



The Role of Supportive Housing Providers: Creating Health Care Homes for Chronically Ill Residents

July 2011

National health reform through the 2010 Patient Protection and Affordable Care Act (ACA) creates new opportunities to reduce costs and improve health outcomes for people with chronic health conditions using a model of comprehensive and coordinated care delivery referred to as ‘health homes.’ Supportive housing, a proven model for delivering comprehensive services in housing for people experiencing chronic homelessness, can and should be a critical component of health home models, especially for chronically ill people who are homeless. Ninety percent of the factors contributing to whether a person acquires or is able to manage a chronic illness are non-clinical.¹ Things such as eating habits, availability of healthy food, air quality, regular doctor check ups, health workforce shortages, and homelessness all play a role in a person’s health. This paper explains the criteria established in the Center for Medicare and Medicaid Services’ (CMS) recently released *Dear State Medicaid Director Letter* on health homes for chronically ill populations. The paper also discusses the role that supportive housing can play for the subset of chronically ill residents who are homeless and in need of supportive housing.

Chronic Illness and Homelessness

One of ACA’s pillars is the advancement of solutions that address chronic diseases and illnesses, which, according to the Centers for Disease Control (CDC), are among the most common, costly, and preventable of all health problems in the United States. Conditions such as diabetes, heart disease, asthma and hepatitis are all examples of chronic illness, or illnesses that are long lasting and require sustained treatment. Chronic illnesses are problematic not only from a moral and public health perspective, but also from a budgetary one. Indeed, chronic diseases account for nearly 75% of health care costs in the United States.²

Chronic conditions are inherently costly to treat and manage which results in a relatively small proportion of Medicaid beneficiaries using a disproportionate share of services. These beneficiaries are typically in deep poverty and lacking in basic needs, especially food and housing. In fact, a significant portion of high-cost users are homeless, living on the street or in shelters. They live in severe poverty and are socially disconnected, which not only exacerbates their chronic illnesses but prevents them from accessing appropriate treatment and following doctor instructions to manage their illness. Thus, chronic diseases become acute conditions that require frequent emergency department visits and repeated inpatient hospitalizations. Once treated in hospitals, clients, not connected to housing, return to homelessness, hunger, and acute crisis, repeating the cycle and driving up costs.

Supportive Housing is the Solution

Permanent supportive housing (PSH) is the way to break this cycle. PSH, also referred to as supportive housing, is the coupling of permanent housing with health and social services. Supportive housing has been shown to successfully house and stabilize people who were previously chronically homeless or are at risk of homelessness due to mental illness, substance use and/or physical health impairments. Increasingly, health organizations, such as community mental health clinics, substance use treatment providers, health care for the homeless projects, local public health agencies, Federally-Qualified Health Centers, and other community health centers, provide services for permanent supportive housing residents. These services

¹ McGinnis JM, Williams-Russo P, Knickman JR. The case for more active policy attention to health promotion. *Health Affairs (Millwood)* 2002;21(2):78-93.

² Centers for Disease Control, *Chronic Diseases: The Power to Prevent, A Call to Control*, 2009 [CDC Document](#)

include intensive case management, behavioral health treatment, primary care, transportation and patient navigation services to help tenants make their appointments and follow their treatment plans. Permanent supportive housing programs facilitate coordination of care and reduce health care costs for a particularly vulnerable and difficult to serve population. This makes supportive housing agencies ideal partners in creating health homes for chronically ill patients.

Health Home and Supportive Housing Linkage

On November 16, 2010, the Centers for Medicare and Medicaid Services issued a *Dear State Medicaid Directors (DSMD) Letter* to provide States guidance regarding the new State “Option to Provide Health Homes for Enrollees with Chronic Conditions.” This new Medicaid option was established as part of the Affordable Care Act (ACA) as a means of reducing costs and improving health outcomes for people who have chronic diseases by better integrating and coordinating primary, acute, behavioral health and long-term care services. States electing this option will receive an enhanced Medicaid federal reimbursement for 8 fiscal quarters for health home services to chronically ill populations. These services can be delivered by a designated provider, a team of health care professionals partnering with a designated provider or through a health team.

