



The District's Dime

Going Beyond the Budget Book

The DC Fiscal Policy Institute blog
www.dcfpi.org

May 15, 2015

Medicaid Can Help Build a More Robust Permanent Supportive Housing Program In DC

By Wes Rivers

As the District seeks additional money to combat chronic homelessness, one of the best places to look is actually Medicaid, the federal health care program. That's because better care for homeless residents with serious health conditions can help them better manage their care, which, in turn, helps keep them off the streets. Using federal Medicaid funds could help end homelessness *and* provide DC with long-term savings – a huge win-win. DC has begun the process but must invest more resources into technical assistance and coming up with a comprehensive plan moving forward.

There is lots of [evidence](#) that the permanent supportive housing (PSH) model – which places homeless residents with chronic conditions into housing and then provides services to address those conditions – not only improves the health of participants, but also improves the *fiscal health* of the community at large. Bringing services into someone's home means that they are more likely to maintain their care, including getting to the doctor and keeping up with prescriptions. This means residents are more likely to stay healthy and housed and are less likely to go to the emergency room, and this lowers costs for both homeless services and health services.

The District is looking to expand PSH to combat chronic homelessness. Using Medicaid to support the substantial new investment needed makes a lot of sense, especially since the federal government covers 70 percent of DC's Medicaid costs. But there are other reasons, too.

- Many of those who are chronically homeless are also eligible for DC Medicaid.
- The Affordable Care Act allows Medicaid to pay for new and innovative approaches that help residents get easier access to health services and better coordinated care.
- The health companies that provide Medicaid to 175,000 District residents had [millions](#) in unnecessary health costs last year, related to uncoordinated care, avoidable hospital visits, and emergency room use for non-emergencies. PSH could reduce those costs.

The District is making progress in seeing how services under Medicaid and in Permanent Supportive Housing could overlap, but more can be done. Medicaid already covers up to 85 percent of services in Permanent Supportive Housing for people with a severe mental illness. [Starting this year, substance abuse is also covered](#) under Medicaid and should have many of the same benefits.

The biggest remaining gap is for people with chronic physical health conditions who have unstable housing situations. Several state Medicaid programs are finding ways to target these populations and use PSH to improve their health and housing. For example, the Minnesota Medicaid program is working with homeless service organizations to provide case management in a PSH setting. Massachusetts is providing incentives for its Medicaid managed care companies to pay for

community health workers and home visitors to deliver services in PSH. Both of these programs keep people housed, improve health, and lower health care costs over time – goals shared by DC.

PSH can make a real dent in chronic homelessness, but it needs sustainable funding to do so. Medicaid funding could provide that needed investment to keep people healthy and off the streets. But to get to implement models like in Massachusetts or Minnesota, DC needs to start investing in technical assistance and capacity building for government agencies like the Department of Health Care Finance (Medicaid) and the Interagency Council on Homelessness. This money can help with the planning and training of PSH providers who may not be familiar with Medicaid.