



The New Hampshire Business Case for a Supportive Housing Services Benefit

This paper was commissioned by Housing Action New Hampshire and Families in Transition, with generous funding from the New Hampshire Charitable Foundation, Granite United Way and New Hampshire Housing Finance Agency. It is meant to serve as a companion document to the [New Hampshire Medicaid Supportive Housing Services Crosswalk](#).ⁱ

About the Business Case

This study 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 New Hampshire for 159 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 \$287,798 net annual Medicaid savings, *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.ⁱⁱ 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 September, 2016, data analysts from New Hampshire's Department of Health and Human Services (DHHS) matched data from individuals entered into the Homeless Management Information System (HMIS) in 2015 with their accompanying 2015 Medicaid claims data to determine the annual costs for each person enrolled in both Medicaid and the HMIS system in 2015. 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 DHHS were able to match 4,296 people from 2015 HMIS data with New Hampshire Medicaid enrollment data. This means that in 2015, roughly 70% of individuals in the HMIS system were also enrolled with Medicaid- a remarkable percentage given that Medicaid expansion had just begun.

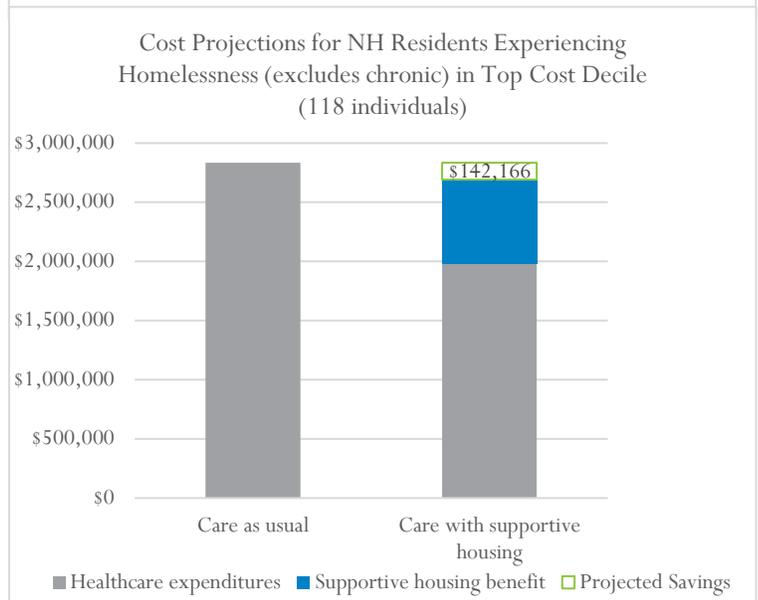
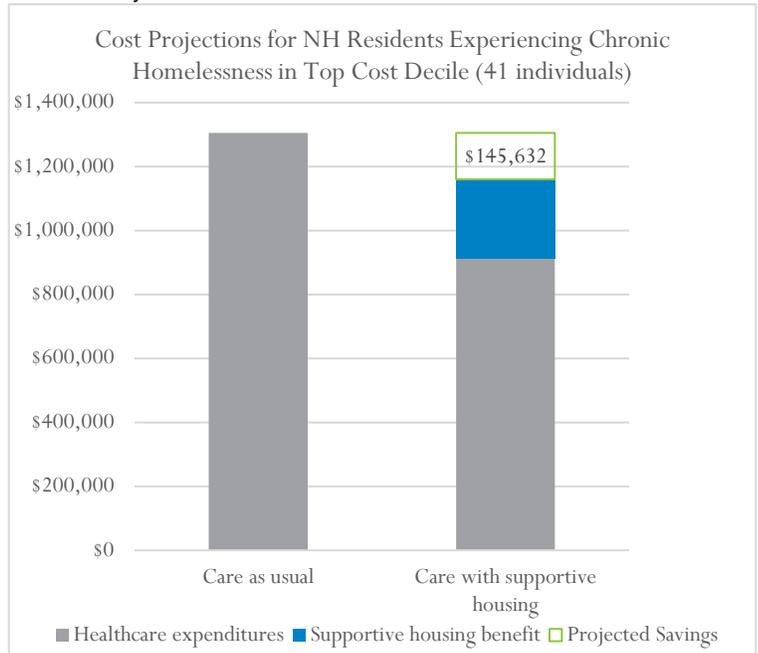
¹ Claims data was matched to individuals, yet it is important to note that individuals may be heads of households or members of larger families. Supportive housing can be an appropriate intervention for families that are frequently involved with the healthcare, criminal justice and child welfare systems.

