Strategies for Financing Services in Supportive Housing Using Medicaid

Richard Cho, Deputy Director
US Interagency Council on Homelessness

Federal Strategy to End Chronic Homelessness in 2017

- Make available 140,000 permanent supportive housing opportunities:
  - Improve targeting of existing supportive housing
  - Reallocate HUD CoC Program funds to new supportive housing
  - Partner with public housing authorities to provide Housing Choice Vouchers
  - Request $265 million in rental assistance for 25,500 more units
- **Increase Medicaid coverage of supportive housing services**
- Support communities to systematically and proactively identify, engage, and connect people to permanent supportive housing
  - Promote adoption of Housing First
  - Strengthen community capacity to conduct in proactive outreach and "in-reach"

Why Medicaid?

- Need for a more sustainable source of financing for services in supportive housing
- Medicaid is big (~$500 billion) and is an entitlement
- Using Medicaid to cover supportive housing services increases connection to array of health care services
- Supportive housing can also help Medicaid achieve its goals of improving outcomes, reducing costs for high need, high cost populations, and to support community integration of people with disabilities

Housing as a Medical Necessity

AN ARTIFICIAL WATERMARK IS ON THE BACK - HOLD AT AN ANGLE TO VIEW THIS MARK

MGH 1811

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PATIENT'S FULL NAME	PHONE NUMBER	AGE	SEX
JOHN DOE	N/A	50	M

ADDRESS	DATE
STORROW DRIVE BRIDGES	9 / 4 / 2005

℞ 1 STUDIO APARTMENT
SIG: USE EVERY DAY PRN
#: 30 DAYS

Dr. J O'Connell M.D.

☑ Refills 1 2 3 4 11
☐ No Refills Void After

DEA #:

VALID FOR CONTROLLED SUBSTANCES

Interchange is mandated unless the practitioner writes the words "*No Substitution*" in this space

Opportunities through Affordable Care Act

- Medicaid expansion creates possibility of nearly 100% coverage of people experiencing homelessness
- Expansion of community health centers, including Health Care for the Homeless programs
- Creates incentives and tools to shift focus of health care from “volume” to “value“
  - Greater interest and emphasis on care management and addressing social determinants
- Efforts to rebalance long-term care from institutional to community-based settings

New Medicaid Opportunities for Supportive Housing

Pre-ACA

Medicaid is a possible, though imperfect services in PSH:

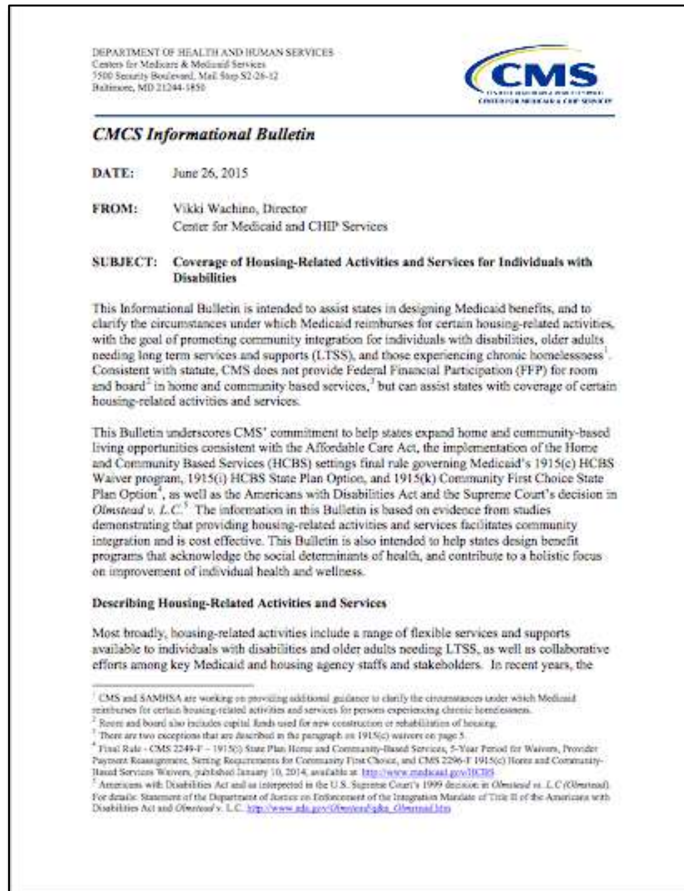
- Not all PSH tenants eligible for Medicaid
- Covered only services deemed "medically necessary"
- Fee-for-service environment made financing extremely challenging

