HUB ANALYSIS April 2021

Medicaid Managed Care Organization (MCO) Affordable Housing Webinar: *Questions & Answers*

Presented by the NORC Medicaid MCO Learning Hub

The NORC Medicaid Managed Care Organization (MCO) Learning Hub shares timely and relevant resources to support Medicaid MCOs and other stakeholders in improving the health of their members and increasing advancements in health equity and health care transformation. We encourage you to share your experiences with us and welcome your feedback on future MCO Learning Hub work to better serve your needs. To start the conversation or join our distribution list, please email us at MCOLearningHub@norc.org.

In order to help meet the growing housing and social determinants of health needs of their members, MCOs are using different approaches to grow and support their investments in affordable housing. Representatives from UnitedHealthcare, CVS Health and CareSource discussed their housing investment goals, funding strategies and community partnerships for providing support to affordable housing residents.

February 2, 2021 and the slides, recording, and Q&A can be found on the Medicaid MCO Learning Hub's website.

Questions & Answers

Please see below for questions and answers from the Medicaid MCO Affordable Housing Webinar.

Challenges

What were your largest hurdles? Were there any regulatory barriers you had to work with, and how did you work with those?

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

A main challenge that took us a long time to overcome was understanding the tax credit program statutes and regulations. To understand the risk associated with it, you need to understand the tax credit program's reporting and income requirements. As a health insurance and health services organization working with our treasury team, there was a learning curve of understanding the statutory and regulatory rubrics under which these programs are governed.

Another challenge that we turned into an opportunity was the creation of our social impact investment fund because there is a healthy market for the low-income housing tax credit program. Our Chief Investment Officer told me two years ago, "Andy there has to be something else we can do. I am happy to continue with low-income tax credits, but the reason we created the fund is that if we didn't buy those credits, somebody else would and that house would get built". The challenge we are trying to help address with our social impact investment fund is how constrained we are on the tax credit investment side. There are not enough things on the tax credit side to invest in, which is why we created our social investment fund for us to continue to deploy hundreds of millions of dollars outside of the tax credit program.

Keli Savage – Head of Impact Investment Strategy at CVS Health

I echo what Andy said in terms of the internal hurdles related to the strategy of making low income housing tax credit investment. Aetna was very comfortable making these decisions for a long time, so it was a little bit of a learning curve when the company was combined with CVS Health. To have CVS Health buy into this and increase the investments we were making, we had to show the value proposition of the investments and how they support all of our company initiatives and goals. Once the CSR team and senior leadership realized how important these investments are in improving the health of the community, they certainly got on board, and everyone across the company became involved. It only made sense to bring together everything we are doing across the organization to these affordable housing communities to magnify the local impacts and improve health outcomes and health equity

Another challenge would be, as Andy said before, a lot of the company works in silos. To overcome this challenge, you need to find the path to bring all of these forces together, to ensure we are working closely together to create healthier communities. Making sure grants, donations, business spend and community investments are aligned to create "health zones" is key to moving the needle in a positive direction.

Amy Riegel – Director of Housing at CareSource

I would echo everything Andy and Keli have said. I would also add that as we focus on housing investment, the world of housing is pretty complex. We can make progress in supporting a community to create more affordable units and help close the gap in housing units available to low-income individuals. However, when we think about our Medicaid population and especially our high-vulnerable population, for example a mom who has a baby and other children at home, the truth is that mom needs to make about $27 an hour before she can afford a two-bedroom apartment. Even in the very affordable areas of Ohio and Indiana, that is a long way away for a lot of our moms.

One of the opportunities we see is how we start having all of these conversations and seeing them in a broader view. We do not need to position housing development in contrast to more vouchers within a community because we need both. We do not need to position a Medicaid budget against the housing budget; we need both. The issue is how they can work together in parallel to respond to the needs together.

Metrics

What type of metrics are used in the Pay for Success housing program?

The Pay for Success housing program, developed by U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Justice, uses a variety of metrics, including measures related to housing stability (e.g. reducing homelessness and shelter use), reducing criminal

justice involvement and reentry to jail and prison and increasing appropriate health care services and improved health (e.g. decreasing avoidable ER and hospital visits and connecting individuals to mental and physical health care and substance abuse treatment). For more information and additional detail, access the Pay for Success Program Infographic and an evaluation of the Pay for Success Program.

Are you able to share the Stewards of Affordable Housing for the Future (SAHF) "Housing as a Platform" outcome tracking tool?

