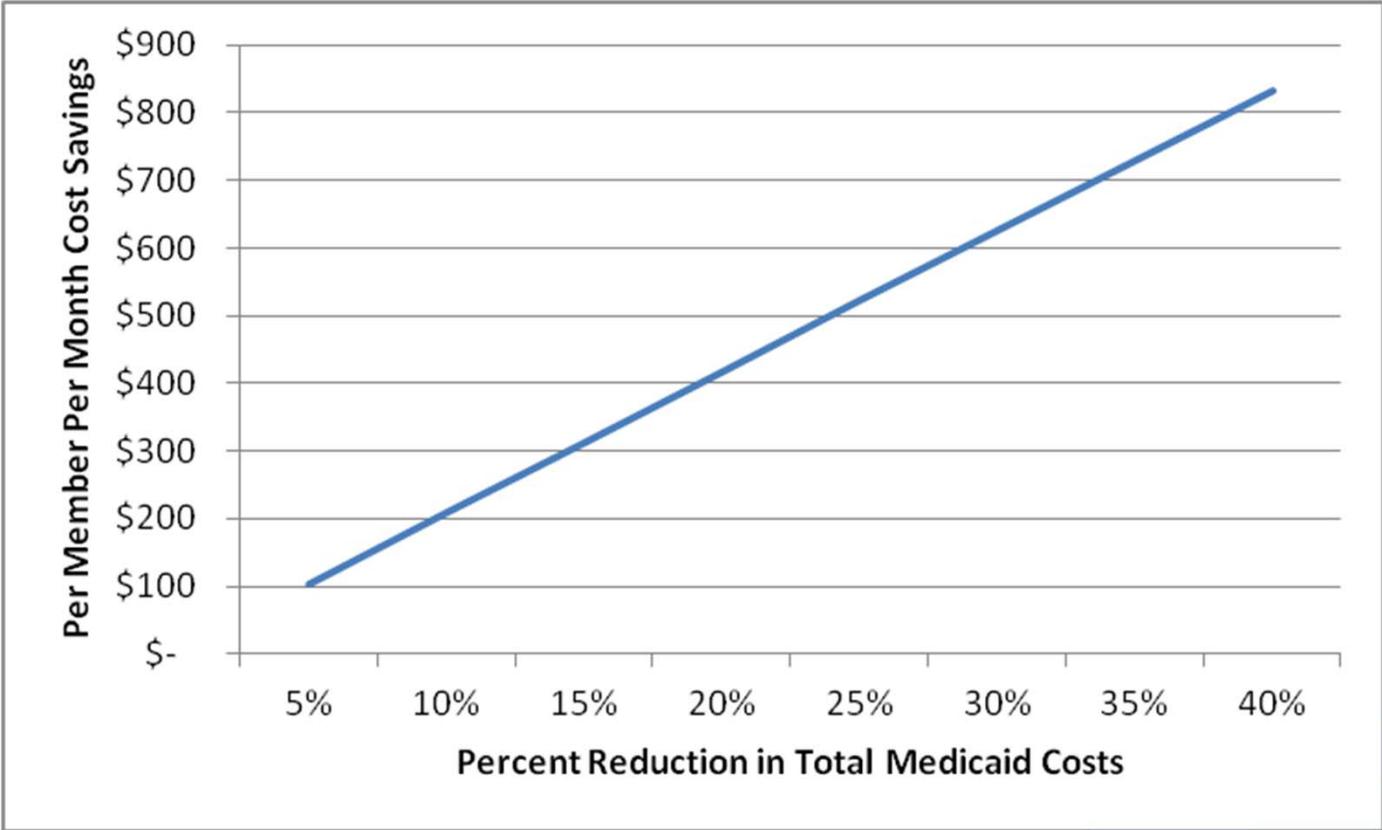
- Nearly all homeless adults will be eligible for Medicaid in 2014
- Lessons from state pilot experience: Important to identify and address pressing issues related to housing facing many high-need, high-cost Medicaid beneficiaries (NY)
- States must consider cost-savings that could be generated through supportive housing based care management on overall health care spending and compare magnitude of expected savings to the costs of providing such services

