

Idaho | 2022

MEDICAID SUPPORTIVE HOUSING SERVICES

# Business Case



# The Idaho Business Case for a Supportive Housing Services Benefit

*This paper was commissioned by several state partners in Idaho including the Idaho Housing and Finance Association and Home Partnership Foundation.*

## ABOUT THE BUSINESS CASE

This paper provides a business case for creating a Medicaid benefit to cover supportive housing services for beneficiaries who are experiencing homelessness and have high healthcare service costs. The case presented below shows that creating a Supportive Housing Services Benefit in Idaho for **32** Idaho Medicaid beneficiaries who are experiencing chronic homelessness and in the top cost decile of Medicaid expenditures could result in a total of **\$332,251** net annual Medicaid cost avoidance, *after* reimbursing supportive housing providers for supportive housing services. Another **88** Medicaid beneficiaries experiencing temporary homelessness could likely benefit from supportive housing for an additional **\$233,036** of State cost avoidance, after reimbursing supportive housing providers for supportive housing services. Overall, a supportive housing benefit through Idaho's Medicaid program could realize a **\$565,287** net reduction in Medicaid expenditures for the State. Additionally, other State systems could also incur annual cost avoidance benefits of approximately **\$911,414** for Idaho Department of Corrections and **\$610,537** for State Hospital North and South.

### Projected Cost Avoidance by System



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.<sup>1</sup> Supportive housing is also well suited for residents who live

<sup>1</sup> "Permanent Supportive Housing," National Alliance to End Homelessness, March 31, 2021, <https://endhomelessness.org/ending-homelessness/solutions/permanent-supportive-housing/>.

with multiple, chronic health conditions and have survived frequent episodes of homelessness or institutionalization.

## DATA FOR THE BUSINESS CASE

In September 2022, CSH matched data from individuals registered in Ada County's Homeless Management Information System (HMIS) in 2021 to their accompanying 2021 Medicaid claims data to determine the annual costs for each person enrolled in both Medicaid and the HMIS system in 2021. 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). These categories were designed to explore whether individuals experiencing chronic homelessness had higher average costs than those not experiencing chronic homelessness. 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. 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 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 to determine if paying for supportive housing services would be more cost-effective than usual care for individuals in the top cost decile.

Due to privacy limitations, CSH was unable to perform a data match for the Balance of State Continuum of Care clients. However, the Balance of State HMIS provided aggregate data that CSH then utilized to create cost estimates for this population. The aggregate data included homeless status, demographic information, and behavioral health conditions recorded in HMIS. Due to the limitations in the Balance on State data, CSH extrapolated patterns from the Ada County data to estimate the number of Medicaid high utilizers from the Balance of State data set.

Additionally, CSH engaged representatives from the justice system and behavioral health systems to cross-examine systems. Staff from these systems provided aggregate data on the number of individuals served, the housing status of clients, and the cost of serving clients. Individuals experiencing chronic homelessness are often frequent users of multiple systems, including the justice system<sup>2</sup>. Therefore, a supportive housing benefit could likely reduce the costs to multiple State systems.

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<sup>2</sup> "Fuse," CSH, February 6, 2019, <https://www.csh.org/fuse/>.

## FINDINGS FROM THE DATA MATCH

Data analysts identified 5,196 individuals with from Ada County's 2021 HMIS data who were enrolled in Medicaid. For all 3,601 of these individuals, Medicaid paid a total of \$33,746,114.09 in claims in 2021. In Ada County, individuals in the top decile of costs of those who experienced chronic homelessness had an average of \$83,605 in Medicaid expenditures. Individuals in the top cost decile of those experiencing non-chronic homelessness averaged \$60,526 in Medicaid claims that same year. Additionally, the Balance of State CoC provided aggregate information for 3,295 clients. Of those, 111 individuals were identified as chronically homeless and 3,184 were identified as non-chronically homeless.

## THE BUSINESS CASE

CSH estimates that supportive housing will result in a **50%** reduction in Medicaid costs for individuals who are chronically homeless and who have costs in the top decile of Medicaid costs in Idaho. 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<sup>3</sup>. Some studies demonstrate as much as a 67% cost reduction. A **50%** cost reduction created by supportive housing would result in **\$41,803** (or \$12,123 for the state share) in costs avoided per person, per year for each beneficiary who is chronically homeless and have costs in the top decile of Medicaid in Idaho.