Targeting the Same Population

Many of the Medicaid beneficiaries that are the focus of the ACA’s health homes option are the very same individuals that supportive housing houses and serves. The DSMD explains that a patient must have one or more of the following chronic conditions to be served by the Medicaid option:

- A mental health condition,
- A substance use disorder,
- Asthma,
- Diabetes,
- Heart disease, and
- Being overweight.

Note: Later guidance will contain additional details from the Secretary.

More and more communities are prioritizing for placement in permanent supportive housing those individuals who have these characteristics, i.e. who are medically vulnerable and who have co-occurring mental illness and chronic diseases. For example, a recent supportive housing initiative in California and New York titled the Closer to Home Initiative found that 85 percent of their residents lived with a serious mental illness, 70 percent had a substance use disorder, 8 percent were living with HIV/AIDS, 16 percent had hypertension, 8 percent had heart disease and 14 percent were diabetic. Many of these characteristics are the same as those of people who could be served by the health homes state option. Clearly, a significant number of people in permanent supportive housing programs are currently eligible for Medicaid reimbursement and would be eligible for the Health Home State Plan Option.

Intersection of Health Home and Supportive Housing Services

Many of the services provided already in supportive housing are, in fact, the same as those proposed under health homes. The health home services detailed in the DSMD letter include--

- Comprehensive care management,
- Care coordination and health promotion,
- Comprehensive transitional care from inpatient to other settings, including appropriate follow-up,
- Individual and family support,
- Referral to community and social support services, and
- The use of health information technology to link services.

Though the language used to describe these services may be less common among supportive housing providers, these items included in the DSMD letter closely resemble the services provided in supportive housing.

The team approach to service delivery is also common practice in supportive housing. Supportive housing offers a stable foundation from which each tenant may thrive in community life; therefore, a team approach is often required to ensure that services are properly coordinated and supportive housing residents have access to round the clock care.

Supportive Housing Can Delivery Several Essential Health Home Components

By partnering with health and behavioral health agency partners, supportive housing can be an essential means of delivering health home components. The DSMD letter lists 11 key components that each health home must deliver under this state plan option. The following explains the role permanent supportive housing can take to accomplish each component as a member of a health home team, as described in the DSMD letter.

Service Element	PSH Provider Leads	PSH Collaborates with Health Provider	Health System Provider Leads
Preventive and health promotion services	X	X	X
Long-term care supports and services	X	X	X
Mental health and substance use services	X	X	
Chronic disease management and self-management support		X	X
Person centered health home services		X	X
Evidence-based health services		X	X
Comprehensive care management, care coordination and transition services between health care systems	X	X	X
Access and referral to individual and family community, social and recovery support services	X	X	
Person-centered plan that coordinates health and social system needs	X	X	X
Capacity to use Health Information Technology (HIT) to link services, and facilitate health team communication amongst themselves, and with the patient and their family			X
Establish a quality improvement program that evaluates all aspects of the health team and client outcomes			X

Benefits for Supportive Housing Providers and Residents

Supportive housing providers and residents have much to gain if states take up the health homes option. Specifically, health homes can benefit supportive housing in three ways. First, Medicaid often is not conducive to reimbursing team oriented care models, with the exception of Assertive Community Treatment which is targeted to those with mental illness and has fidelity standards that few providers meet. Thus, the health home option would streamline eligibility and funding for services. This would ensure beneficiaries have greater access to health services that meet their complex needs.

Second, health homes may also offer a new source of financing for the services in supportive housing. Providing services funding through this Medicaid option improves funding sustainability. Without this connection, either supportive housing providers will not be able to create enough housing to end chronic homelessness, or the services provided to existing and incoming residents will be too shallow to have a significant impact and keep people housed. SAMHSA funding, Ryan White HIV/AIDS grants, foundations and other resources for benefits not covered by Medicaid can and still will play a significant role in providing services in supportive housing. However, analysis shows that approximately 80–90 percent of supportive housing services fall within the scope of Medicaid possible benefits. While the exact amount of costs which Medicaid can fund depends on the state, Medicaid can be a stable funding source for a significant portion of a supportive housing provider's services expenditures.

Third, by encompassing primary and behavioral health services, health homes offers a means of increasing tenants' access to quality patient-centered primary and behavioral health services, which unfortunately remains a continuing challenge for formerly homeless tenants with chronic illnesses living in supportive housing.

