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Services in Housing

An Opportunity to Strengthen America's Public Health Infrastructure

APPROACH

As a national nonprofit that exists to make a good home possible for the millions of families without one, Enterprise connects with and supports on-the-ground partners in affordable housing and healthcare. As society moves through the COVID-19 pandemic, we've seen how these partners are mission-aligned, adapt in times of crisis, and serve their communities' most critical needs. There is opportunity for additional alignment between healthcare and affordable housing, especially around meeting needs through on-the-ground services. To explore this, Enterprise developed a series of issue briefs called "Services in Housing: An Opportunity to Strengthen America's Public Health Infrastructure."

In this series, Enterprise shares our learnings around the role that housing-based services play in our public health infrastructure and how it could be further activated to support health equity in the United States. This series is informed by a set of interviews with high-capacity affordable housing-services practitioners in affordable housing, Enterprise's experience-seeking partnership with Medicaid Managed Care Organizations and healthcare partners related to housing-based services, and our experience as an affordable housing owner and operator.

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Possibilities for synergy and policy alignment in Medicaid and LIHTC

Introduction

In this series, we explored how housing-based services collaborations between affordable housing providers and MCOs can improve resident health while reducing costs. To scale and fund these types of collaborations, advocates need to examine the government programs that can enable, incentivize, or require them. In this installment, we will explore possibilities for policy synergies between the largest funding sources for affordable housing and medical services, the Low-Income Housing Tax Credit (LIHTC) and Medicaid, to increase partnership between MCOs and housing providers around housing services.

It is important to note that Medicaid and LIHTC are funded by the federal government, but states have autonomy for program implementation and delivery for both programs. States are given the flexibility to formulate programs that meet identified needs and priorities within the parameters of broad federal requirements.

While neither the Centers for Medicare & Medicaid Services (CMS), which administers Medicaid under the U.S. Department of Health and Human Services, nor the U.S. Department of the Treasury, which governs LIHTC, ***require*** incorporation of housing-based services within their respective programs, there is ample flexibility within federal regulations for states to do so. Advocacy for incorporation of housing-based services should be focused on the state level – towards the state-administering agencies, the Governor, and the state legislature that all have power in setting Medicaid and LIHTC program policy.

States are already using this flexibility to address the social determinants of health (SDOH) in these programs. They have even laid groundwork in how these programs can support housing-based services, for example, tenancy supports through Medicaid or incentivizing housing and health partnerships in LIHTC. These programs can be pushed even further to support housing-based services in affordable housing if advocates and practitioners better understand how they can be connected.

Social Determinants of Health

The Social Determinants of Health (SDOH) are the circumstances in the environments where people are born, live, learn, work, play, and age, that affect a wide range of health and quality of life outcomes. The SDOH help explain wide racial inequities in health outcomes. Addressing SDOH is vital for improving health and reducing disparities in health and healthcare outcomes. CMS and state Medicaid agencies are becoming more attuned to addressing SDOH through Medicaid. In 2021, CMS sent state Medicaid leaders a letter encouraging them to address SDOH in their Medicaid policies, defining seven broad categories for SDOH-related services and supports: housing-related services and supports, non-medical transportation, home-delivered meals, educational services, employment, community integration and social supports, and case management. Given that resident services within affordable housing properties are geared towards the same types of programming, there is existing synergy between the types of services CMS wants to see incorporated into Medicaid and the those already happening on the ground within affordable housing developments.

Possibilities for synergy and policy alignment in Medicaid and LIHTC

Medicaid

Medicaid is the nation's largest single source of health coverage for low-income Americans - making the opportunity for alignment with affordable housing so powerful. Medicaid is administered by a state's department of health or a stand-alone Medicaid agency, and it covers a broad array of health services with the goal of limiting enrollee out-of-pocket costs. Medicaid accounts for nearly a fifth of all personal healthcare spending in the U.S., rendered at hospitals, community health centers, physicians' offices, and through other providers in the healthcare sector. The coverage is largely administered through Managed Care — 69% of Medicaid enrollees received coverage from Managed Care Organizations (MCOs).

Low-Income Housing Tax Credit

LIHTC is the nation's largest program for the production and preservation of affordable housing. Tax credits are distributed by state Housing Finance Agencies (HFAs) to affordable housing developers through an application process known as the Qualified Allocation Plan (QAP). QAPs, which are usually released annually, dictate the requirements and priorities for building standards, site locations, targeted populations, construction and cost standards, resident services, and other factors on which applications will be judged. The LIHTC program is highly competitive; only the highest scoring proposals are awarded the limited funding, so developers are incentivized to meet as many of the priority scoring criteria as they can.