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 **\$35,803** per person, per year for supportive services (or **\$10,383** for the state share). This would yield a total annual savings of **\$1,145,692** and state savings of **\$332,251**. Medicaid will not be paying for "Room and Board" costs.

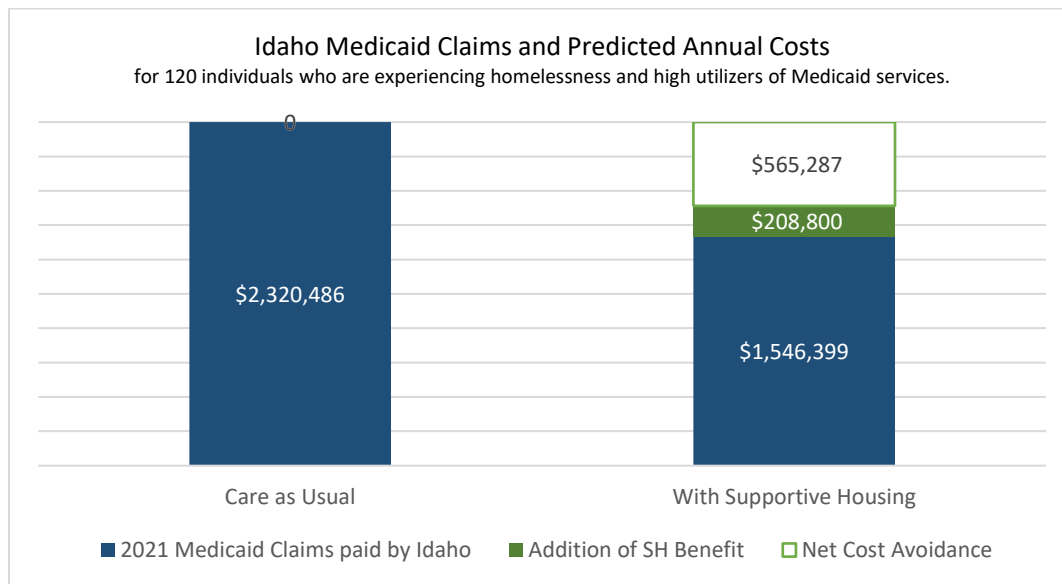
As illustrated in Appendix A, significant cost avoidance can also be predicted for individuals in the top cost decile for Medicaid claims who were not chronically homeless in 2021 but experienced homelessness during that year. For these 88 individuals, CSH estimates that supportive housing will result in a 25% 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 net savings of

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<sup>3</sup> "Supportive Housing & Healthcare Utilization: Outcomes State of the Literature," CSH, accessed October 18, 2022, [https://www.csh.org/wp-content/uploads/2018/07/CSH-supportive-housing-outcomes-healthcare\\_Final.pdf](https://www.csh.org/wp-content/uploads/2018/07/CSH-supportive-housing-outcomes-healthcare_Final.pdf).

at least **\$9,132** per person, per year (or **\$2,648** for the State share). This would yield a total annual savings of **\$803,573** per year (or **\$233,036** for the state share).

Therefore, across both the chronically and non-chronically homeless populations, Medicaid in Idaho could realize a net savings of **\$1,949,265** (or **\$565,287** for the State share), after paying for the supportive housing benefit.



## CROSS-SYSTEM COST AVOIDANCE

While Medicaid would accrue substantial cost avoidance benefits, it is important to note that Idaho has a high rate of institutionalization of individuals with complex challenges that would likely benefit from supportive housing. Therefore, other systems in Idaho, such as the justice-system, would likely experience a decrease in avoidable expenses.

Currently, the cost to the State of Idaho per day per bed for incarceration is \$79.80 and has 8,515 people in prison.<sup>4</sup> The Idaho Department of Corrections (IDOC) utilizes The Level of Service Inventory-Revised (LSI-R) which is a quantitative survey of offender attributes and their situations that is utilized to inform the level of supervision and treatment required after release<sup>5</sup>. They utilize three questions (three or more address changes in the last year, living in a high crime neighborhood, or unsatisfactory accommodations) in the LSI-R as a proxy for housing stability. 7.1% of incarcerated individuals preparing for parole scored yes on all three of

<sup>4</sup> "FY21 Incarcerated Population Report Admissions and Releases" (Idaho Department of Corrections, 2021), [https://www.idoc.idaho.gov/content/document/fy\\_2021\\_incarcerated\\_population\\_report](https://www.idoc.idaho.gov/content/document/fy_2021_incarcerated_population_report).

