

# Reducing Medicaid Costs Through Affordable Supportive Housing

Monday, November 21, 2011

# Research Confirms Supportive Housing Reduces Public Costs

- ▶ By targeting chronically homeless individuals who are frequent users of emergency rooms, hospitals and medical detox programs, supportive housing reduced inpatient Medicaid spending substantially.
- ▶ The savings measured by the studies vary widely, depending on differences in state Medicaid program rules, types of populations and disabilities served, and intensity of targeting. Multiple national studies have found reductions in emergency department and inpatient costs averaging 60%, with overall Medicaid savings ranging from \$1,130 to \$17,625 per person per year.<sup>1</sup>

<sup>1</sup>Craig C, Eby D, Whittington J. *Care Coordination Model: Better Care at Lower Cost for People with Multiple Health and Social Needs*. IHI Innovation Series white paper. Cambridge, Massachusetts: Institute for Healthcare Improvement; 2011.

# Research Studies

- ▶ University of Pennsylvania (2002) Culhane Study
- ▶ Health, Housing and Integrated Services Network Study, San Francisco (2006)
- ▶ The Portland Maine Study (2007)
- ▶ FUSE Study (2009)
- ▶ 1811 Eastlake, Seattle (2009)
- ▶ Chicago Housing for Health Partnership (2009)
- ▶ Harlem United, NYC (2010)
- ▶ Keeping Families Together (2010)

Public Service Reductions Associated with  
Placement of Homeless Persons with Severe  
Mental Illness in Supportive Housing  
*University of Pennsylvania*  
*Culhane Study*

- ❑ Once placed into service-enriched housing, a homeless mentally ill individual reduces his or her use of publicly funded services by an average of \$12,145 per year.<sup>2</sup>
- ❑ Accounting for the natural turnover that occurs as some of the residents move out of service-enriched housing, these service reduction savings translate into \$16,282 per year for each unit of housing constructed.<sup>2</sup>
- ❑ The reduction in service use pays for 95% of the costs of building, operating and providing services in supportive housing.<sup>2</sup>

# Culhane Study Continued

- ❑ \$14,413 of the service reduction savings resulted from a 33% decrease in the use of medical and mental health services.<sup>2</sup>
- ❑ Much of these savings resulted from NY/NY residents' experiencing fewer and shorter hospitalizations in state psychiatric centers, with the average individual's hospital use declining 49%.<sup>2</sup>
- ❑ After 7 years, more than 80% of clients remained successfully housed.<sup>3</sup>

<sup>2</sup> (Stephen Metraux, Steven C. Marcus, and Dennis P. Culhane. "The New York–New York Housing Initiative and Use of Public Shelters by Persons with Severe Mental Illness" *Psychiatric Services* 54.1 (2003): 67–71. Available at: [http://works.bepress.com/dennis\\_culhane/28](http://works.bepress.com/dennis_culhane/28) )

<sup>3</sup> (Summary Placement Report of the New York New York Agreement to House Homeless Mentally Ill Individuals through September 30, 1997 )

# Health, Housing and Integrated Services Network Study, San Francisco (2006)

*Found that supportive housing reduced mostly chronically homeless adults' hospitalizations by 56% and inpatient admissions by 44%.<sup>4</sup>*

4 . Tia E. Martinez and Martha R. Burt, "Impact of Permanent Supportive Housing on the Use of Acute Care Health Services by Homeless Adults," *Psychiatric Services* (2006)

# The Portland Maine Study (2007)

*Placed homeless adults with mental illness, cutting use of emergency rooms by 62% and inpatient admissions by 77%.<sup>5</sup>*

5 .Melany Mondello, et. al., "Cost of Homelessness: Cost Analysis of Permanent Supportive Housing." (2007)

# FUSE Study (2009)

*Placing 200 frequent users of New York City shelters and jails into supportive housing reduced their shelter use by 92% and days in jail by 53%. Over 90% of the participants remained housed one year later, saving \$20,000 to \$24,000 per housing unit created.<sup>6</sup>*

6. Corporation for Supportive Housing & Ginny Shubert, "The FUSE Initiative. Frequent Users of Public Services: Ending the Institutional Circuit," December, 2009.

# 1811 Eastlake, Seattle (2009)

*Found that supportive housing reduced annual public costs of homeless persons with severe alcoholism by 74%; Medicaid costs were reduced by 41%.<sup>7</sup>*

7. Mary E. Larimer et. al., "Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons with Severe Alcohol Problems," *Journal of American Medical Association* (2009).

# Chicago Housing for Health Partnership (2009)

*Found that supportive housing for chronically ill homeless individuals reduced hospital and nursing home days by 46%, saving \$4,500 per person annually, after subtracting housing and services costs.<sup>8</sup>*

8.Laura Sadowski, et al., "Effect of a Housing and Case Management Program on Emergency Department Visits and Hospitalizations Among Chronically Ill Homeless Adults," *Journal of American Medical Association* (2009).

# Harlem United, NYC (2010)

- ▶ *Reduced dependence of Individuals who were triply diagnosed with HIV/AIDS, Mental Illness and Substance Abuse on nursing home care by 54% and achieved savings of \$31,291 per person per year.*
- ▶ *Also reduced cost of hospitalizations and emergency room visits from an average of \$28,514 per person in the six months prior to placement to \$5,270 in the year after placement, a 90% reduction when annualized.<sup>9</sup>*

9. Harlem United, "2009 Program Evaluation," 2010.

# NYC HHC's Chronic Illness Demonstration Project Preliminary Findings

## ▶ Pre Enrollment Data

- \$5,928.85 per person per month
- \$71,146 per person per year

## ▶ Post-Enrollment Data

- \$4,755.36 per person per month
- \$57,064.32 per person annually

Annual per-person Medicaid savings if numbers hold:

- \$14,081.68 (20% savings)
- Over \$3.7 million total for 263 patients (includes program costs)<sup>10</sup>

10. How can we make Health Homes work for the Homeless? Lessons from NYC HHC's Chronic Illness Demonstration Project, Maria Raven, MD, MPH, MS, Supportive Housing Network of New York, Sept 23, 2011