Opportunities for alignment around housing-based services within Medicaid and LIHTC

We will explore the opportunities within Medicaid and LIHTC to align policies that promote partnership between MCOs and affordable housing providers around housing-based services. Within Medicaid, the two primary access options include 1) contracting and procurement and 2) community-based waivers. Within LIHTC, we will focus on the Qualified Allocation Plan (QAP).

Medicaid: Contracting and Procurement

States' MCO contracting and procurement processes are crucial entry points for incenting housing-based service partnerships. There is significant competition for state contracts between MCOs, making MCOs eager to gain an advantage. Partnerships with affordable housing providers around services could be incentivized by States by creating a competitive advantage for MCOs with affordable housing services partnerships.

When considering this in your state, it is essential to understand the procurement scoring system, how collaboration on resident services would be a value-add to Medicaid, and where this could be incentivized within your states' criteria. Advocates can determine how resident services could fit within the services and SDOH interventions incentivized or mandated by state Medicaid agencies' request for proposals and MCO contracts. For a more direct approach they can advocate to state Medicaid agencies to explicitly call out housing-based services within their procurement documents as a means for MCOs to address SDOH.

As of July 2021, 41 states, including Washington, DC, contract with managed care plans to provide care for at least some of their Medicaid enrollees. Most often, the state Medicaid agency will administer the procurement of MCO contracts, but occasionally the state procurement agency or a combination of the two will. States plan and design the procurements, including the number of awarded contracts, the populations and services covered, the geographic areas to be served, and the value-based payment arrangements with providers. Medicaid MCO contracts are usually for three years, often with options to extend for additional years. The contracts typically cover a variety of topics from compensation for services to ensuring enrollees maintain their health and decrease the need for medical services (this is often achieved through community programs). Managed care procurements can be the largest contracts awarded in a state, with a price tag of up to a billion dollars of state and federal funds, depending on the size of the state's Medicaid enrollment.

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Medicaid: Community-Based Waivers

Each state operates its own Medicaid program, allowing for program design flexibility, and they have the option to submit various waivers to innovate in ways not traditionally allowed under federal rules. This process encourages states to use waivers to incorporate services such as supportive housing in their Medicaid programs. Supportive housing combines affordable housing with coordinated services to help people struggling with chronic physical and mental health conditions stabilize their housing and receive proper housing and community-based services.

Most often, states use Section 1115 Demonstration waivers and 1915(c) Home & Community-Based Services waivers to establish a supportive housing program. Some other states also utilize State plan amendments (SPA), which allow states to update or change how they administer their Medicaid state plan. **If possible, an affordable housing provider should establish a partnership with an MCO to deliver supportive housing and related housing-based services to Medicaid enrollees.**

Common Medicaid Waivers

- **Section 1115** waivers allow for research and demonstration projects designed to temporarily test expanded eligibility or coverage options, as well as methods for financing and delivering Medicaid. Section 1115 waivers essentially allow "pilot" or "demonstration" programs that are expected to enhance or promote coverage and efficiency.
- **Section 1915(b)** waivers allow states to develop Medicaid managed care plans. State Medicaid agencies can contract with MCOs to help manage quality, utilization, and costs, while also working to improve plan performance and patient outcomes.
- **Section 1915(c)** Home and Community-Based Services (HCBS) waivers allow beneficiaries to receive long-term healthcare benefits at home or in community settings outside of institutional settings.
- **Combined or concurrent Section 1915(b) and 1915(c)** waivers allow a state to provide services identified in Section 1915(c) by contracting with managed care organizations defined in Section 1915(b). The contracted managed care organizations deliver home and community-based healthcare services.

Examples of States Using Waivers

- **Minnesota's Housing Stabilization Services** supports beneficiaries experiencing homelessness or transitioning from institutional settings into mostly affordable housing communities authorized under a 1915(i) SPA. Additionally, the program provides training on tenant responsibility and lease compliance.
- **Michigan's 2019 SPA** emphasizes transition services that assist people transferring from a nursing facility or other institutional setting to an affordable home-based setting. These include assistance with security deposits, utility set-up fees and essential furnishings, as well as cleaning and pest removal services. Additionally, it provides skill-building assistance to help individuals with community integration and self-sufficiency.
- **DC Medicaid Assisted Living Facilities (ALF)** provides affordable housing through LIHTC, and assisted living care services, dining services to low- and moderate-income elderly District residents under the Elderly and Persons with Disabilities Waiver Program (Home and Community Waiver). DC healthcare Finance and a local developer are scheduled to build four of these communities within the next two years.