<sup>5</sup> "Assessing Risk and Needs: What Is the LSI-R? - Geo Reentry Services" (GEO Reentry ), accessed October 11, 2022, <https://www.georeentry.com/assessing-risk-needs-lsi-r/>.

these questions. Last year, there were 2,131 releases to parole and approximately 151 individuals released from incarceration that likely experience housing stability or homelessness. Research has demonstrated that supportive housing contributes to a reduction in police interactions and jail stays. For example, a 5-year randomized-control trial in Denver demonstrated individuals placed in supportive housing represent a 30 percent reduction in unique jail stays and a 27 percent reduction in total jail days.<sup>6</sup> In a pilot program in Ohio that provided supportive housing for disabled prisoners released from state prison, they found that parolees housed in supportive housing were 40% less likely to be rearrested and 61% less likely to be re-incarcerated.<sup>7</sup> Currently, Idaho’s rate of reincarceration is 33.9% and the average length of stay for an inmate is 29 months.<sup>8</sup> Based on a length of stay, the IDOC could see a cost avoidance of \$69,904 per parolee that is not reincarcerated due to a supportive housing benefit. CSH estimates that the first-year total cost avoidance to the IDOC from a Supportive Housing Benefit would be **\$911,414**. Additionally, we would expect the long-term cost avoidance.

<b>Annual Projected Cost Avoidance for Idaho Department of Corrections</b>	
Total Number of Individuals Released to Parole Per Year	2131
Percentage of Parolees Likely to Benefit from Supportive Housing*	7.10%
Number of Parolees Likely to Benefit from Supportive Housing	151
<i>Of the 151 Individuals Likely to Benefit from Supportive Housing:</i>	
Current Average Reincarceration Rate	33.9%
Reduction in Reincarcerations Rate	61%
Current Number of Individuals Likely to Be Reincarcerated	51
New Number of Individuals Likely to Be Reincarcerated	20
Reduction in Number of Individuals Likely to Be Reincarcerated	31
Cost Per Day for Incarceration Per Person	\$79.80
Current Annual Current Cost for Reincarceration	\$1,493,954.09
New Annual Cost for Reincarceration	\$582,540.00
Projected Cost Savings	\$911,414.09

<sup>6</sup> Mary Cunningham et al., “Breaking the Homelessness-Jail Cycle with Housing First: Results from the Denver Supportive Housing Social Impact Bond Initiative,” Urban Institute, July 15, 2021, <https://www.urban.org/research/publication/breaking-homelessness-jail-cycle-housing-first-results-denver-supportive-housing-social-impact-bond-initiative>.

<sup>7</sup> Jocelyn Fontaine et al., “Supportive Housing for Returning Prisoners: Outcomes and Impacts of the Returning Home-Ohio Pilot Project,” *PsycEXTRA Dataset*, 2012, <https://doi.org/10.1037/e527702013-001>.

<sup>8</sup> “Recidivism Rates among the Idaho Department of Correction’s” (Idaho Department of Corrections), accessed October 21, 2022, <https://isp.idaho.gov/pgr/wp-content/uploads/sites/16/2021/10/Recidivism-Rates-Among-IDOC-Supervised-Population.pdf>.

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\*Percentage of Individuals Scoring "Yes" to All 3 LCSI-R Housing Stability Questions

### *Cost of Psychiatric Inpatient Stays*

State Hospital South and State Hospital North provide psychiatric inpatient services to the state of Idaho. In 2021, the hospitals treated a total of 837 people with a cost of \$603 per day. Of these, 125 people were admitted from either unsheltered homelessness or a homeless shelter and 305 were admitted from a jail or correctional facility. These 430 individuals are likely to benefit from supportive housing and comprise 53.7% of the 837 people that are served by State Hospital North and South. The average length of stay for a patient in a psychiatric hospital is approximately 30 days in Idaho.<sup>9</sup>

According to HealthAffairs, “[s]upportive housing might allow individuals to transition from more expensive institutional settings such as inpatient psychiatric facilities into community housing and might allow individuals to obtain more consistent treatment of chronic conditions in primary care settings so that they could reduce their number of emergency department visits and inpatient hospitalizations.”<sup>10</sup> In fact, a study out of New York demonstrates that supportive housing is correlated with a 27% reduction in inpatient psychiatric hospitalization admission.<sup>11</sup> Based on this study, the State Hospital system could see a 27% cost avoidance of up to **\$610,537.50** annually.

