



SUMMARY OF STATE ACTION: MEDICAID AND HOUSING UNIT CREATION JUNE 2015

INTRODUCTION

As states and communities look to target supportive housing for high cost, unstably housed individuals and families, the lack of available housing subsidies becomes readily apparent. This population not only needs intensive services and supports, they require a housing subsidy to make available housing affordable. Federal housing resources such as Section 8 Housing Choice Vouchers have not grown to meet the need and with housing costs always rising, the reach of these programs has been diminishing in recent years. Service delivery and financing improvements alone will not allow health care payers to maximize health cost reductions for this segment of the population. Housing and the subsidies needed to access it are also essential.

Recognizing this, Medicaid agencies and health system payers are experimenting with ways to create state and local housing subsidy programs for specific Medicaid subpopulations. Federally, Medicaid resources are not used for housing capital development or rental assistance. However, state and local entities have flexibility with their Medicaid resources and this is leading to innovative strategies. Below, we have summarized initiatives in New York, Illinois and Minnesota to couple housing and Medicaid reimbursed services together for people who need supportive housing to stabilize and reduce health system utilization.

SUMMARY OF STATE ACTIVITY

State/County	Proposal	Medicaid Mechanism	Result	Next Steps
New York	<ul style="list-style-type: none"> Went through a 19 month approval process with Centers for Medicare & Medicaid Services (CMS) Established a global Medicaid cap to cut costs Proposed using the federal portion of any savings for supportive housing capital, rental assistance and services 	1115 Medicaid Waiver	<ul style="list-style-type: none"> CMS did not approve federal savings for operating and capital CMS approved using federal savings for services CMS federal investment in 	<ul style="list-style-type: none"> Invested \$500 million initially in supportive housing (\$400,000 million has gone out) This has been done through one-time capital expenses and pilot projects/grant funds targeted to high cost homeless populations; some

			<p>medical respite (No organization has opted to use this option)</p>	<p>on-going service and operating contracts</p> <ul style="list-style-type: none"> • NY is in year 4 of this initiative and has refined the funding distribution process each year <p>One concern – HIV/AIDS population cost savings has not been as dramatic as expected mostly due to prescription drug adherence once someone is housed.</p> <p>There is continued need to refine targeting people to go into units and evaluating cost savings.</p>
Illinois	<p>The waiver will help the state complete the shift to a Medicaid managed care system. One provision asks CMS to use the federal savings to pay Managed Care Organization (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.</p>	1115 Medicaid Waiver	<ul style="list-style-type: none"> • Still in approval process 	<ul style="list-style-type: none"> • IL has a state subsidy program funded through a hospital tax. Hoping to expand this subsidy program with Medicaid cost savings • 1115 outlook unclear with new Governor administration • A local organization is developing a demonstration for the managed care companies to test their return on investment potential using supportive housing
Hennepin County (Minnesota)	<p>Create a system that links members to coordinated housing and services</p> <p>They use housing navigators to locate housing. Hennepin Health pays for care coordination and intensive case management for their</p>	Accountable Care Organization	(collecting additional information)	<ul style="list-style-type: none"> • Working to increase relationship with Minneapolis Public Housing Authority to prioritize their clients for long term housing.

	clients. The housing is funded by state and county dollars and Hennepin Health has worked with providers to prioritize their members. Hennepin Health has a relationship with Minneapolis Housing Authority where they use 9 of their units for up to 90 days of respite. Hennepin Health has saved the county money and the county has redirected those dollars to support the subsidy program.			<ul style="list-style-type: none"> • Adding families as their members • Determine the right housing and services model that best fit their members. Hennepin Health only serves expansion Medicaid members and often people are on their plan for a shorter period of time but may need housing and services for a longer period of time.
California	Create local “Regional housing Partnerships” (health plans, counties, housing authorities, housing providers) through the 1115 Medicaid Waiver. Partnerships would pay for interim and permanent housing subsidies from projected savings from moving eligible populations into housing. Eligible populations are people with two chronic conditions or one serious mental illness who are either experiencing homelessness or could exit institutions with available housing and services.	1115 Medicaid Waiver	Waiver proposal submitted to CMS on March 27, 2015. Awaiting results of negotiation between the State and CMS.	Depends on results of final Waiver.