THE MONTANA BUSINESS CASE

for a Supportive Housing Services Benefit

CSH

This paper was commissioned by several state partners in Montana, including the Montana Department of Public Health and Human Services (DPHHS) and the Montana Healthcare Foundation (MHCF), and made possible with generous funding from MHCF. It is meant to serve as a companion document to the Montana Medicaid Supportive Housing Services Crosswalk.

About the Business Case

This report presents the business case for creating a Medicaid benefit to cover supportive housing services for beneficiaries who are experiencing homelessness and have high healthcare service costs. Our findings indicate creating a Supportive Housing Services Benefit in Montana for **187** Montana Medicaid beneficiaries who are experiencing homelessness (chronic and short-term) and in the top cost decile of Medicaid expenditures could result in a total of **$445,766** net annual Medicaid cost avoidance, ***after*** reimbursing supportive housing providers for supportive housing services.

Supportive housing combines affordable housing with tenancy support services and care coordination so that the most vulnerable people can live with stability, autonomy, and dignity. The National Alliance to End Homelessness names supportive housing as the solution to the problem of chronic homelessness.[i] Supportive housing is also well-suited for residents who live with multiple, chronic health conditions and have survived frequent episodes of homelessness or institutionalization.

Data for the Business Case

In August, 2018, data analysts who work with the Medicaid Management Information System (MMIS) within DPHHS matched data from individuals entered into the Homeless Management Information System (HMIS) in 2017 with their accompanying 2017 Medicaid claims data to determine the annual costs for each person enrolled in both Medicaid and the HMIS system in 2017. This cost data was divided into deciles and identifying information was de-identified. The data was divided into two groups: individuals experiencing chronic homelessness and individuals experiencing homelessness (not chronic).[1] These categories were designed to explore whether or not individuals experiencing chronic homelessness had higher average costs than those not experiencing chronic homelessness. Finally, the dataset identified the percentage of individuals within each cost decile and category who had a mental illness diagnosis, a substance use disorder, or co-occurring mental illness and substance use disorder diagnoses in order to better understand utilization trends unique to each diagnosis category among individuals in the top decile of cost data. State data analysts shared the de-identified population data with CSH in order to determine if paying for supportive housing services would be more cost-effective than usual care for individuals in the top cost decile.

Findings from the Data Match

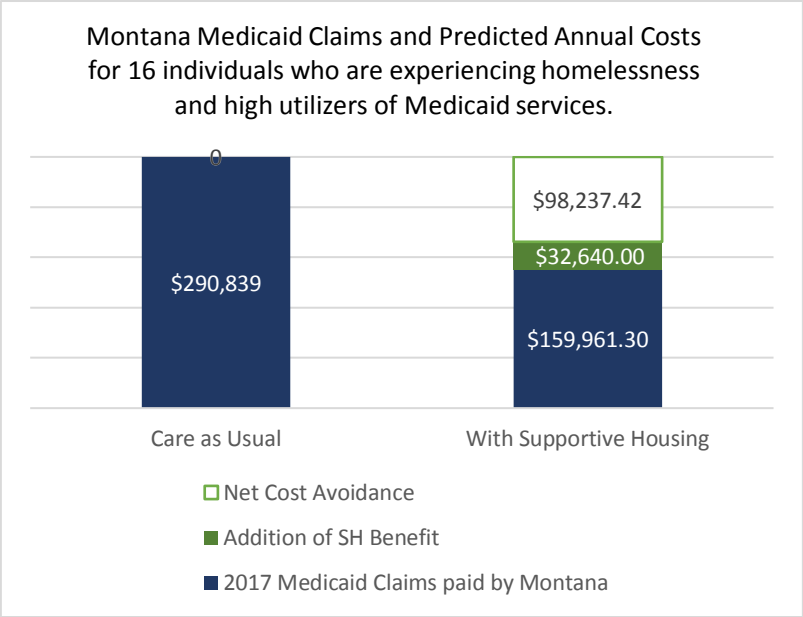
Analysts from DPHHS were able to match 3,312 people out of 4,050 provided from 2017 HMIS data with Montana Medicaid enrollment and claims data. This means that in 2017, roughly 82% of individuals in the HMIS system were also enrolled with Medicaid.

