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Montana Medicaid Planning A Supportive Housing Benefit

Montana Medicaid is exploring ways to design and implement innovations that could lead to a supportive housing services benefit as a way to reduce costs for homeless beneficiaries with the highest, 10%, of Medicaid expenditures. The Montana Department of Public Health and Human Services (DPHHS) is currently receiving technical assistance from the federal Centers for Medicare & Medicaid Services (CMS) to align policies across Medicaid and housing programs. The DPHHS Medicaid State Plan currently includes federal Medicaid reimbursement for many of the services that are provided as part of supportive housing, such as services intended to help the individual obtain and maintain tenancy. The state has released no further details about a target date for making additional improvements.

National supportive housing cost studies have documented that after one year of entering supportive housing, the participants have fewer emergency department visits, hospital overnight stays, ambulance transports, and detoxification visits. Implementing supportive housing for the high cost homeless Montana Medicaid beneficiaries is projected to have a 100% to 300% return on investment (ROI).

The 2017 point-in-time count of Montana's homeless population identified 157 individuals ages 18 to 64 with chronic homelessness. Among the 10% (16 individuals) with the highest Medicaid costs, their average annual Medicaid costs was $53,463 per person, at $4,455 per member per month (PMPM). Additional details are as follows:

- Supportive housing is projected to potentially reduce their Medicaid costs by up to 45%.
- The monthly cost of supportive housing services known as "tenancy supports" is projected at $500 per person; Medicaid costs are projected to fall by $2,005 per month, with net savings at $1,505 PMPM.
- The $500 monthly cost for tenancy supports is projected to be offset by a $2,005 reduction in Medicaid costs due to supportive housing, a 300% ROI.
- Annual savings are estimated at $18,058 per person.

Another 1,708 individuals ages 18 to 64 were identified in the point-in-time count as having short-term homelessness. Within this group, the top 10% (171 individuals) with the highest Medicaid costs had average costs of $49,906 per person annually, and $4,159 PMPM. Additional details are as follows:

- Supportive housing is projected to reduce their Medicaid costs by up to 24%.
- The monthly cost of tenancy supports is projected at $500 per person; Medicaid costs are projected to fall by $998 per month, with net savings at $498 PMPM.
- The $500 monthly cost for tenancy supports is projected to be offset by a $498 reduction in Medicaid costs due to supportive housing, a 100% ROI.
- Annual savings are estimated at $5,977 per person.

During 2017, this group of 187 homeless Montana Medicaid beneficiaries with health care costs in the highest 10% had average annual Medicaid claims totaling $49,906 per person. If these 187 individuals had been stably housed, the state could have avoided a total of $445,766 net annual Medicaid costs, even after reimbursing supportive housing provider organizations for supportive housing services. Combined state and federal savings were estimated at $1.3 million, annually.

These findings were reported in "The Montana Business Case for a Supportive Housing Services Benefit" by the Corporation for Supportive Housing (CSH). This report and a companion, "Medicaid Supportive Housing Services Crosswalk," were commissioned by the Montana Healthcare Foundation (MHCF) and the Montana Department of Public Health and Human Services (DPHHS). During August 2018, DPHHS analysts 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. The cost data was stratified into 10 cost groups. About 82% of 4,050 homeless individuals ages 18 to 64 experiencing chronic or short-term homeless whose names are logged in HMIS are already enrolled in Medicaid, represented 3,312 people.

The data was further divided into two groups, one that included 157 individuals experiencing chronic homelessness and the other with 1,708 individuals experiencing non-chronic homelessness. The state data analysts shared deidentified population data with CSH in order to determine if paying for supportive housing services would be more cost-effective than usual care for individuals with the highest 10% of costs.

In the companion report, "Medicaid Supportive Housing Services Crosswalk," the researchers also analyzed Medicaid reimbursements in local communities, and local health care provider organization knowledge of Medicaid benefits. They found that Montana Medicaid covers many services that are often provided as part of supportive housing interventions. The state currently 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 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. Additionally, waiver services are not available to individuals with addiction disorder as a primary diagnosis; targeted case management for chemical dependency does not offer the full range of intensive pre-tenancy and tenancy sustaining services necessary in supportive housing.

CSH recommended that the Montana state Medicaid plan explicitly include supportive housing services to align with guidelines of pre-tenancy and tenancy-sustaining services for a 1915i State Plan Amendment as released by the federal Centers for Medicare & Medicaid Services (CMS). DPHHS should examine state program standards that could be more comprehensive in addressing social determinants of health (SDOH) needs of program participants, specifically housing. State agencies and provider organizations will need non-Medicaid funded support to engage persons who are unsheltered and who can be difficult to consistently locate. Such funding will be needed to cover staff travel and transportation time and outreach efforts that do not result in finding the individual. Additionally, CSH recommended that the state continue to work with Tribal Nations to more fully understand how Tribal Nations are funding and operating supportive housing, and to work together to explore opportunities.

Statewide, DPHHS should build capacity for behavioral health and housing service provider networks by promoting training and technical assistance to help supportive housing provider organizations bill Medicaid and to help behavioral health and waiver service provider organizations understand the quality standards in supportive housing and service partnerships unique to supportive housing in rural areas. Community mental health centers should be included in conversations about supportive housing.

Acting on the findings in these two reports, DPHHS applied for and was accepted to participate in a CMS “Innovation Accelerator Program,” which helps states align policies across Medicaid and housing programs to improve outcomes and efficiency. DPHHS has assembled a group of partners that will work together for the duration of this project, including the Department of Commerce, Montana Continuum of Care, and MHCF. Participation in this program provides a direct path to allow DPHHS to design and implement innovations in the supportive services benefit package.

The full text of “Medicaid Supportive Housing Services Crosswalk” was published June 18, 2019, by the Corporation for Supportive Housing. A free copy is available online at https://mthcf.org/resources/supportive-housing-crosswalk/ (accessed July 1, 2019).

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