Opportunities for alignment around housing-based services within Medicaid and LIHTC

Low-Income Housing Tax Credit (LIHTC)

The LIHTC program is responsible for more construction and rehabilitation of housing affordable for low-income households than any other housing program in the nation. Around 100,000 rental homes are produced each year through the program resulting in two million LIHTC units in operation today. Service provision is not mandatory within the LIHTC program; however, states can require or incentivize resident services in their QAPs. Without these regulatory pressures to incentivize resident services, services are often limited or not provided due to constraints on capacity, cost, and, of course, willingness to do so.

Louisiana's and Mississippi's QAPs provide examples of how a state may incentivize housing-based services. The Louisiana QAP incentivizes supportive services through awarding additional points for having a minimum percentage of tenant households qualifying as special needs (homeless, disabled, single parent, veterans, and elderly according to the plan). As a condition for earning these points, the development must also include supportive services tailored to each special needs household.

Mississippi takes an alternate approach by requiring all developments to provide at least two community services. The state further incentivizes service provision with points for service coordinators, experienced service providers, or advanced community services/classes on site. Like Louisiana, additional points are given for targeting special needs populations (e.g., elderly or veterans), which requires targeted supportive services.

Creating Synergy and Policy Alignment

The growing acknowledgement that addressing SDOH improves health outcomes and saves on medical costs, combined with the cost-saving to affordable housing owners and improved resident well-being, creates an opening for policy alignment between LIHTC and Medicaid. Policymakers and advocates can push for meaningful change to incentivize housing services in both programs. To move towards change, they should:

1. **Determine overlapping populations** A barrier that has prevented more natural partnerships between housing-based service providers and MCOs is not knowing how much of an MCO's enrollee population will be living at a particular site. State Medicaid and housing finance agencies could explore innovative partnerships at the state level around this barrier. This might include conducting data gathering initiatives to determine population overlap between Medicaid and LIHTC residents and analyzing the concentration of those populations to inform where future partnerships make the most sense.
2. **Competition as an incentive.** The procurements for MCO contracts and LIHTC awards are highly competitive; MCOs and LIHTC developers are looking for every edge they can get. Understanding how resident service collaborations could be incorporated into selection criteria will incentivize partnerships. In turn, advocates could use evidence of successful partnerships and outcomes to push for stronger, more direct language in procurement documents to encourage these partnerships.
3. **Medicaid and LIHTC working together.** The mix of supportive services through Medicaid combined with housing provided by LIHTC is already a proven model for collaboration. States are implementing health + housing initiatives like the Permanent Supportive Housing program in Louisiana. The flexibility and creativity allowed under the Medicaid Section 1115 process and the ability to build different preferences into the LIHTC program could lead to advancements in collaborations with MCOs and LIHTC developers.
4. **Focus on data and outcomes.** The Medicaid program views addressing SDOH as a cost-saving mechanism, whereas the motivation for resident services under LIHTC is not about financial benefits as much as it is about improving the wellbeing of low-income residents. For housing policymakers and developers to be more motivated to incorporate meaningful resident services into affordable housing, a strong evidence base is needed to demonstrate the financial benefits to the owners, such as less tenant turnover and unpaid rent. In turn, stronger data could persuade MCOs and affordable housing owners that resident services offer true cost savings on both sides and could offer opportunities for collaboration.

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Call to Action

Growing the collaborations between MCOs and affordable housing service providers would address SDOH and result in improved outcomes for residents and cost savings for MCOs and housing providers. Nothing will be more helpful in incentivizing these collaborations than policies in Medicaid and LIHTC programs that push applicants in that direction. In communicating these objectives to policymakers, everyone has a role to play.

Policy advocates should:
- Understand Medicaid MCO and LIHTC procurement and application processes, and
- Look for ways to incorporate MCO/resident services programs in those processes.

MCOs and affordable housing providers should:
- Seek out partnerships that could help them secure government funding, and
- Share their successes with state policymakers.

Residents can organize to call for creation of resident services where they live.

When we think of health, we put pressure on the healthcare industry, but building healthy communities requires strategic collaboration across all sectors, including affordable housing providers. If we tap into the strength of multiple industries to build healthy communities, we will close the gaps in health due to race or ethnicity, gender identity or sexual orientation, zip code, and income.

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