



**New York State Senate and Assembly
Joint Session
on the
FY 2013-2014 Executive Budget – Health & Medicaid
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**Supportive Housing Network of New York
Maclain Berhaupt, State Advocacy Director**

Good morning. My name is Maclain Berhaupt, and I am the State Advocacy Director of the Supportive Housing Network of New York. The Network represents more than 200 nonprofit providers and developers who operate over 45,000 supportive housing units throughout New York State, the largest supportive housing membership organization in the country.

Supportive housing – permanent, affordable housing linked to on-site services – is the proven, cost effective and humane way to provide stable homes to individuals and families who have difficulty finding and maintaining housing. The people we house and serve – people with mental illness, HIV/AIDS, substance abuse, and other barriers to independence – are typically frequent users of expensive emergency services like shelters, hospitals, prisons and psychiatric centers. Because placement into supportive housing has been proven to reduce use of these services, supportive housing saves State taxpayers' money, often far more than what was spent building, operating and providing services in the housing. This has been proven, time and time again, by dozens of peer-reviewed academic studies.

In addition, although supportive housing was conceived as a response to homelessness and institutionalization, it has achieved great savings in this area of healthcare. Numerous studies have shown that by targeting chronically homeless individuals who are frequent users of emergency rooms, hospitals and medical detox programs, supportive housing can reduce inpatient Medicaid spending substantially and reduce emergency department and inpatient costs by 60%.

Some examples of this include:

- The University of Pennsylvania studied 4,679 homeless people with severe mental illness who were placed into supportive housing in New York City. Looking at pre and post placement data, as well as a matched pair control group, the study found that those placed in supportive housing reduced their use of state psychiatric centers by 50%, and hospitals by 21%. While use of outpatient Medicaid went up as newly-housed people received medical and behavioral health treatment, inpatient Medicaid costs went down enough to produce overall Medicaid savings of \$1,200 per person per year.
- The Chicago Housing for Health Partnership (CHHP) followed 407 chronically ill homeless persons (many living with HIV/AIDS) over 18 months following discharge from hospitals, with half placed in supportive housing and the other half receiving regular care. Supportive housing reduced hospital days by 46%, emergency department visits by 36%, and nursing home days by 50%. Placing 200 individuals into supportive housing saved \$900,000 a year, minus the cost of housing.
- And, in Seattle, supportive housing was provided to 95 homeless people with severe alcoholism, usually accompanied by other chronic illnesses. Compared to a control group, the supportive housing residents reduced their total public costs by 74%, from \$4,066 per person/month when homeless, to only \$958/month after a year of being housed. Nearly 60% of these savings stemmed from a reduced need for medical services.

Because of this proven track record, the state's Medicaid Redesign Team has made supportive housing a major component of its redesign efforts and made a major commitment to supportive housing as a way to both address chronic homelessness as well as lower Medicaid costs. They recognized that if a Medicaid patient doesn't have access to adequate housing they are far more likely to end up in an institutional setting which would greatly increase Medicaid and other costs.

Last year, thanks to the leadership of the Governor and the Legislature, the state developed a supportive housing program targeted for high cost, high need Medicaid members who require supportive services to live independently. In SFY 2012-13, the Legislature allocated an annual appropriation of \$75 million to this program which in the first year alone is expected to build and operate

approximately 4600 supportive and supported housing units for this target population. Approximately \$47 million is expected to be awarded by the end of this fiscal year through the NYS Office of Temporary & Disability Assistance and Homes & Community Renewal which will fund capital for building approximately 460 congregate units of supportive housing across the state. An additional \$28 million has been awarded from multiple state agencies to support operating and services expenses for approximately 4200 units of scattered site supported housing units across the state again targeted for high-cost Medicaid users.

Through the Network's position on the MRT Affordable Housing Workgroup, we have witnessed the extensive multi-agency collaboration that has gone into awarding and allocating this first year of funding. We have been extremely impressed with the dedication and steadfast ability of the agencies to set policy and implement this important program in a timely fashion to aid in the success of the other care coordination efforts the state is embarking on to lower costs and improve care.

This year, the Governor's Executive Budget is proposing to fund this program at \$91 million which includes an increase in the baseline funding and additional funding from the Supportive Housing Development Reinvestment Program. As you might recall, this program was also established in SFY 2012-13 by the Legislature as a formal mechanism to set aside a portion of Medicaid and non-Medicaid savings related to any reduction of inpatient hospital, psychiatric center or nursing home capacity to a fund dedicated to supportive housing development. In its first year, the state has seen a total of 223 hospital bed closures and 60 nursing home bed decertifications and closures. The Executive Budget is proposing to reallocate the \$3.8 million saved from these closures and reinvest that into supportive housing.

The Network fully supports both of these programs and feels it is paramount to fulfilling the Medicaid Redesign Team's goal of expanding access to supportive housing for high needs/high cost Medicaid members.

Conclusion

The Network commends the state's commitment to demonstrating through this program that supportive housing will help bend the Medicaid cost curve as well as improve lives.

Targeted investments in supportive housing for high-need, high-cost Medicaid populations is an effective strategy for reducing Medicaid spending and improving care. We commend the Department of Health, as well as OTDA, HCR, OASAS and OMH for their tireless efforts in redesigning the Medicaid system. We believe that they are really doing their best to develop an improved system that provides better health outcomes for vulnerable people, while lowering costs to taxpayers.

With the Governor and Legislature's leadership, Medicaid Redesign efforts have set the State firmly on the path of expanding access to supportive housing for vulnerable people who are high-cost users of inpatient and emergency Medicaid services. When put into place, these actions will yield substantial taxpayer savings, while improving the quality of life for thousands of New Yorkers with behavioral health issues and chronic conditions.

As the State continues to develop plans to lower Medicaid costs and improve care, I hope that the Legislature will do all it can to ensure that there is an explicit focus on reinvestment in robust community supports like the expansion of supportive housing opportunities for vulnerable populations.

Thank you for this opportunity to testify.

Respectfully submitted by:

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