### **Annual Projected Cost Avoidance for State Hospital North and South**

Total Number of Individuals Entering the State Hospital from Homelessness	125
Cost Per Patient Per Day	\$603
Reduction in Admission Rates Through Supportive Housing	27%
Average Length of Stay (Days)	30
Current Annual Current Cost for Psychiatric Hospitalization	\$2,261,250.00
New Annual Cost for Psychiatric Hospitalization	\$1,650,712.50
Projected Cost Avoidance	\$610,537.50

### **EQUITY IMPLICATIONS**

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<sup>9</sup> [https://www.idahopress.com/news/local/state-hospital-west-to-open-in-nampa-in-2021/article\\_4e9c7c92-7b88-58ec-9fa5-8e17715ebb43.html](https://www.idahopress.com/news/local/state-hospital-west-to-open-in-nampa-in-2021/article_4e9c7c92-7b88-58ec-9fa5-8e17715ebb43.html)

<sup>10</sup> Cassidy, Amanda. “Medicaid and Permanent Supportive Housing.” *HealthAffairs*, October 14, 2016. <https://doi.org/10.1377/hpb20161014.734003>.

<sup>11</sup> “Housing Is Healthcare: Supportive Housing Evaluation,” New York State (Department of Health, 2017), [https://www.health.ny.gov/health\\_care/medicaid/redesign/supportive\\_housing/evaluation.htm](https://www.health.ny.gov/health_care/medicaid/redesign/supportive_housing/evaluation.htm).

It is important to note that the rates of homelessness vary disproportionately by race. Additionally, Black people are disproportionately represented across the various systems, particularly the justice system. Please review the chart below that captures these disparities:

Race <sup>12</sup>	Under IDOC Supervision – Percentage by Race <sup>13</sup>	Experiencing Homelessness – Percentage by Race <sup>14</sup>	State of Idaho Demographics – Percentage by Race <sup>15</sup>
White	73.3%	80.9%	81.1%
Native American	2.9%	13.2%	13.3%
Black	2.0%	1.1%	.8%
Asian	.5%	.4%	1.5%
Other	.8%	4.3%	3.3%
Unknown	7.2%	.1%	-

It is crucial that Idaho considers the equity implications of the supportive housing benefit and how it can help reduce the disparities demonstrated above. CSH offers a Racial Equity Impact Assessment Tool that can be utilized to review a new program or policy to consider the potential disparate impact it may have on historically underrepresented or marginalized groups.<sup>16</sup>

## SUPPORTIVE HOUSING BENEFIT

### *Existing Benefits*

Currently, the Idaho Health and Welfare’s Treatment and Transitions (TNT) program is in its fourth year. The TNT program provides transition homes for recently hospitalized patients with a place to live for up to six months after discharge from a psychiatric hospital, along with coordinated care services. The eligibility for the program includes a diagnosis of a serious mental illness and/or a co-occurring disorder, discharged from a psychiatric hospital in the

<sup>12</sup> Please note that due to the data sources and categories, Hispanic and Latine were counted differently and are excluded from this table. However, the disparities persist among people of Latine heritage as well.

<sup>13</sup> Thomas Strauss, “Recidivism Rates among the Idaho Department of Correction’s” (Bureau of Justice Statistics), accessed October 17, 2022, <https://isp.idaho.gov/pgr/wp-content/uploads/sites/16/2021/10/Recidivism-Rates-Among-IDOC-Supervised-Population.pdf>.

<sup>14</sup> “2020 Point in Time Count ”( Idaho Housing and Finance Association, 2020), <https://www.idahohousing.com/documents/point-in-time-count-2020.pdf>.

