Managed Care Organization Investments in Affordable Housing

Medicaid Managed Care Organization (MMCO) Learning Hub

2/2/2021
MMCO Learning Hub Partners

- NORC is leading the project along with partner Speire Healthcare Strategies LLC

- Key Partners
  - America’s Health Insurance Plans
  - Association for Community Affiliated Plans
  - Community Catalyst
  - Families USA
Webinar Logistics

- All attendees will remain in listen-only mode
- Please send any questions for presenters using the chat box at the bottom – we’ll have a Q&A session at the end
- The slides can be accessed on our website here: https://www.norc.org/Research/Projects/Pages/medicaid-managed-care-organization-learning-hub.aspx
Agenda

- Introduction
- Andy McMahon, UnitedHealthcare
- Keli Savage, CVS Health
- Amy Reigel, CareSource
- Facilitated Discussion
- Open Q&A
- Conclude
Speakers

Andy McMahon, Vice President for Policy Health and Human Services at UnitedHealthcare Community and State

Keli Savage, Head of Impact Investment Strategy at CVS Health

Amy Riegel, Director of Housing at CareSource
UnitedHealthcare Community & State
6.4 Million Members

3,965,000* Members
- TANF | Temporary Assistance for Needy Families
  23 markets
- CHIP | Children’s Health Insurance Plan
  21 markets
- ABD | Aged, Blind, and Disabled
  20 markets
- Childless Adults
  2 markets

1,100,000* Members
- EXPN | Medicaid Expansion
  15 markets

1,295,000* Members
- LTSS | Long-Term Services & Supports
  10 markets
- SNP | Special Needs Plans
  31 markets
- FIDESNP | Fully Integrated Dual Eligible
  2 markets
- MMP | Medicare Medicaid Plan
  2 markets

185,000* Members
- Other: Includes DD/DV, CRS, SMI, ASO

* Approximation
** Arizona has overlap in DD/DV and SMI, and is counted as one market
Landscape and Background

- Health behaviors and social circumstances are key factors that impact health.
- States are facing critical public health challenges, such as the opioid epidemic and affordable housing shortages, that require a multi-sector response.
- Community based organizations that provide important social services experience funding gaps and financial uncertainty.
- The health care system requires modernization to meet growing and diverse needs.
## Social Impact Approach

### Social Impact Investment Strategy
Invest in organizations through a range of investment vehicles to drive social impact, track outcomes, and leverage investments to create systems change and policy reforms.

<table>
<thead>
<tr>
<th>Strategic Framework</th>
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<tr>
<td><strong>Public Health Crises</strong></td>
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<td>Scale proven interventions and cultivate partnerships that aid in addressing opioids, homelessness, etc.</td>
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<td><strong>Health &amp; Human Services Integration</strong></td>
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<td>Support the building, scaling and adaption of health and human services collaborations</td>
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<td><strong>Delivery System Capacity Building &amp; Transformation</strong></td>
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<td>Support delivery system modernization to improve and expand capability and increase access</td>
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<td><strong>Affordable Housing Creation &amp; Preservation</strong></td>
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<td>Expand the supply of affordable and supportive housing</td>
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Social Impact Vehicles

Investment Mechanisms

| Equity Investments                      | • Cash investments
|                                         | • Patient capital for housing or other human services organizations
| Below Market Loans                      | • Low interest loans
|                                         | • Working Capital Funds
|                                         | • Revolving Loan Funds
| Outcomes Based Financing                | • Pay for Success
|                                         | • Other outcomes based financing models

Key Issues

• Return of principal required
• Concessionary interest rate based on health impact value proposition
• Term of 1-5 years, with room for conversation
• Potential to pair social investments with tax credit investments
Case Study #1: Addressing Homelessness

Just in Reach

- Health-based housing program that aims to reduce jail recidivism and make significant progress in permanently ending chronic homelessness among people experiencing repeat jail stays.
- The program is financed through a Pay for Success model, which ties payment services to agreed upon success measures.
- Just in Reach provides permanent supportive housing to homeless individuals with mental health, substance use disorder, or physical disabilities as they exit the LA County jail.
- Participants receive: Permanent supportive housing, connections to health care and treatment, and intensive case management.

I just woke up one morning and decided to have a better life, I said you know what I’m tired of going to jail.

Emitt Robertson, Just In Reach Participant
Case Study #2: Addressing Opioid Use Disorder

Opioid Use Disorder: Optimizing Obstetric and Neonatal Care

• The Tennessee Initiative for Perinatal Quality Care (TIPQC) is a state-wide perinatal quality collaborative that seeks to improve health outcomes for mothers and infants.