# Medicaid Business Case - Scenario

## State Preparing for 2014 Expansion

- State planning to enroll 500 high-cost, high-need homeless adults in a target region
- Medicaid costs for this population is \$25,000/yr or \$2,083 PMPM
- Supportive housing based care management reduces overall cost by 15-20%, result is a decrease in PMPM by \$300-\$400.
- Investment of \$300-\$400 would result in break even; lower care management costs would result in net savings to state

# Medicaid Business Case – Cost Savings Estimate



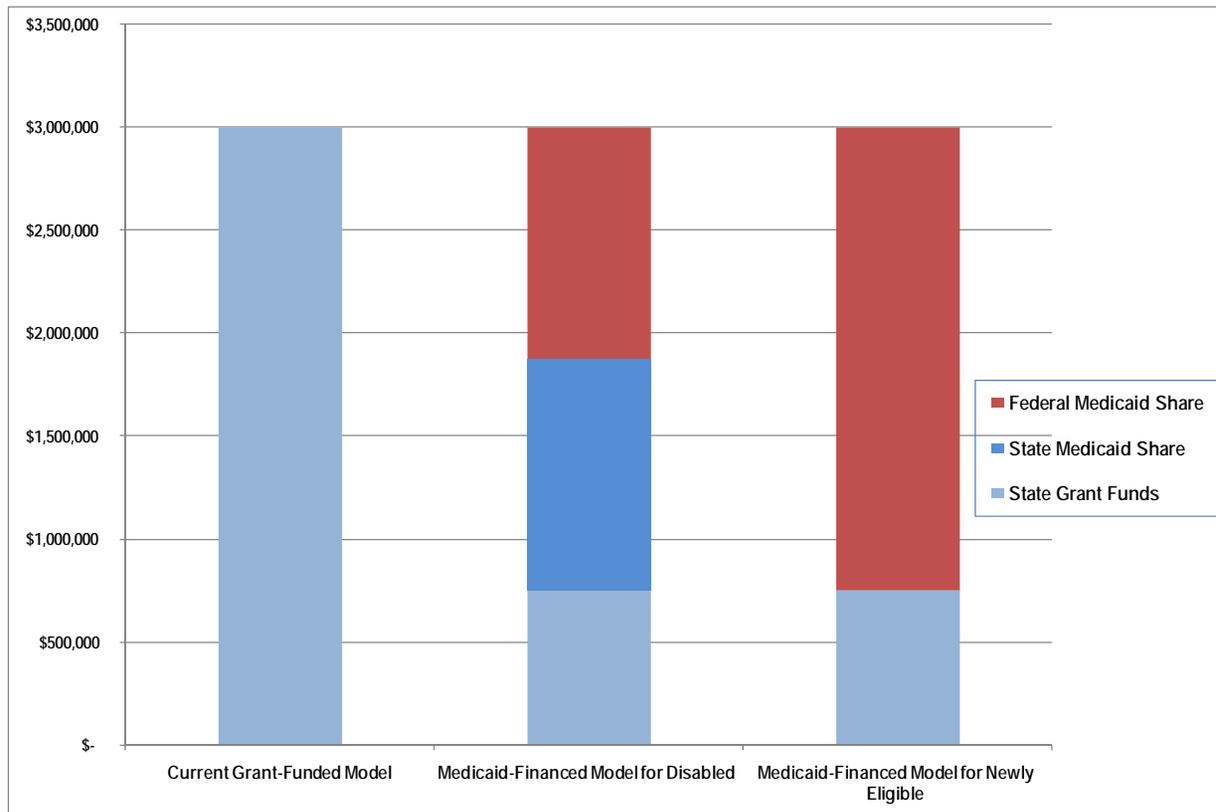
# Supportive Housing Business Case

## Scenario: 500-Unit Supportive Housing Initiative

- State to create 500 units of supportive housing for individuals with chronic health challenges
- Estimated cost of services is \$6,000/ yr
- Total cost (state funds only) - \$3 million/yr
- Total cost (if leveraging 75% of costs at a 50% Medicaid match rate) - \$1,125,000/yr

