Governor’s Proposed Budget FY2020-FY2021
Appropriations Hearing
Department of Social Services
Submitted written testimony (3/6/2019)

Senator Osten, Senator Formica, Representative Walker, Representative Lavielle, and distinguished members of the Committee, thank you for reading my testimony today in support of the Medicaid Supportive Housing Benefit through the Department of Social Services to assist high need, high cost Medicaid beneficiaries who are experiencing homelessness in accessing and retaining stable housing and meaningfully engaging with their health goals.

“Million-Dollar Murray” a 2006 The New Yorker article by Malcolm Gladwell tells the story of Murray Barr, whose cycle of homelessness and countless crisis services cost Reno Nevada a million dollars not to do something that solved his problem. After spending a million dollars on crisis services, Murray still died homeless.

My name is John Merz, Executive Director of AIDS Connecticut (ACT). From 2012-2017, ACT partnered with the Corporation for Supportive Housing (CSH) as one of only four national subgrantees for CSH’s Social Innovation Fund (SIF). SIF was a national pilot funded by the federal Corporation for National and Community Service (CNCS) to serve 160 individuals (CT’s Million Dollar Murrays) who are high utilizers of crisis health services and assist them in accessing integrated health care and supportive housing in Connecticut. This 5-year pilot empirically proved that funding supportive housing services could be linked with lower Medicaid (and crisis healthcare services) costs. For this pilot, the state of Connecticut was the first nationally to conduct a data match between our state’s Medicaid Claims data and our Homeless Management Information System (HMIS) to identify the 160 participants we served.

The evaluation research conducted by NYU on this pilot supports other research that demonstrates that supportive housing reduces system costs and improves health outcomes for people who have complex healthcare needs and housing instability, including people
experiencing chronic homelessness, people living in institutions, and people who are at risk of institutionalization. Our pilot proved that providing stable affordable housing, tenancy supports, and care coordination to connect tenants to primary and behavioral health services, and supportive housing helped our 160 participants improve their physical health, fostered mental health recovery, and reduced alcohol and drug use among these formerly homeless individuals. National research, including the Social Innovation Fund piloted here in Connecticut, demonstrates that supportive housing is a cost-effective intervention to improve health outcomes among individuals with complex chronic health disorders while lowering Medicaid costs among homeless high-cost beneficiaries. Research and evidence related to supportive housing’s impact of Medicaid utilization document the potential impact of supportive housing on Medicaid utilization for populations similar to the one identified through the CT data match process ranging from 24% up to 67%. In CT, the Social Innovation Fund pilot saw a 24% reduction in Medicaid costs for those in the treatment group. In addition to an improvement in health outcomes, research on supportive housing in nine states consistently demonstrates that stable housing combined with case management can significantly reduce unnecessary system use and costs associated with emergency rooms, inpatient hospitalizations, detox and psychiatric admissions, use of publicly funded crisis services in hospitals, addiction, corrections, shelter, and emergency medical services as well as Medicaid.

In Connecticut, supportive housing has proven to be an important tool in reducing homelessness among individuals that are diagnosed with mental health and/or substance use disorders. As an early adopter of the permanent supportive housing model, Connecticut has had great success in creating an effective and coordinated housing system that includes the development of new supportive housing units, funding for rental and service subsidies for scattered site supportive housing, and the creation of a statewide Coordinated Access Network (CAN) that provides standardized access to housing and homeless services and the development of universal protocols and assessment tools.

In October 2018, a second data match was conducted between the CT Homeless Management Information System (HMIS) and the CT Medicaid Claims data. The data match conducted between the Connecticut Department of Social Services and HMIS has helped provide the
evidence to support the business case for the cost-effectiveness of supportive housing services package proposed in the Governor’s Budget.

Employing systems data to identify this cohort of beneficiaries and their utilization costs in Connecticut provides the empirical basis from which to build a discussion of justification based on potential cost avoidance (savings). The high utilization of inpatient medical and behavioral health hospitalizations in this cohort point towards an opportunity to significantly reduce associated costs through the provision of a package of coordinated home and community-based services (HCBS) coupled with affordable housing that have been demonstrated to be an effective recovery oriented approach to stabilizing and improving health outcomes.

Under this proposal, a 1915(i) state plan home and community-based services benefit will be developed to provide supportive housing to up to 850 individuals who experience homelessness and whose average Medicaid costs exceed $40,000 per year. Like our SIF pilot, this initiative meaningfully addresses the key social determinant of housing for individuals whose behavioral health and medical conditions have otherwise left them subject to cycle through ED, inpatient hospital, and, inappropriately, nursing facility care, resulting in high costs and poor health care outcomes. By instituting a supportive housing benefit for this population, the net savings to the state would be $4,022,500. This savings could then be reinvested to fund housing assistance at the Department of Housing and still retain $127,603 in savings to the state.

We strongly urge this committee to support the Medicaid Supportive Housing Benefit through the Department of Social Services to assist high need high cost Medicaid beneficiaries who are experiencing homelessness in accessing and retaining stable housing and meaningfully engaging with their health goals. We cannot afford not to serve our state’s Million Dollar Murrays.

Sincerely,
John Merz
Executive Director
AIDS CT, Inc.