

May 2015

# Why does a health care company care about housing?

Understanding the intersection of housing and health care.

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## What Is Medicaid Managed Care?

Medicaid is a joint state and federal program designed to support low-income individuals and families by paying for medical, behavioral, and long-term care services. The Centers for Medicare & Medicaid Services (CMS) establishes programmatic rules and guidance based on existing laws. Each state establishes a Medicaid State Plan that creates their unique Medicaid program based on CMS' rules and regulations. While there are some required services that every state must cover, there are other benefits states may elect to cover for the entire Medicaid population or a subset of the population. States may also apply for a waiver to allow the state to further customize covered benefits, service delivery methods, and targeted populations within the Medicaid program.

One of the delivery methods increasingly chosen by states for the Medicaid program is managed care. Medicaid managed care has been used by states since the 1980s to administer state Medicaid programs, coordinate services for Medicaid beneficiaries, and control overall programmatic costs. Nearly all states utilize some type of managed care for a portion of their Medicaid population.

Under Medicaid managed care, health plans contract directly with the state to administer the Medicaid program. The state establishes program rules, benefits, eligibility, contract provisions and the rates health plans will be paid to administer the Medicaid program. Typically there are several managed care entities contracted with a state to provide Medicaid beneficiaries a choice in health plans. The state compensates the health plans using a per member per month (capitated) rate. The health plan is responsible for administering the Medicaid program according to the terms of the contract with the state for their assigned Medicaid beneficiaries. Contracted services differ by state; however, states with contracts that are inclusive of all Medicaid services (medical, behavioral, dental, and long-term services and supports) are the best positioned for delivering integrated, whole-person care.

Health plans are measured on their ability to support their members in receiving preventive treatments, achieving state goals, and meeting various other quality metrics established by the state. Health plans

### Triple aim alignment.\*



achieve success through member engagement to assist with chronic condition management, establish a relationship with a primary care doctor, and coach the member on how to appropriately utilize health care services and settings. For Medicaid beneficiaries enrolled in long-term services and supports waiver programs, health plans are responsible for coordinating access to Medicaid community-based services and benefits to support living in the least restrictive and most community-integrated settings. This is done primarily through the coordination and delivery of home-and-community based supports tailored to the needs of the Medicaid beneficiary.

## Why Does a Health Care Company Care About Housing?

In a post health care reform era, Medicaid programs need to build system capacity to effectively manage increasingly complex Medicaid populations while simultaneously seeking innovative solutions to reduce costs and improve access. As states are increasingly becoming more reliant upon managed care for complex populations – such as individuals in need of long-term services and supports, those with intellectual or developmental disabilities, individuals with severe and persistent mental illness, as well

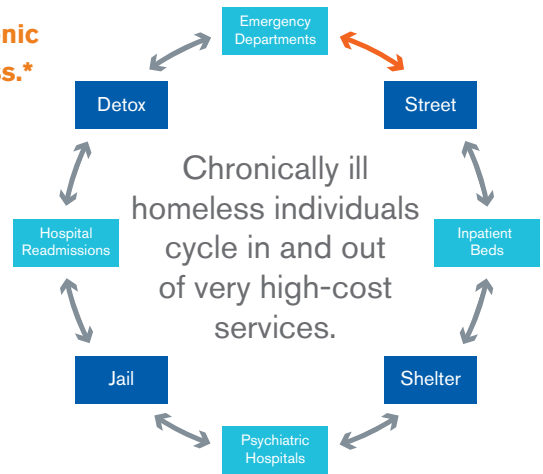
as children with special health care needs – the needs of these populations range far beyond traditional health care. For example, these individuals significantly rely upon social and behavioral health supports.

In addition to the complexity and variety of health care, behavioral and social services needed to support Medicaid beneficiaries, the Department of Justice and policymakers have recently reasserted their commitment to the enforcement of the Americans with Disabilities Act and *Olmstead v. L.C.* This renewed focus is increasing pressure for states to demonstrate compliance with community access standards within the law.

