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ISSUE BRIEF

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MEDICAID AND SOCIAL NEEDS

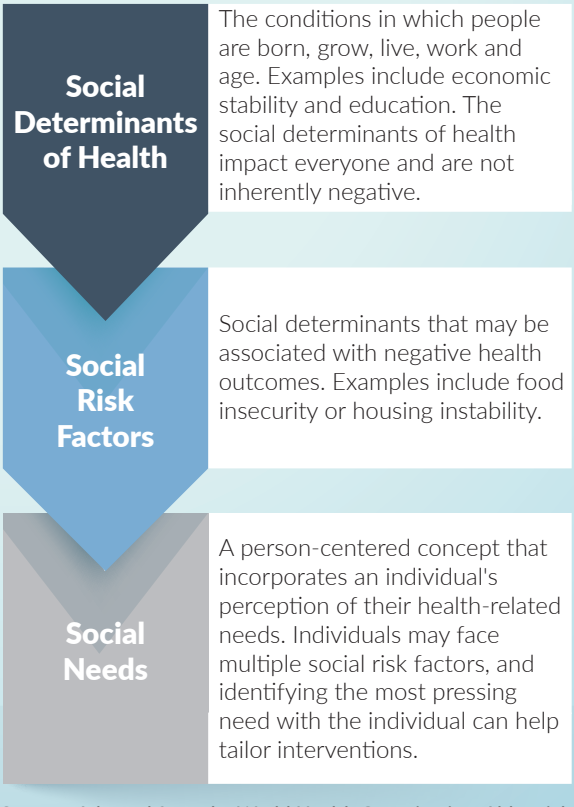
Do State-Based Interventions Decrease Medicaid Expenditures and Improve Enrollee Well-Being?

Many state Medicaid agencies and managed care organizations (MCO) are seeking to improve health outcomes and reduce per person health care spending through interventions that address social needs faced by enrollees. In implementing these interventions, states and MCOs are recognizing that many factors beyond medical care contribute to health outcomes, including social circumstances and environment.

Multiple terms have been used interchangeably to describe the non-medical interventions implemented by the health care sector. Often, they are referred to as activities addressing the "social determinants of health," "social risk factors" or "social needs." Given that the Medicaid interventions described in this issue brief primarily address social needs, the term social needs is used throughout to highlight person-centered approaches attempting to improve health (*Figure 1*).

This issue brief explores a subset of policy interventions driven by state Medicaid agencies and Medicaid MCOs. It does not include efforts happening in communities — such as hospital community benefit spending — and does not examine services typically covered by health care — including healthy behaviors interventions, case management or non-emergency medical transportation. While not an exhaustive list of initiatives, this brief is intended to provide a snapshot of current interventions to inform state policymakers as they discuss potential changes to KanCare, the comprehensive managed care program that combines Medicaid and the Children's Health Insurance Program (CHIP) in Kansas.

Figure 1. **Defining Social Determinants of Health, Social Risk Factors and Social Needs**



Source: *Adapted from the World Health Organization, Alderwick & Gottlieb (2019), National Academies of Sciences, Engineering and Medicine (2019) and Green & Zook (2019).*

KEY POINTS

- ✓ Early evidence suggests that interventions targeting social needs can decrease Medicaid expenditures while improving enrollee well-being, but more research is needed.
- ✓ States are using a mix of state plan amendments, value-based payment strategies and demonstration waiver authority to address social needs among their Medicaid enrollees.
- ✓ Medicaid directors and Medicaid managed care organizations cite housing issues as one of the top social needs of enrollees.
- ✓ Medicaid programs and managed care organizations implementing interventions face challenges when addressing social needs, including inadequate reimbursement structures, limited expertise and capacity within the health care sector and needed culture changes within their own organizations.

Approaches for Addressing Social Needs

Broad Approaches

According to the Medicaid and CHIP Payment and Access Commission, there are multiple strategies states can choose from to implement and pay for interventions addressing social needs. Some options include:

- Covering specific social services under the Medicaid plan for that state;
- Utilizing the flexibility granted under Section 1115 demonstration waivers; and
- Using value-based payment arrangements to finance interventions.

