



United States Interagency Council on Homelessness e-newsletter

Reporting on Innovative Solutions to End Homelessness

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IN THE STATES: NEW STATE DATA ON HEALTH CARE COSTS IN MASSACHUSETTS SHOWS DRAMATIC MEDICAID SAVINGS THROUGH HOUSING FIRST INITIATIVE



BOSTON, MASSACHUSETTS. When the Massachusetts Legislature passed a FY 2007 line item to invest state resources in a new statewide pilot Housing First program for chronically homeless individuals, the expectation was that the Home & Healthy for Good (HHG) initiative would replicate the national success rate of Housing First and end the costly random ricocheting of chronically homeless individuals through state systems. New state data released last week from an unprecedented state research initiative relying on Medicaid claims data show a 67% decrease in annual health care costs per person after housing placement.

The Massachusetts Medicaid system tracked chronically homeless individuals successfully stabilized through the statewide initiative and used individual state Medicaid health care payment data to identify annual health care costs per person that decreased from an average of \$26,124 before housing placement to \$8,500 after housing placement, a savings of \$17,625 per person. The Legislature requested that an evaluation of the pilot program be performed with a focus on the cost per participant and projected cost-savings in state-funded programs.

"Home & Healthy for Good continues to lead the housing revolution in Massachusetts, moving the Commonwealth ever closer to a humane, efficient, and cost-effective solution to chronic homelessness," said Massachusetts Housing and Shelter Alliance Executive Director Joe Finn. Resources for this program - operated by MHSA with twelve partner agencies around the state - were increased to \$1.2 million in FY 2008, and level funded at \$1.2 million for FY 2009.

"Congratulations to the Massachusetts Housing and Shelter Alliance and the Massachusetts Behavioral Health Partnership for partnering in an initiative that changes the equation of homelessness and demonstrates that housing for our homeless neighbors makes common sense and dollars and sense," indicated United States Interagency Council on Homelessness Executive Director Philip Mangano.

The research component of Home & Healthy for Good has been funded in large part by a grant from the Massachusetts Behavioral Health Partnership, a for-profit behavioral health care organization that has been instrumental in promoting a Housing First approach for chronic homelessness in Massachusetts.

As of February 23, 2009, 357 formerly chronically homeless people have been housed in the program. 217 people have remained housed in the Home & Healthy for Good program, 8 people have died while participating in the program, and 74 people have moved on to other permanent housing, resulting in a residential stability rate of 84%.

According to MHSA's report on the new data, actual Medicaid costs pre-housing and post-housing were obtained from MassHealth for the first 96 HHG participants. The Medicaid analysis is limited to these 96 participants because these are the participants who have been in housing long enough so that medical claims data are complete for an entire year after moving into housing. Total Medicaid costs reported include any medical service that was paid for by MassHealth, including inpatient and outpatient medical care, transportation to medical visits, ambulance rides, pharmacy, dental care, and more.