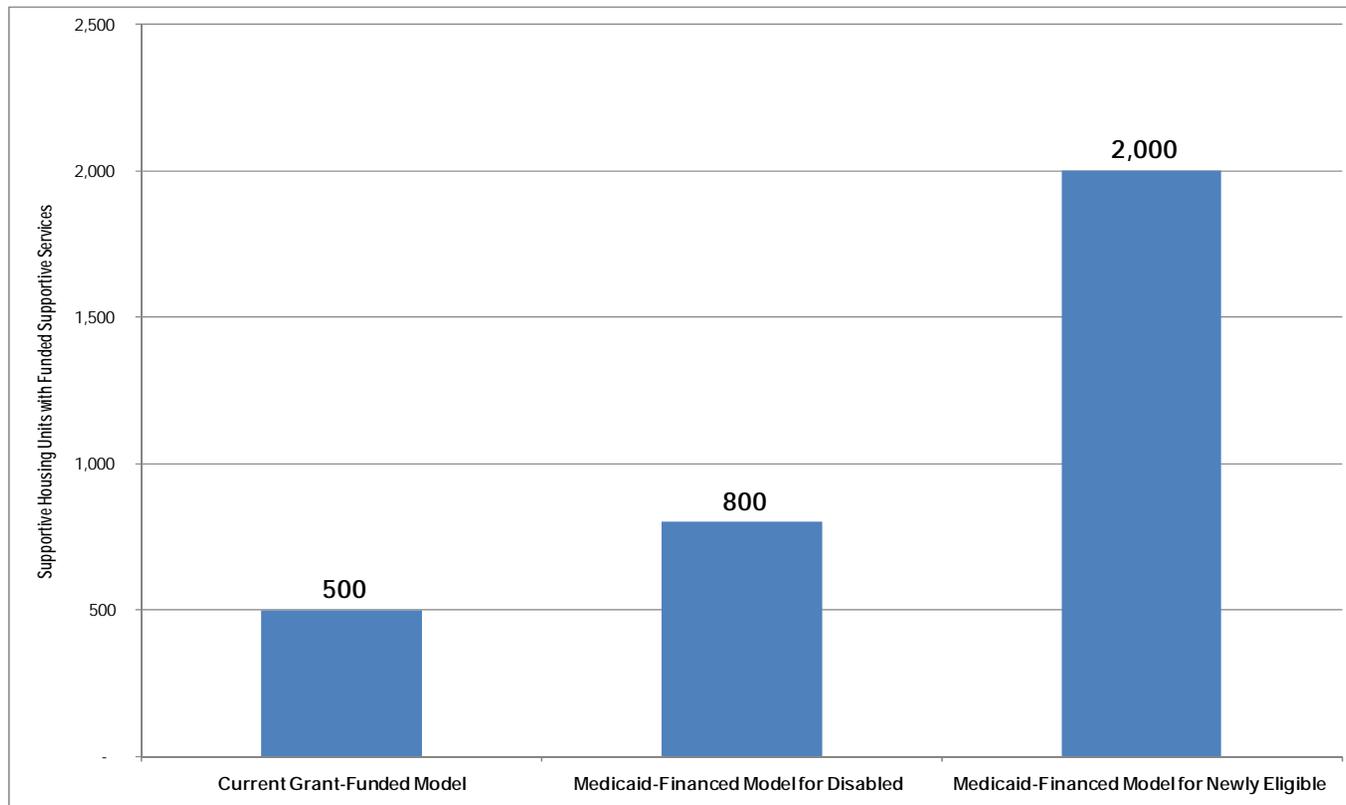
# Supportive Housing Business Case

State and Federal Costs of Services in 500 Supportive Housing Units  
Comparing Grant- vs. Medicaid-Financed Model



# Supportive Housing Business Case

Supportive Housing Units with Services Funded Via \$3 Million State Investment



# Opportunities to Integrate Medicaid and Supportive Housing

- Coordinated care for people with multiple chronic conditions (health homes)
- Home and community-based state plan option
- Medicaid rehab and targeted case management services
- Medicaid managed care organizations

# Policy Considerations

- How do we target high-cost, high-needs chronically homeless individuals?
- What information is needed to identify appropriate Medicaid payment policy at the state or local level?
- How do we build capacity within supportive housing and Medicaid to support integration efforts (billing, training, etc)?
- Are there any existing models of systems and/or processes for tracking services, outcomes and costs?
- How can states and communities leverage and secure mainstream housing resources (rental subsidies, capital) and link them to Medicaid-financed care management in supportive housing?

# For more information...

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