One of the most significant challenges faced by complex populations eligible for Medicaid is the availability of stable, appropriate, and affordable housing. Housing stabilization can be an important element to reducing health system costs for individuals with behavioral health conditions and/or chronic illness. Corporation for Supportive Housing (CSH) highlights data from programs throughout the country that have significantly reduced the number of ER visits, hospital admission days, detox visits, sobering centers visits, ambulance transports and nursing home

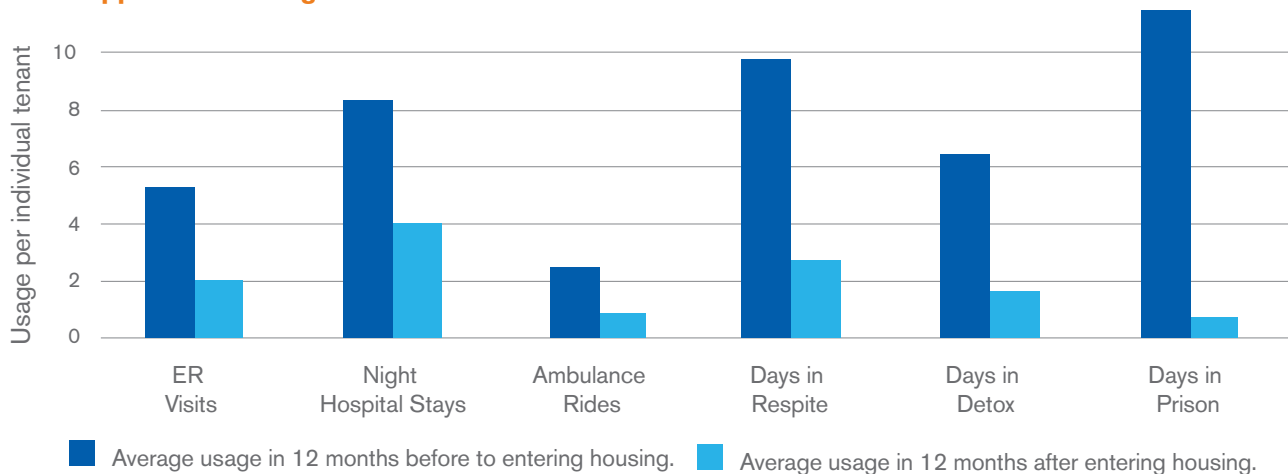
days as a result of permanent supportive housing. One example from Massachusetts saw a reduction from \$26,124 in Medicaid spending to a mean of \$8,949 per person post housing intervention.<sup>1</sup> The graph at the bottom of the page shows additional impacts from the Massachusetts project.

**Cycle of chronic homelessness.\***



Because of outcomes like these, states are increasingly interested in exploring ways to use health care financing to support access to services and/or invest in the affordable housing infrastructure.

**Impacts of supportive housing.**



SOURCE: Massachusetts Home and Healthy for Good January 2015 Progress Report

<sup>1</sup> Corporation for Supportive Housing. (2011, June 9). Supportive Housing Reducing Medicaid Costs and Improving Health Outcomes: A Review and Update of the Evidence [Webinar]. Retrieved from [www.csh.org/wp-content/uploads/2011/12/6\\_9Presentation.pdf](http://www.csh.org/wp-content/uploads/2011/12/6_9Presentation.pdf)

\* Images from UnitedHealthcare & CSH Webinar Series. Health and Housing 2015.

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## What Are the Challenges and Opportunities?

### **Housing and health care sectors speak different languages**

– While both health care and housing professionals are exploring opportunities to align supports, engage individuals in services and help individuals achieve greater overall stability, the housing and health care services, programs, and vernacular are different. Two critical differences exist in the definitions of “case management” and “low-income” status. Opportunities exist for health plans and housing entities to develop relationships and leverage resources and skills that are unique to their industry. For example, health plans are skilled at understanding and connecting to the health care delivery system, coordinating prescriptions, identifying individuals at risk of housing displacement or institutionalization, engaging individuals through disease management programs, and supporting transitions from hospitals and institutions back to the community. Housing entities often offer extensive knowledge regarding social support services focused on skill building to enable successful housing placement. Such supportive housing services include, but are not limited to, on-site coordination, outreach and engagement, and housing placement.

### **Populations we serve overlap, but are not identical**

– The predominant concentration of Medicaid eligible individuals with incomes at or below 138% of the Federal Poverty Limit (FPL) is in the extremely low income limit as a function of Median Family Income (MFI). Where investment in affordable housing is on the rise, development tends to be concentrated around increasing affordable housing units and targeting residents with low to moderate income, which is well above the income of a typical Medicaid beneficiary. Opportunities exist for Health Plans and Housing entities to develop collaborations to serve the “extremely low income” or Medicaid eligible population.