Individuals in the top decile of costs of those who experienced chronic homelessness had an average of \$31,840 in Medicaid expenditures in 2015. Individuals in the top cost decile of those experiencing homelessness averaged \$24,016 in Medicaid claims that same year.

The Business Case for Supportive Housing

CSH estimates that supportive housing will result in a 30% reduction in Medicaid costs for individuals who are homeless or chronically homeless and who have costs in the top decile of Medicaid costs in New Hampshire.² 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.ⁱⁱⁱ Some studies demonstrate as much as a 67% cost reduction. A 30% cost reduction created by supportive housing would result in \$796 in costs avoided per person, per month for each beneficiary who is chronically homeless. 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 \$296 per person, per month (or \$148 for the State share). For the entire cohort of 41 chronically homeless high utilizers represented in the 2015 HMIS data match this would result in a 59% return on investment, a total savings of \$145,632 and state savings of \$72,816.

Cost neutrality with some cost savings can also be predicted for individuals in the top cost decile for Medicaid claims who were not chronically homeless in 2015 but experienced homelessness during that year. For these 118 individuals, a 30% cost reduction created by supportive housing would result in \$600 in costs reduced per person, per month for each beneficiary. A supportive



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).

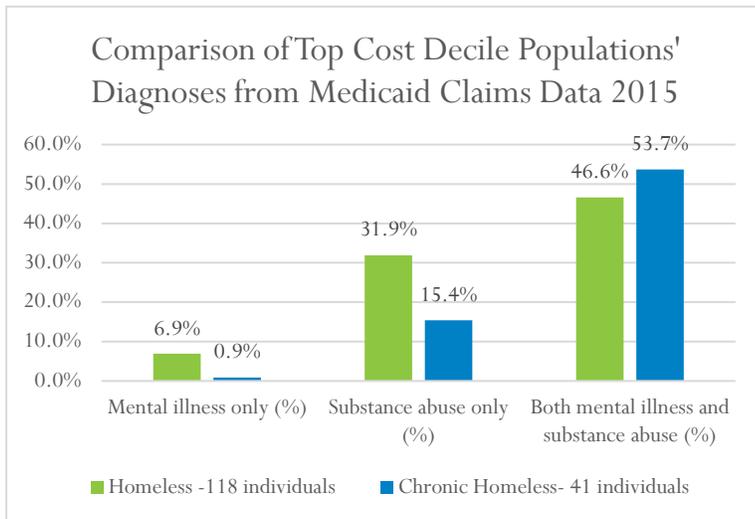
\$145,632	+	\$142,166	=	\$287,798	} \$143,899 (50%) is state savings \$143,899 (50%) is federal savings
				Total federal and state Medicaid savings	

² While cost avoidance and projected savings are identified for the top decile, cost neutrality may also be achieved extending the benefit beyond the top decile to other frequent users of crisis systems.

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 \$100 per person, per month (or \$50 for the State share). For the entire cohort of 118 unstably housed high utilizers this would result in a 20% return on investment, a total savings of \$142,166 and state savings of \$71,083.

Creating a Medicaid Supportive Housing Services Benefit

As shown in the [New Hampshire Medicaid Crosswalk](#),^{iv} New Hampshire Medicaid reimburses for targeted case management services for individuals with severe and persistent mental illness. For certain populations (individuals living with disabilities) the State uses a variety of waivers and state plan amendments to provide the deeper services needed to achieve better health outcomes. However, these services do not fully cover pre-tenancy and tenancy support services that are vital to supportive housing. Further, waiver and community mental health center services are not currently available to individuals with substance use disorders as a



primary diagnoses. The dataset provided by the State for this analysis demonstrated that 15% of people who are chronically homeless and have the highest healthcare costs and 32% of people who are homeless and have the highest healthcare costs had substance use disorders as their primary diagnosis. Under the current Medicaid State Plan, these New Hampshire residents are not eligible for targeted case management or pre-tenancy and tenancy-support services.