Benefits for States

Using the health home option to fund services in supportive housing also benefits state Medicaid agencies. Under this health home option, services will be eligible for 90 percent reimbursement from the federal government for the first two years, after which the federal match will decrease to the state's federal match for basic Medicaid. If a state targets this option to those with specified chronic illnesses who are frequent users of acute care services, they could use federal funds to reduce the costs and improve outcomes for an expensive and vulnerable group of beneficiaries. In two years when the federal match returns to the customary federal matching rate, the state would continue to save compared to what they were spending prior to the health home implementation. Several studies illustrate reduced Medicaid costs once a person enters supportive housing.

- A recent study in Seattle showed that connecting people with chronic inebriation currently eligible for Medicaid to housing saved Medicaid 41 percent by reducing visits to emergency rooms and hospital inpatient stays.
- CSH's Frequent Users of Health Systems Initiative found that, on average prior to housing, residents of supportive housing had over \$58,000 in emergency room and hospital inpatient stays per person per year. Two years after housing, residents incurred only \$19,000 in similar costs.
- A study in Chicago found that permanent supportive housing saved almost \$25,000 per person per year in Medicaid costs, with an additional almost \$9,000 saved in nursing home expenditures.
- In Portland, Maine, a study found that Medicaid costs were reduced by almost \$6,000 per resident per year.
- Direct Access to Housing in San Francisco evaluated one of their many housing programs and found that supportive housing reduced nursing home costs for their residents decreased by \$24,000 per person, per year--a reduction of almost \$2 million per year.

Targeting frequent users of health systems for supportive housing could have a significant impact on reducing emergency room visits, inpatient hospital stays, and ultimately state Medicaid costs.

Benefits for Health Agency Partners

Increasingly, health care providers are partnering with supportive housing providers to offer services in supportive housing. Behavioral health programs, health care for the homeless clinics, community health centers, and hospitals recognize that improved health outcomes cannot happen if a person remains homeless. Tools like the Vulnerability Index™ are helping service providers identify the frailest and sickest people living on the street so they can be prioritized for housing. Most stabilize and some thrive once their housing needs are met and they can focus on getting better.

- The Seattle study referenced above found that supportive housing residents reduced alcohol use by 30%.
- In San Francisco, a study found that five year survival rates for formerly homeless people living with HIV/AIDS in supportive housing were 81 percent compared with 67 percent for those that remained homeless.
- A similar study in Chicago achieved a 55 percent survival rate for supportive housing residents compared with 35 percent for those that remained homeless.

As health funding becomes more tied to improving outcomes and quality of care, connecting service delivery with permanent housing is essential. As previously stated, it is estimated that 90 percent of the determinants of health status are attributed to social determinants, including housing status. Health care providers have an opportunity to dramatically improve their patients' health by partnering with supportive housing providers and moving health care delivery beyond the clinic.

Conclusion

As health care providers identify homelessness as a barrier to improved health outcomes, they increasingly reach the conclusion that permanent supportive housing is the solution. This involvement helps overcome a major obstacle to creating supportive housing—finding the services funding. However, community mental health clinics, hospitals, community health centers and health care for the homeless providers could significantly improve their patients' health and serve more people in need if they are able to receive Medicaid reimbursement for supportive housing services. The new Medicaid *State Option to Provide Health Homes for Enrollees with Chronic Conditions* would help stabilize funding for services in supportive housing, provide coordinated, comprehensive services to patients, strengthen the health systems ability to reach a very difficult and vulnerable population, and increase state and local capacity to end homelessness for those who need supportive housing.

Understanding Health Home: Resources

[CMS Dear State Medicaid Director Letter - November 16, 2010](#)

[History of Medical Home Concept - Pediatrics](#) -

<http://www.napnap.org/Files/HistoryoftheMedicalHomeConcept.pdf>

[AHRQ Innovation - Mobile Clinic Provides Comprehensive Medical Home for Homeless and At-Risk Youth, Reducing Emergency Department Visits and Increasing Follow Up Care](#)

[National Council for Community Behavioral Healthcare: Behavioral Health/Primary Care Integration and the Person-Centered Health Care Home](#)

[National Council for Community Behavioral Healthcare - Implementing Medicaid Health Homes for Enrollees with Chronic Conditions](#)