Individuals in the top decile of costs of those who experienced chronic homelessness had an average of $53,463 in Medicaid expenditures in 2017. Individuals in the top cost decile of those experiencing homelessness averaged $49,906 in Medicaid claims that same year.

---

[1] Claims data was matched to individuals, yet it is important to note that individuals may be heads of households or members of larger families. Supportive housing can be an appropriate intervention for families that are frequently involved with the healthcare, criminal justice and child welfare systems.

THE BUSINESS CASE FOR SUPPORTIVE HOUSING



CSH estimates that supportive housing will result in a **45%** reduction in Medicaid costs for individuals who are chronically homeless and who have costs in the top decile of Medicaid costs in Montana. This estimate is based on national supportive housing cost studies demonstrating at least a 50% reduction in utilization of emergency departments, hospital overnight stays, ambulance rides and detox visits among homeless high utilizers after one year of supportive housing.[ii] Some studies demonstrate as much as a 67% cost reduction. A 45% cost reduction created by supportive housing would result in **$2,005** in costs avoided per person, per month for each beneficiary who is chronically homeless and has costs in the top decile of Medicaid in Montana. A supportive housing benefit will cost Medicaid an estimated $500 per person per month (combined state and federal). The provision of this new benefit for individuals experiencing chronic homelessness could result in savings of at least **$1,505** per person, per month (or **$512** for the state share). This would result in a 300% return on investment when targeted to chronically homeless individuals that have costs in the top decile of Medicaid in Montana and yield a total annual savings of **$288,934** and state savings of **$98,237**.

As illustrated by the chart at the end of this report, signifcant cost avoidance can also be predicted for individuals in the top cost decile for Medicaid claims who were not chronically homeless in 2017 but experienced homelessness during that year. For these 171 individuals, CSH estimates that supportive housing will result in a 24% reduction in Medicaid costs for this cohort, and the creation of a supportive housing benefit will cost an estimated $500 per person per month. The provision of this new benefit for individuals experiencing homelessness results in end savings of at least **$498** per person, per month (or **$169** for the State share). For the top decile of 171 unstably housed high utilizers in Montana, this would result in a 100% return on investment, a total savings of **$1,022,142** and state savings of **$347,528**.

Sum of Savings that can result from supportive housing for the top decile of Medicaid members who are experiencing homelessness (chronic and short-term combined):

$288,934 + **$1,022,142** = **$1,311,076**

$865,310 (66% federal)
$445,766 (34% state)

CREATING A MEDICAID SUPPORTIVE HOUSING SERVICES BENEFIT

As shown in the Montana Medicaid Crosswalk, Montana Medicaid reimburses for targeted case management for individuals with severe disabling mental illness (SDMI). For individuals living with physical and developmental disabilities, the State uses a variety of waivers to provide additional services needed to support community living and contribute to better health outcomes. However, these services do not fully cover pre-tenancy and tenancy support services that are vital to supportive housing. Further, waiver services are not currently available to individuals with substance use disorders as a primary diagnoses and targeted case management for chemical dependency does not offer the full range of intensive pre-tenancy and tenancy sustaining services necessary in supportive housing.

The dataset provided by the State for this analysis demonstrated that 13% of people who are chronically homeless and have the highest healthcare costs had substance use disorders as their primary diagnosis. Under the current Medicaid State Plan, these Montana residents are eligible for a limited amount of potentially covered supportive housing services.

Including supportive housing services as a Medicaid benefit can address these gaps. Creating a supportive housings services benefit can be accomplished through one or more Medicaid State Plan authorities. Some states have pursued the benefit through the 1915(i) Home and Community Based Services State Plan Amendment or through the 1115 Research and Demonstration Waiver. Specific examples of these benefits and their Medicaid authorities can be found in the CMS Informational Bulletin from June 26, 2015.[iii]

The state of Montana could improve health outcomes and reduce costs by creating a Medicaid benefit for supportive housing services.[2] The benefit must be administered in a coordinated manner with other Medicaid and human service programs. DPHHS, behavioral health providers and supportive housing service organizations will play important roles in operationalizing the benefit. This data analysis supports that operationalization and clarifies that the benefit will provide much needed supportive housing services to some of Montana's most vulnerable residents, while simultaneously decreasing emergency service utilization, improving health and reducing the per capita cost of care.