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.^v 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.^{vi}

The state of New Hampshire could improve health outcomes and reduce costs by creating a Medicaid benefit for supportive housing services.³ The State of New Hampshire 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. The benefit must be administered in a coordinated manner with other Medicaid and human service programs. Managed care 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

³ Similar to the recently approved Medicaid benefit for supportive housing services for Washington State, New Hampshire 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.

services to some of New Hampshire’s most vulnerable residents, while simultaneously decreasing emergency service utilization, improving health and reducing the per capita cost of care.

New Hampshire Supportive Housing Services Benefit Cost Analysis for Individuals Experiencing Homelessness in 2015				
HMIS data from 2015 revealed that 4,296 individuals experiencing homelessness were enrolled in Medicaid that year. Of these beneficiaries, 41 individuals experiencing chronic homelessness had costs in the top decile, averaging \$31,840 per person, per year. 118 individuals who had costs in the top decile of people experiencing homelessness had average costs of \$24,016 per person per year.	Individuals Experiencing Chronic Homelessness in the Top Cost Decile of NH Medicaid Costs		Individuals Experiencing Homelessness in the Top Cost Decile of NH Medicaid Costs	
	Estimated Cost per Individual	41 Individuals	Estimated Cost per Individual	118 Individuals
A. Monthly Medicaid Costs (average annual costs divided by 12)	\$2,653	\$108,787	\$2,001	\$236,157
State Share of Medicaid Costs (50% State /50% Federal)	\$1,327	\$54,393	\$1,001	\$118,079
B. Supportive Housing Cost Reduction Estimate	30%	30%	30%	30%
C. Monthly Medicaid Offsets Projected from Supportive Housing (A*B)	\$796	\$32,636	\$600	\$70,847
State Share of Monthly Offsets from Supportive Housing	\$398	\$16,318	\$300	\$35,424
D. Monthly Cost of Supportive Housing Services Benefit in NH (1)	\$500	\$20,500	\$500	\$59,000
State Share of Cost of Supportive Housing Services Benefit	\$250	\$10,250	\$250	\$29,500
E. Net Monthly Savings (C-D)	\$296	\$12,136	\$100	\$11,847
State Share of Net Monthly Savings	\$148	\$6,068	\$50	\$5,924
F. Net Annual Savings (E*12)	\$3,552	\$145,632.00	\$1,205	\$142,166.40
Net Annual State Savings	\$1,776	\$72,816	\$602	\$71,083
G. Return on Investment	59%		20%	

(1) Monthly average costs for providing supportive housing services is based on estimates from both New Hampshire providers and estimates from other states serving high utilizers with a supportive housing benefit. The recommended case load ratios of 1:10 and 1:15 for supportive housing are best supported with a supportive housing benefit reimbursing \$500-\$600 per beneficiary per month.

ⁱ CSH. “New Hampshire Supportive Housing Medicaid Crosswalk.” (September 2016). http://www.csh.org/wp-content/uploads/2016/09/New_Hampshire_Medicaid_Crosswalk.pdf

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

ⁱⁱⁱ Citations for studies referenced to produce estimate of a 30% cost reduction resulting from supportive housing: “Comparative Costs and Benefits of Permanent Supportive Housing in Knoxville, Tennessee.” The Mayors’ Office, The Knox County Health Department Epidemiology Program and the University of Tennessee College of Social Work – Knox HMIS (2012).

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^{iv} CSH. “New Hampshire Supportive Housing Medicaid Crosswalk.” (September 2016). http://www.csh.org/wp-content/uploads/2016/09/New_Hampshire_Medicaid_Crosswalk.pdf

^v CSH. Integrating Housing in State Medicaid Policy. (2014).

http://www.csh.org/wp-content/uploads/2014/04/State_Health_Reform_Summary.pdf

^{vi} 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.medicare.gov/federal-policy-guidance/downloads/cib-06-26-2015.pdf>