• Multi-year initiative to improve health of pregnant women with Opioid Use Disorder and Opioid-Exposed Newborns by engaging teams of obstetric and newborn care providers to implement evidence-based protocols.

• Teams from eighteen hospitals and clinics across the state are engaging in learning sessions, quality improvement consults, and monthly huddles to improve outcomes.

• Goals include increasing adequate prenatal care, access to treatment for pregnant women, percentage of infants rooming-in with mother and reducing transfers, length of pharmacological treatment, and length of stay.

As health care providers, we’re all looking for ways to improve the care of those we serve. Thanks to support from UnitedHealthcare we’ll be able to advance the integrated care we provide newborns and their mothers.

Dr. Mike Devoe, Project Leader and neonatologist at Monroe Carell Jr. Children’s Hospital at Vanderbilt.
Case Study #3: Financing Affordable Housing

SAHF & NAHT Health & Housing Fund

- $100 million affordable housing fund, that will build 1,000 affordable units for families and older adults
- All projects align and/or integrate health and social services with housing
- Includes $1M services fund to provide health and social services for residents
- SAHF “Housing as a Platform” tracking tool will be used to measure resident health outcomes
- Brings UnitedHealthcare investment in affordable housing to $500M
MCO Learning Hub

Investments in Affordable Housing

Keli Savage
Head of Impact Investment Strategy

February 2, 2021
Transforming health care for consumers to meet people where they are

We are a different kind of health company with a powerful combination of expertise and health services that is making health care more accessible, affordable and better

Industry-leading Managed Care Organization + Industry-leading Pharmacy Benefits Manager + Unmatched Local Community Touchpoints
Transform Health 2030

Investments in Affordable Housing
Support our Corporate Social Responsibility Strategy

Healthy People
How we’re delivering on our purpose of helping people on their path to better health across all of our touch points

Healthy Business
We are committed to fostering a business that creates value for our colleagues, stockholders and supply chain

Healthy Community
We are delivering significant social impacts to support the health of communities across the U.S. and improve health outcomes in the communities we serve

Healthy Planet
The health of our environment is inextricably linked to human health and we’re committed to doing our part as a health care leader
When people have access to high-quality, affordable housing, it puts them in a better position to improve their overall wellbeing, including taking care of their health or managing a chronic disease.

— DAVID CASEY, CHIEF DIVERSITY OFFICER, CVS HEALTH
$985 Million in Affordable Housing Investments

- 1,155 communities
- >96,000 affordable rental units
- Hundreds of thousands of lives positively impacted

Note: Data reflects investments made by Aetna, a CVS Health Company, currently under construction or completed as of December 31, 2020
During 2020, CVS Health closed commitments to invest $114.1M to construct or rehabilitate more than 2,800 affordable housing units in 30 cities across 12 states.

Over 460 of these are Permanent Supportive Housing (“PSH”) units for people experiencing homelessness, and other vulnerable populations. PSH services to be provided include social, behavioral health, addiction recovery and other supportive services.

560 of these units are dedicated to housing seniors, while over 100 are reserved specifically for veterans and their families and 60 are reserved for Native Hawaiians and their families.

During 2020, CVS Health also pledged $15M to support Home Matters to Arizona (“HTMA”), by providing debt financing for affordable housing investments in Phoenix.
Low-Income Housing Tax Credit (LIHTC) Investment Structure

- Equity investment in exchange for tax benefits (credits and deductions)
- Risk of loss is tax recapture due to lender foreclosure during the 15-year compliance period
- Investments sourced through our national network of syndicators and developers
- Recent focus on projects with special set-asides and required supportive services for residents
- Early involvement of our business units, as well as Workforce and Project Health Initiatives
Investment Considerations

= State with Aetna Medicaid Administered Program

Destination Health

Analyze Rethink Transform (ART)

Diversity & Workforce Initiatives
Community Partners

- Developers
- Non-Profits
- Government Agencies
- Providers
- Vision-Aligned Companies
# Affordable Housing Investment Impacts

## Housing Stability
- Housing for vulnerable populations
- Reduced overcrowding
- Decreased risk of teen pregnancy, early drug use, and depression

## Health Outcomes
- Better access to health care and nutritious foods
- Increased use of primary care services
- Positive mental and behavioral health outcomes

## Economic Security
- Fewer overburdened renters
- Increased school attendance and performance
- Higher community employment rates

## Lower Health Expenditures
- Fewer emergency room visits
- Better chronic disease management
- Lowered physical and behavioral service costs

## Community Benefits
- Community revitalization
- Advances health, income, education and social equity
- Reduced crime and poverty rates
It's changed everything to have a place to live. I was ready to give up.