The measures developed by the SAHF Outcome Measures initiative, which can be used for tracking affordable housing program success, can be found on the SAHF website.

Financial Return

What are your organizations' expectations of demonstrated financial return on these specific investments vs. having a more diffuse community and public health benefit?

One plan reported that they categorize their housing activities into two areas – investments and programmatic. For investments, the plan expects a return of principle and a very low rate of return. The deals are structured as debt, therefore the purpose of the investment is to address a community need, not for a financial windfall. Programmatic efforts are measured on both community outcomes and a return on investment. Not all clinical procedures produce a dollar for dollar return, therefore the plan does not expect all SDOH programs to meet this standard.

Another presenter mentioned their program targets and customizes affordable housing investment to align with the company's strategic imperatives while maximizing social impacts and business benefits. While other asset classes in their portfolio produce much higher financial returns, they make these investments and couple them with other company programs to provide housing stability, improved health outcomes, economic security, lowered healthcare expenditure, community benefits while promoting brand trust and loyalty and supporting enterprise initiatives.

Locating Developers and Piloting Housing Tenancy Support Programs

How were you able to locate developers or a list of available tax credits for purchase?

Reaching out to tax credit syndicators is the easiest way to identify projects. Low-income text credits can get a small financial return and the risk of loss is very small. The National Multifamily Housing Council also tracks a national list of the top 50 syndicators.

Some other tips in working with developers:

- Bring in solid developers that will uphold what they said they would do and bring in services that do not cost to developers.
- Work with local housing authorities, government, and nonprofits to build partnerships that will connect you with developers.
- Work with banks to build housing investments with community developers.
    - Normally developers borrow from banks, but the interest rates vary significantly and may be only short term, which can be problematic for developers. Cheaper, lower interest rates can stay in the project longer which means people can live in the units

and be paying rent. This then gets paid back and is less stressful in the balance sheet for developer.

- It can be helpful to have a co-developer, who is a non-profit partner that provides tenant services.

Some states are piloting housing tenancy support programs; are you working with any of those?

One presenter reported that they are not currently piloting housing tenancy programs, but that they are working with their state Medicaid offices to pursue this option.

Another presenter said "Absolutely". All of what we are investing in today has some level of services ranging from educational, health and wellness, or skill building classes (i.e. financial literacy, computer training, home-buyer education, GED, ESL, nutrition, exercise, etc.) to permanent supportive services like on-site behavioral health treatment, intensive case management, daily living classes, mental health services and treatment, substance use disorder services and treatment, etc.

Future Efforts

What would the presenters tell the incoming heads of HHS and HUD about what is needed to allow these kinds of investments to continue/grow?

Amy Riegel – Director of Housing at CareSource

Even at the federal level, there is room for additional coordination between the Medicaid and housing worlds. I hope that changes under this administration. We would like to see more coordination in the regulations and in the way the two agencies interact with each other on the ground with groups, public housing authorities, MCOs and affordable housing developers. This level of coordination is needed to address and tackle problems together so that we can truly move the needle.

CMS has been strict with denying the ability for MCOs to pay ongoing rental assistance. We have more statistics and research showing that rental assistance does help reduce NICU utilization, homelessness, recidivism to prison, all kinds of different impacts on a person's life and those experiences are extremely expensive to the state and many other funding sources.

For example, if we are talking about NICU utilization, we are talking about hundreds, if not thousands of dollars a day for a baby to be in a NICU. Nevertheless, we are not permitted to pay $800 for mom to have a two bedroom apartment or $2,000 a month for an individual that was incarcerated to help them obtain a studio or a basic apartment within the community upon their release. If those are the tradeoffs we are willing to make, then that is a consideration that communities should come to terms with and accept. But if those are not the tradeoffs we are willing to accept, then easing up on those restrictions is imperative. We have to start being able to move that forward.

The other part is the extreme need to be able to build more housing that could be expanding the low income housing tax credit, stabilizing the four percent tax credit, national housing trust fund, statewide trust funds, local trust funds, those all can help to increase the production and preservation of housing also. Nevertheless, the four percent housing tax credit, the bond market, is incredibly underutilized and sometimes states have created a playbook and explained to different investors how they could participate in this program. Through those playbooks, states were able to intensify the work that was done. That could be led and have support at the federal level to different states, especially ones that raise their hand and say "yeah

we really want to utilize this, we really want to max it out. Can you come help us to do that?" to make it as effective as possible.