[2] Similar to the recently approved Medicaid benefit for supportive housing services for Washington State, Montana should target high utilizers without limiting the benefit to individuals experiencing chronic homelessness. The Washington State benefit targets: individuals experiencing chronic homelessness, or individuals with frequent or lengthy institutional contacts, or individuals with frequent or lengthy adult residential care stays, or individuals with frequent turnover of in-home caregivers, or those at highest risk for expensive care and negative outcomes.

Montana Supportive Housing Services Benefit Theoretical Cost Analysis for Individuals Experiencing Chronic Homelessness		
Total number of individuals experiencing chronic homelessness in MT from 2017 PIT count:157	"Super Users" in the top decile of Medicaid costs are estimated as 10% of the 157 individuals ages 18-64 experiencing chronic homelessness.	
In Montana, the average annual cost per person among high utilizers experiencing chronic homelessness (top decile) is $53,463.00 in Medicaid claims.	**Estimated Cost per Individual**	**16 Individuals**
A. Monthly Medicaid Costs (average annual costs divided by 12)	$4,455	$71,284
State Share of Medicaid Costs (34% State/66% Federal)	$1,515	$24,237
B. Supportive Housing Cost Reduction Estimate	45%	45%
C. Monthly Medicaid Offsets Projected from Supportive Housing. (A*B)	$2,005	$32,078
State Share of Monthly Offsets	$682	$10,906
D. Monthly Cost of Supportive Housing Services Benefit in MT (1)	$500	$8,000
State Share of Cost of Supportive Housing Services Benefit	$170	$2,720
E. Net Monthly Savings (C-D)	$1,505	$24,078
State Share of Net Monthly Savings	$512	$8,186
F. Net Annual Savings (E*12)	$18,058	$288,934
Net Annual State Savings	**$6,140**	**$98,237**
G. Return on Investment	301%	

(1) Estimate of Supportive Housing Services monthly costs based on average costs for supportive housing providers, $6,000 per person per year for services with a caseload ratio of 1:15.

Montana Supportive Housing Services Benefit Cost Analysis for Individuals Experiencing Homelessness in 2017		
Total number of individuals experiencing non-chronic homelessness in MT from 2017 PIT count that matched with MMIS claims data:1708	"Super Users" in the top decile of Medicaid costs are estimated as 10% of the 1708 individuals ages 18-64 experiencing homelessness (non-chronic).	
In Montana, the average annual cost per person among high utilizers experiencing non-chronic homelessness (top decile) is $49,906.00 in Medicaid claims.	**Estimated Cost per Individual**	**171 Individuals**
A. Monthly Medicaid Costs (average annual costs divided by 12)	$4,159	$711,161
State Share of Medicaid Costs (34% State/66% Federal)	$1,414.00	$241,794.57
B. Supportive Housing Cost Reduction Estimate	24%	24%
C. Monthly Medicaid Offsets Projected from Supportive Housing. (A*B)	$998	$170,679
State Share of Monthly Offsets	$339.36	$58,030.70
D. Monthly Cost of Supportive Housing Services Benefit in MT (1)	$500	$85,500
State Share of Cost of Supportive Housing Services Benefit	$170.00	$29,070.00
E. Net Monthly Savings (C-D)	$498	$85,179
State Share of Net Monthly Savings	$169.36	$28,960.70
F. Net Annual Savings (E*12)	$5,977	$1,022,142.24
Net Annual State Savings	**$2,032**	**$347,528**
G. Return on Investment	100%	
(1) Estimate of Supportive Housing Services monthly costs based on average costs for supportive housing providers, $6,000 per person per year for services with a caseload ratio of 1:15.		

[i] National Alliance to End Homelessness. Chronic homelessness. (March 2014). www.endhomelessness.org/pages/chronic_homelessness

[ii] https://d155kunxf1aozz.cloudfront.net/wp-content/uploads/2018/07/CSH-Lit-Review-All-Papers.pdf

[iii] U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. "CMCS Informational Bulletin: Coverage of Housing-Related Activities and Services for Individuals with Disabilities." (June 26, 2015). https://www.medicaid.gov/federal-policy-guidance/downloads/cib-06-26-2015.pdfF