— KEVIN DUVALL, NEW RESIDENT AT SEQUOIA COMMONS

After years of homelessness and food insecurity, 59-year-old Kevin Duvall still feels overwhelmed and grateful knowing he can cook his own food, pour a clean glass of water and enjoy the privacy and safety of his own home.
Recent Investment Example
South Linden’s Rosewind Community
Columbus, OH

- First investment under the $600M commitment to address racial inequality (July 2020)
- $13.7M investment to renovate 230 low-income family homes
- 95% of residents are Black and have an average annual household income of less than $17,000
- Average life expectancy in South Linden is over seven years shorter than the average in all of Franklin County
- Included in our investment was $275,000 to support programming for the residents including:
  - Health and wellness programming
  - On-site health screenings and COVID-19 testing
  - Maternal programs to combat the high infant mortality rate experienced by South Linden residents
  - Educational cooking series, supplies included, to teach residents how to make affordable healthy and tasty meals
  - Community programs fostering an open dialogue about the root causes of systemic inequalities and barriers

Renovation Estimated Completion Q1 2022
Thank You
Our MISSION

To make a lasting difference in our members’ lives by improving their health and well-being.

CARESOURCE

- A nonprofit health plan and national leader in Managed Care
- 30-year history of serving low-income populations across multiple states and insurance products
- Currently serving members in Georgia, Indiana, Kentucky, Ohio and West Virginia
- 4,300+ employees located across 30 states
Though well-intentioned, government subsidy programs are structured to help beneficiaries maintain, not overcome, their level of poverty.

Currently CareSource Receives funding from HUD, Mental Health, Housing Development Contracts and DOL to support Life Services efforts.

Source: House Ways and Means Committee staff, using Congressional Research Service reports and other data.
CareSource Integrated Care Model

QUALITY is Embedded Across All Aspects of Care4U

Care4U™ transforms lives through innovative health & life services.

CareSource Life Services®
CareSource RxInnovations™
Behavioral Health
Utilization Management
Clinical Care Management

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CareSource Housing Strategy

**Goal 1** - Develop formal programs to address housing stability

**Goal 2** - Seek financial or investment tools to support the development of affordable housing

**Goal 3** - Develop partnerships with national housing groups

**Goal 4** - Advocacy effort to expand voucher programs or create new housing programs
The Four Things to Know about Housing

1. There is no county in the U.S. where a person making minimum wage/full time can afford a 2 bedroom apartment.
   - In Columbus, Ohio a person must earn $18.41/hr to afford Fair Market Rent

2. Only 25% of households eligible for federal housing assistance actually receive a voucher or unit.
   - In Ohio, 356,000 households pay more than 50% of their income in rent

3. In the U.S. on average, for every 100 people searching for affordable housing there are only 30 affordable units available.
   - In Franklin County, there are 15,715 rental units that are affordable to the 58,825 ELI households

4. In the U.S. you are the most likely to experience homelessness within the first 5 years of life.
   - Between 2012-2016 6,257 infants entered the homeless system
Celebrate One
Healthy Beginnings at Home

GOALS:
- Decreased Infant Mortality
- Improved Birth Outcomes

Target Population
- Program Capacity of 100 At-Risk Women Identified and Enrolled

Target Area
- Franklin County, Ohio

45% of all infant deaths occur in 13 zip codes

Social Determinants of Health Barriers
- Lack of Housing
- Food Insecuities
- Poverty
- Education Level
- Employment
Measurable Health Outcomes
Preference made for investments that demonstrate a clear connection to positive member outcomes at a personal, public, or plan level.

Engage in Strong Partnerships
Investments made with organizations that demonstrate a long-term track record in affordable housing.

Multi-Project Funds
Preference for investments in multi-project funds that have demonstrated underwriting and investment criteria to reduce risk and exposure.

Term
Preference for investments with a time horizon of 10 years or fewer.

Key Market Geography
Where possible, investments should be diversified within our markets.
Facilitated Discussion
Q&A
• For more information about the Medicaid MCO Learning Hub, including accessing slides and presentation recordings, please visit our website:

https://www.norc.org/Research/Projects/Pages/medicaid-managed-care-organization-learning-hub.aspx
Thank you.