<sup>15</sup> “Idaho Population by Year, County, Race, & More,” USAFacts, October 15, 2022, [https://usafacts.org/data/topics/people-society/population-and-demographics/our-changing-population/state/idaho?utm\\_source=google&utm\\_medium=cpc&utm\\_campaign=&msclkid=8ad935671e2716ac3a01562818778080](https://usafacts.org/data/topics/people-society/population-and-demographics/our-changing-population/state/idaho?utm_source=google&utm_medium=cpc&utm_campaign=&msclkid=8ad935671e2716ac3a01562818778080).

<sup>16</sup> “Racial Equity Impact Assessment Tool ”(CSH, August 2020), <https://www.csh.org/wp-content/uploads/2021/11/Race-Equity-Assessment-and-Impact-Tool.pdf>.



previous 12 months, and are experiencing or at-risk of becoming homeless. Last year, the program served 193 participants. While this program is innovative, it does not offer a long-term housing solution but, rather, meets the transitional housing need. It is highly likely that many of the participants in this program would benefit from long-term permanent supportive housing. The TNT program report states that “The program continues to face one major challenge: housing vouchers for permanent housing placement.”<sup>17</sup> Of the participants that have been discharged from the program, 94% received housing services after discharge.

### *Future Benefits*

Including supportive housing services as a Medicaid benefit can address these gaps. Creating a supportive housing services benefit can be accomplished through one or more Medicaid State Plan authorities. Some states have pursued the benefit through the 1115 Research and Demonstration Waiver, others through the 1915(i) Home and Community-Based Services State Plan Amendment or the 1915(c) Home and Community-Based Services Waiver. Still others are using the savings created through managed care to provide additional supportive housing services through the 1915(b) Managed Care Waiver. Specific examples of these benefits and their Medicaid authorities can be found in the CMS Informational Bulletin from June 26, 2015. Idaho should target high utilizers without limiting the benefit to individuals experiencing chronic homelessness in a manner like the recently approved Medicaid benefit for supportive housing services for Washington State. 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.

The state of Idaho could improve health outcomes and reduce costs by creating a Medicaid benefit for supportive housing services. CMS has also recently approved 1115 demonstration waivers for ‘post hospitalization housing’ in CA. Idaho could pull down the Federal Financial Participation (FFP) funds for the current transitional program and use the state savings to create new Permanent Supportive Housing (PSH) and address the long term needs of the population for supportive housing. The State of Idaho can take a leadership role in investing in supportive housing, creating accountability measures, and ensuring that cost savings are reinvested back into supportive housing to address its goal of ending homelessness. IHFA and supportive housing service providers 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 Idaho’s most vulnerable residents, while

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<sup>17</sup> Vanessa Fry, Lantz McGinnis-Brown, and Benjamin Larsen, “Idaho Health and Welfare: Treatment and Transitions Program Evaluation 2022,” 2022.

simultaneously decreasing emergency service utilization, improving health, and reducing the per capita cost of care.

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**Appendix A**

<b>Projected Savings Created through a Supportive Housing Services Benefit</b>				
	<b>Per Member</b>	<b>Total for Top-Decile Chronically Homeless Population (32 Members)</b>	<b>Per Member</b>	<b>Total for Top-Decile Non-Chronically Homeless Population (88 Members)</b>
Current Annual Medicaid Costs	\$83,606	\$2,675,385	\$60,526	\$5,326,290
State Share of Current Medicaid Costs	\$24,246	\$775,862	\$17,553	\$1,544,624
Supportive Housing Cost Reduction Estimate	50%	50%	25%	25%
Annual Medicaid Avoidance from Supportive Housing	\$41,803	\$1,337,692	\$15,132	\$1,331,573
State Share of Medicaid Offsets from Supportive Housing	\$12,123	\$387,931	\$4,388	\$386,156
Annual Cost of Supportive Housing Services Benefit	\$6,000	\$192,000	\$6,000	\$528,000
State Share of Cost of Supportive Housing Services Benefit	\$1,740	\$55,680	\$1,740	\$153,120
Net Annual Savings	\$35,803	\$1,145,692	\$9,132	\$803,573
State Share of Net Annual Savings	\$10,383	\$332,251	\$2,648	\$233,036

<b>Total Savings</b>	
Net Annual Savings (Chronic and Non-Chronic)	\$1,949,265
State-Share Net Annual Savings (Chronic and Non-Chronic)	\$565,287