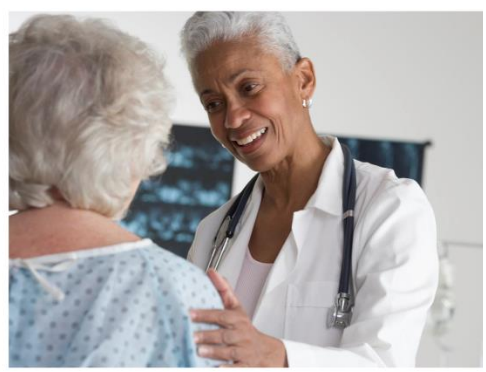
Healthy Aging in Supportive Housing

Toolkit for service providers, developers & property managers



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X. Healthy Aging in Quality Supportive Housing: Funding and Policy Considerations

Funding for new supportive housing projects that target vulnerable elders

Developers of permanent supportive housing have been successfully creating housing for the older adult and elder populations using a variety of resources. Many such developments have been financed using sources of capital and operating funding that are not specifically targeted to this population. These sources, which include state and local capital funds, the Low Income Housing Tax Credit, the Federal Home Loan Bank Affordable Housing Program, Housing Choice Vouchers, and state and local rental subsidies, are those that have been commonly used in the development of permanent supportive housing for persons experiencing homelessness of any age. Of particular note, over half of the people currently served with Veterans Affairs Supportive Housing (VASH) vouchers are elderly.

In addition to these funding sources, HUD Section 202 is the primary dedicated funding source for capital and operating funds for developments targeted to low income elders. Going forward, HUD has proposed to concentrate new Section 202 funding in operating contracts, with capital coming through other sources. Although Section 202 developments do not automatically contain the robust services needed in permanent supportive housing, this funding can be combined with supportive services targeted to the needs of homeless elders in all or some of the units in a given development. Regardless of the funding source used to develop them, targeting units of housing to older adults and seniors who have experienced homelessness can both facilitate the inclusion of design features to address issues of aging and allow for the development of a package of services in line with best practices.[1] For example, 11 states incentivize the use of Universal Design in the allocation of Low Income Housing Tax Credits. HUD has also periodically offered Assisted Living Conversion Program (ALCP) grants to adapt affordable housing to a higher level of service need to allow residents to age in place.

Experimentation is occurring with different financing models for transitioning people out of institutional care. "Money Follows the Person" (MFP) initiatives have offered states incentives to develop transition projects.[2] Although the majority of those transitioned have been younger adults with intellectual and physical disabilities, an evaluation by Mathematica indicates that residents aged 65 and older who have been transitioned to the community under MFP have improved quality of life.[3] For people who do not need full nursing home care, such transitions frequently result in reduced public expenditures, on an individual if not system-wide basis. CSH's FUSE program is a close analogue. Right-sizing the nursing home stock and adding more independent, community-integrated options in compliance with the Olmstead mandate is an important policy trend for the elderly

[1] https://www.chapa.org/sites/default/files/ELI_policypaper_final.pdf

[2] James, Wiley, & Fries, 2007

[3] Simon & Hodges, 2011

supportive housing stakeholder community. While Medicaid, the main payer of nursing home expenses for this population, is barred by statute from paying for "room and board" outside of a clinical setting, states are experimenting with supportive housing programs that are funded by reinvested savings from avoided health care expenditures.

Lack of coordination between Medicare and Medicaid is a particular policy challenge for the elderly supportive housing population. In late 2015, states began participating in demonstration programs to improve care for people who are dually eligible for both Medicare and Medicaid, by testing different financing models and improving alignment between the two programs. Despite progress, work remains to be done to ensure that Medicaid-funded tenancy support services are available to the dual population. In addition, the Independence At Home (IAH) demonstration has shown promise for funding long term care for Medicare recipients. Participants remain in their communities and receive coordinated, multi-disciplinary medical care for their long term health challenges, and the program is financed by savings compared to more intensive long term care. Congress is working to expand IAH into a permanent program, and will hopefully take into account the challenges of serving a dual eligible population.

Despite the high stakes, public policy has failed to keep pace, underestimating the profound nature of the demographic transformation now underway. As a result, the United States is dramatically unprepared for the challenges that lie just ahead.[4] **This unprecedented growth may drive a need for increased funding specifically to serve aging adults in housing settings as well as reconfiguration of existing funds.** CSH is working on the following policy changes:

- Allow for adjustments to supportive housing service contracts that were intended for a younger population so that providers can tailor their services to the unique needs of older, formerly homeless adults.
- Create specialized services for frail, formerly homeless adults who are in need of but not eligible to receive until they are 62 years old. This will allow providers to begin screening and treating for geriatric services early and will result in improved health outcomes and decreased costs for treating aging individuals.
- Develop or facilitate the use in permanent supportive housing of state funded in-home personal care and domestic support services designed to help tenants maintain their independence in housing.
- Create or expand upon existing interagency collaboration to include state departments on aging and Medicaid in policy development with regard to older adults and elders who are homeless or at-risk of homelessness.
- Expand the use of Pay for Success or savings reinvestment strategies to create supportive housing for the most expensive users of health services who could live independently in the community.

[4] Healthy Aging Begins at Home – Bipartisan Policy Center

Pay for Success: A Financing Mechanism for Successful and Innovative Programs

Pay for Success refers to the concept of performance-based contracting between government and the organizations responsible for implementing a given intervention, typically non-profit organizations. Under this model, impact is measured rigorously and government makes “success payments” based on results; not on activities. This focus on paying for positive social impact, rather than paying for services performed, helps ensure that incentives are properly aligned to achieve social impact and provides a mechanism for government to ensure it pays only for what works. PFS financing mechanisms support PFS programs by providing the upfront working capital required to implement an intervention that is proven to create value over time but requires a significant start-up investment. This upfront capital investment can be provided by institutional investors as well as philanthropic sources, which typically receive a modest return on investment and the potential for success payments depending on the intervention’s performance. The savings generated by the successful execution of the intervention can be used to repay the investors, and/or can be reinvested into the project, allowing further growth.

PFS can be used to implement a range of interventions, but pairs particularly well with an intervention like supportive housing with a strong evidence base showing its impact. Further, the greatest impact in terms of both outcomes and potential cost savings or avoidance can result from a focus on a vulnerable target population with high costs in the status quo such as elders. Studies such as “A Research Note: Long-Term Cost Effectiveness of Placing Homeless Seniors in Permanent Supportive Housing” document significant potential cost savings that can result from ensuring that elders have access to integrated and supportive housing in the community that meets their needs. Communities interested in creating supportive housing for vulnerable elders should consider whether PFS can be a tool to help further these efforts. PFS financing can be used as supportive services funding, rental subsidy or both. For more information, please visit www.csh.org/pfs.

50% By 2017

Projected Americans Age 50+

- Source: US Census Bureau