**Contracting and funding differences** – Medical assistance, such as Medicaid, and public/affordable housing assistance are both federally funded; however, the funding flows through separate agencies (at both the federal level and state level) and programs are governed by separate rules and regulations. Health plans that serve Medicaid programs are funded by the state through a per member per month (capitated) rate. Housing developers and supportive housing providers are typically funded through a variety of ways including grants, federal subsidies, private investments and loans to serve a particular area or population group. As Health Plans work with housing-related entities, collaborations must make economic sense and align with organizational mission.

**Affordable housing capacity** – Affordable housing capacity is an underlying issue in any attempt to connect housing and health care. Without addressing the shortfall of the existing affordable housing portfolio, wraparound support services and coordination with health care will do only so much. Opportunities exist for health plans and housing entities to work together to develop innovative housing and financing solutions to begin to address the current housing environment limitations.

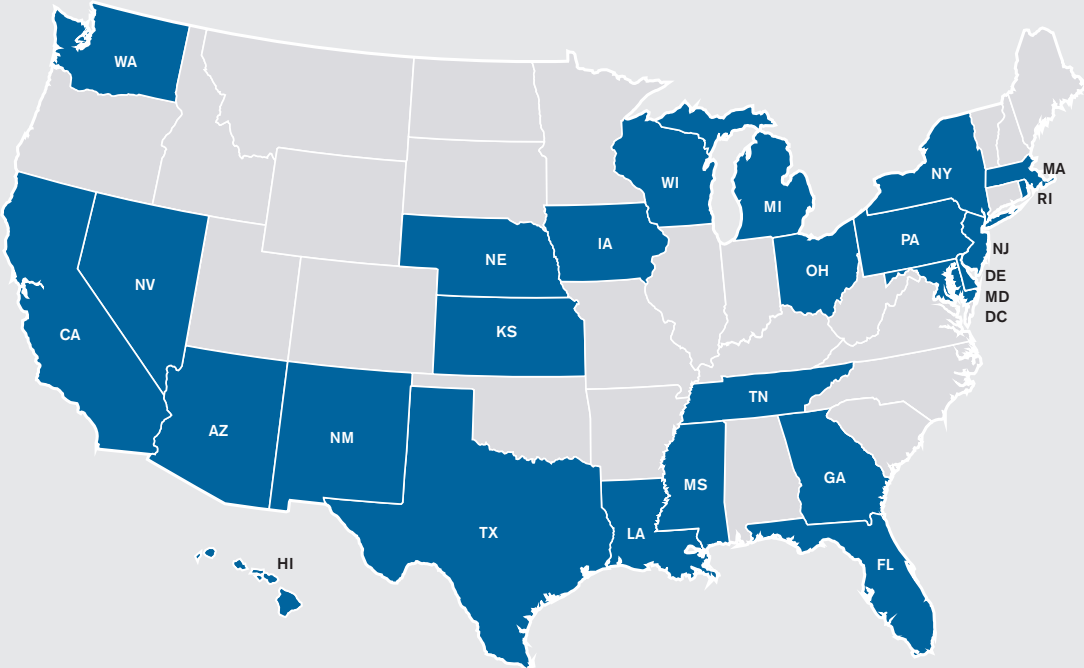
**Medicaid funding limitations** – CMS establishes rules regarding the use of federal Medicaid funding dollars. States are currently seeking Medicaid waiver authority to expand the types of services that can be covered under Medicaid programs as wraparound tenancy and pre-tenancy supports. Opportunities exist for health plans, housing entities and other stakeholders to collaborate to develop innovative solutions to work around the current regulatory environment to test new models connecting the two public programs to drive deeper cost savings for states and to improve outcomes for individuals.

# Who Is UnitedHealthcare Community & State?

UnitedHealthcare is dedicated to helping people live healthier lives by simplifying the health care experience, meeting consumer health and wellness needs, and sustaining trusted relationships with care providers. The company offers the full spectrum of health benefit programs for individuals, employers, military service members, retirees and their families, and Medicare and Medicaid

beneficiaries, and it contracts directly with more than 850,000 physicians and care professionals, and 6,000 hospitals and other care facilities nationwide.

UnitedHealthcare Community & State focuses on serving the needs of individuals who are Medicaid eligible and those who are eligible for Medicare and Medicaid in 26 states.



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