Regarding the VASH program that helped to end veterans' homelessness, there are models at the national level that work like the US Interagency Council on Homelessness that have tackled homelessness throughout their time. The question is how do we bring Health and Human Services to the table with HUD and come up with similar programs. How can these programs be embedded in communities that a mayor, a governor, can really latch on to and commit to within their area and make it work? For us MCOs, our corporate and community responsibility is to figure out how we can contribute and support those efforts to take them to scale or to help them have what they need to function to the highest extent possible.

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

I am working with a number of the key national housing organizations: National Alliance to End Homelessness, National Low-Income Housing Coalition, the action coalition, and some others. One of the areas that I am trying to push is thinking about the potential for developing a housing and health program at the federal level. The program would be akin to HUD VASH, which is the VA supportive housing program that pairs rental assistance from HUD for vets with the VA services. The political will is on the side of the veterans, so that program has been well-funded. There is no reason why we could not create a comparable program that paired rental assistance with Medicaid services for complex care individuals. That is one of the big opportunities that I am looking at as we go into this administration.

In addition, I would note four items:

- CMS – On the CMS side, additional guidance is needed because traditionally there has been a red line about not paying for ongoing rental assistance with Medicaid dollars. What are some other SDOH needs and social services that could become billable? In my experience, a lot of these services do not fit into particular codes.
- HUD - On the HUD side, I would say the following:
    - The notion of a program for complex care individuals and families that pairs rental assistance with services. We have the 811 program right now, but that has a lot of challenges and there are other ways to get there.
    - Being very strategic and focusing in deploying the additional CARES dollars and other pandemic relief funding. There are another $25 billion on the table, so ensuring we are providing rental assistance and arrears to the individuals and families that need it most.
    - Investing in expanding the section 8 housing choice voucher program. We mentioned a number of the places where we are investing in low income housing tax credits. Those developments serve low-income individuals, but in order for those projects to serve homeless or extremely vulnerable low-income individuals, you need to pay for some sort of subsidy, like a section 8 housing choice voucher.
    - We need more "tenant-based" rental assistance that should go to the public housing agencies to get

more individuals off the waiting list for tenant-based vouchers. As we have more vouchers, we should use them in clinical project-based settings to enable some of the investments to go to more low-income and more acute care individuals and families.

Keli Savage – Head of Impact Investment Strategy at CVS Health

Recently, legislation passed to stabilize what is known as a four percent tax credit program, which were low-income housing tax credit (LIHTC) investments that had some municipal funding, and a sliding scale in terms of how much tax credit equity would be awarded. The legislation increased 25 to 30 percent the amount of tax credit equity into all of these different types of developments across the country. In terms of supply, that just greatly increased the supply and availability of tax credit dollars. It is a great win for the industry and the non-profits. If more tax credit equity is put in, then nonprofits and housing authorities will be able to save some of the soft funds they would have put in and redirect them within their communities. I would encourage even more conversations about what is being covered under Medicaid as it relates to health and housing and to look to fill in the gaps for the population struggling with housing stability, to make sure all of their needs are met after they finally have a roof over their heads.

What can we do to improve internal support among management for housing particularly for high utilizing members who are in and out of the hospital inpatient/ and ER system, enough to pay for their housing needs for several years!

Improving internal support for housing begins as a process of small wins. For example, one health plan's success came from very small micro pilots that could be managed and tracked manually and many of the pilots started with 10 people and then continued to grow within manageable increments. While you may recognize the urgency to intervene with the entire population from the start, start small, scale gradually, and celebrate the small wins throughout the organization.

ABOUT NORC MEDICAID MCO LEARNING HUB

The key goal of the NORC Medicaid MCO Learning Hub is to serve as a source of information, expertise, and best practices to support managed care organizations in moving forward with system reform. NORC and its partner organizations identify, develop, and disseminate promising approaches and emerging opportunities for MCOs to improve the physical health, behavioral health, and social needs of their members.

Your ideas and opinions are important to us. We welcome your feedback on future Medicaid MCO Learning Hub work or programs you are working on to better serve your needs. To start the conversation, please contact the senior staff listed here:

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

Acknowledgements

Support for the NORC Medicaid MCO Learning Hub is provided by the Robert Wood Johnson Foundation. The views expressed here do not necessarily reflect the views of the Foundation.

OUR PARTNERS

America's Health Insurance Plans