Post-ACA

Greater opportunities to cover services that support housing stability in PSH:

- Potential coverage of all tenants (in expansion states)
- Integration of primary and behavioral health care
- Flexible and bundled payment models
- Elevated role of care management
- New and modified state Medicaid authorities

Medicaid Funded Housing-Related Services



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CMS

CMCS Informational Bulletin

DATE: June 26, 2015

FROM: Vikki Wachino, Director
Center for Medicaid and CHIP Services

SUBJECT: **Coverage of Housing-Related Activities and Services for Individuals with Disabilities**

This Informational Bulletin is intended to assist states in designing Medicaid benefits, and to clarify the circumstances under which Medicaid reimburses for certain housing-related activities, with the goal of promoting community integration for individuals with disabilities, older adults needing long term services and supports (LTSS), and those experiencing chronic homelessness[1]. Consistent with statute, CMS does not provide Federal Financial Participation (FFP) for room and board[2] in home and community based services,[3] but can assist states with coverage of certain housing-related activities and services.

This Bulletin underscores CMS' commitment to help states expand home and community-based living opportunities consistent with the Affordable Care Act, the implementation of the Home and Community Based Services (HCBS) settings final rule governing Medicaid's 1915(c) HCBS Waiver program, 1915(i) HCBS State Plan Option, and 1915(k) Community First Choice State Plan Option[4], as well as the Americans with Disabilities Act and the Supreme Court's decision in *Olmstead v. L.C.*[5] The information in this Bulletin is based on evidence from studies demonstrating that providing housing-related activities and services facilitates community integration and is cost effective. This Bulletin is also intended to help states design benefit programs that acknowledge the social determinants of health, and contribute to a holistic focus on improvement of individual health and wellness.

Describing Housing-Related Activities and Services

Most broadly, housing-related activities include a range of flexible services and supports available to individuals with disabilities and older adults needing LTSS, as well as collaborative efforts among key Medicaid and housing agency staffs and stakeholders. In recent years, the

[1] CMS and SAMHSA are working on providing additional guidance to clarify the circumstances under which Medicaid reimburses for certain housing-related activities and services for persons experiencing chronic homelessness.
[2] Room and board also includes capital funds used for new construction or rehabilitation of housing.
[3] There are two exceptions that are described in the paragraph on 1915(c) waivers on page 5.
[4] Final Rule - CMS 2249-F – 1915(i) State Plan Home and Community-Based Services, 5-Year Period for Waivers, Provider Payment Reassignment, Setting Requirements for Community First Choice, and CMS 2296-F 1915(c) Home and Community-Based Services Waivers, published January 10, 2014; available at: http://www.medicaid.gov/HCBS
[5] Americans with Disabilities Act and as interpreted in the U.S. Supreme Court's 1999 decision in *Olmstead vs. L.C (Olmstead)*. For details: Statement of the Department of Justice on Enforcement of the Integration Mandate of Title II of the Americans with Disabilities Act and *Olmstead* v. L.C. http://www.ada.gov/Olmstead/q&a_Olmstead.htm

- Medicaid increasingly covering behavioral health services
- Medicaid can also cover a comprehensive range of flexible, **housing-related services**:
  - Pre-Tenancy Services
  - Move-In Services
  - Tenancy Services
- Services can be provided in collaboration with agencies that administer affordable and subsidized housing programs

Coverable Services in Supportive Housing

- Services assessment
- Services plan development
- Case management
- Referral, monitoring and follow-up
- Medication monitoring
- Care coordination
- Benefits counseling
- Move-in assistance
- Assistance and skill-building around activities of daily living
- Employment/vocational supports
- Rehabilitative and habilitative services
- Recovery and relapse supports

Coverage of Supportive Housing Services is a State Choice

- Medicaid is a joint Federal-state program
- Federal government (Center for Medicare and Medicaid Services) requires coverage of certain services (Essential Health Benefits); states have discretion to cover optional services beyond Federal requirements
- Housing-related services are optional services, which states can adopt by requesting a waiver or amendment to their state Medicaid plans from Federal government

Authorities Covering Housing-Related Services

	1115 Waiver	1915c and 1915b HCBS Waiver	1915i HCBS State Plan Option	Health Homes State Plan Option	Medicaid Rehab Option	Targeted Case Management
What is it?	Flexible waiver for demonstration programs that enable States to pilot innovative care delivery models and coverage expansion that differ from federal rules	Medicaid waiver to provide Home and Community-Based Services to populations leaving or at-risk of institutionalization; 'c' is for state Medicaid depts and 'b' is for MCOs	State plan option to extend Home and Community Based Services to people with disabilities but who are not necessarily at-risk of institutionalization and without cost neutrality requirement	CMS program enabling states to create highly integrated, coordinated, and flexible health/social services networks for people w/chronic conditions; enhanced federal match for 1st 8 qtrs	Authority traditionally used to cover range of recovery and rehabilitative services for people with serious mental illness and/or developmental disabilities	Authority to make case management available to specific populations, including in specific geographic locations to better access and coordinate medical, social, and other care
Eligible/ Covered Populations	Any Medicaid eligible Can also be used to expand Medicaid coverage beyond federal eligibility (e.g. to low-income singles pre-2014)	Beneficiaries leaving or at-risk of institutionalization including seniors, people with SMI, development disabled, PLWAs, or people with TBI	Beneficiaries with disabilities requiring HCBS who meet approved "needs-based criteria"	Beneficiaries with serious mental illness or two or more other chronic conditions	No specific guidelines, but typically states use for beneficiaries with serious mental illness or developmental disabilities	States can define and limit coverage to certain beneficiaries, can include PWAs, seniors, parolees, children in foster care, people with disabilities inc. substance use
Potential Coverage of SH Services	High (gives States highest degree of flexibility)	Medium (due to cost neutrality requirement)	High (due to no cost neutrality standard)	High (highly tailored services including intensive care management)	Medium to low	Medium to low (must be fee-for-service, limits coverage to one case manager per client)
Considerations	States must meet high standards for research methods that will demonstrate better outcomes, lower costs	Limited to people leaving or at-risk of entering institutions Subject to cost-neutrality	States adopting 1915i must extend coverage statewide; cannot restrict targeting by geography	A hybrid between a payment system and a care model, Health Homes is very new with only a few states adopted	Services tend to be more treatment or rehabilitative as opposed to care management focused	Coverage limited for certain activities such as client transport. Cap on federal match at 50% makes less attractive to states.

Examples

- Massachusetts' Community Support for People Experiencing Chronic Homelessness (CSPECH)
  - MA behavioral health Behavioral health managed care benefit
  - Per diem rate of $17
  - Covers roughly half of the services in permanent supportive housing

- Louisiana's "layered authorities" approach
  - 1115 waiver to increase Medicaid coverage
  - 1915c waiver for people leaving institutional settings
  - 1915i SPA for people experiencing chronic homelessness
  - HUD CoC Program and PHA resources for housing

Four Steps to Increase Medicaid Coverage of Housing-Related Services

- Engage state Medicaid agency
  - Educate them regarding supportive housing's evidence to reduce avoidable ED visits and hospitalizations
- Clearly define the set of <u>services</u> (not housing) seeking Medicaid coverage and approach to service delivery
- Build capacity and partnerships among housing, supportive services, and health care providers
- Assist state to design benefit

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