Using these mechanisms, some states have opted for initiatives that broadly incentivize or finance interventions that address social needs. For example, Minnesota's Integrated Health Partnerships, a Medicaid demonstration, uses a value-based payment model that includes shared savings and population-based payments to support care coordination services for enrollees. Adjustments are made to the population-based payments based on cultural differences, homelessness, limited English skills and health disparities of the attributed enrollees.

Since 2016, MassHealth in Massachusetts has incorporated social needs data into MCO payments. This includes adjusting risk scores based on indicators of neighborhood stress and housing stability.

In Rhode Island, shared savings payments for providers participating in the Medicaid Accountable Entity program are tied to performance on quality metrics. One of the quality metrics is the percentage of attributed enrollees who are screened by a provider for social needs through a standardized set of questions.

Housing Needs

Some Medicaid programs have addressed specific social needs, such as housing, which has been cited by Medicaid directors and MCOs as one of the top social needs of enrollees. This is largely due to the increased health care costs and poor health outcomes associated with low-quality housing and housing instability. For example, studies have indicated that a subset of asthma diagnoses among children can be attributed to residential exposures, such as pests. In another example, individuals who experience homelessness have higher mortality rates than the general population.

Addressing housing issues may reduce spending on health care and public services (e.g., jail stays). A study of chronically homeless individuals in Seattle found that a Housing First program, which offered a place to stay, meals, on-site case managers and on-site health care services, saved more than $29,000 per person per year, after accounting for the cost of the program. The savings included reductions in spending on medical services, jails and detox centers, with more than three-quarters (76.6 percent) of the savings attributed to reductions in medical services. Examples of how states are addressing housing issues for their Medicaid enrollees are below:

Under a Section 1115 demonstration waiver approved in 2018, New Mexico is providing pre-tenancy and tenancy support services to beneficiaries with serious mental illnesses. While the waiver does not cover rent or rental subsidies, the support services help enrollees develop a housing support plan and independent living skills, coach enrollees on how to handle relationships with neighbors and landlords, and link enrollees to community resources to help maintain housing.

Using a Section 1115 demonstration waiver, Oregon operates multiple coordinated care organizations (CCO) using a global payment structure. One CCO used savings accrued via the global payment structure to develop "tiny homes" for homeless enrollees.

North Carolina issued a request for proposals in November 2019 for their "Healthy Opportunities Pilot" program, which is authorized via a Section 1115 demonstration waiver. Approved housing-related services under the pilot program include tenancy services and housing quality and safety improvement services (e.g., fixing mold infestations).

How are KanCare MCOs Addressing Social Needs?

Kansas implemented KanCare 2.0. on January 1, 2019.

As noted in both the Section 1115 waiver authorizing KanCare 2.0 and the request for proposals issued by the state to MCOs interested in implementing KanCare 2.0, the goal of KanCare is to help Kansans achieve healthier, more independent lives by providing services and supports that address social needs, in addition to providing traditional Medicaid and CHIP benefits.

The three current KanCare MCOs — Aetna Better Health of Kansas, Sunflower Health Plan and UnitedHealthcare — are engaged in a variety of activities to address social needs for KanCare enrollees. All three MCOs have programs targeted at employment and housing, as well as other social needs. Below are examples of specific activities the KanCare MCOs have employed or will employ to address KanCare enrollees' social needs.

- **Aetna Better Health of Kansas (ABHKS)** is working with local health departments to implement the use of Z codes — diagnosis codes that indicate factors influencing health status and reason for contact with health services — to capture data on social needs. ABHKS service coordination staff have access to Aunt Bertha, a web application that aggregates community resource information and assists them with connecting members to community resources. ABHKS also employs a Housing and Supports Administrator and an Employment Services and Supports Coordinator, in addition to having team members dedicated to specific populations, such as foster care, recovery and resiliency, and individuals with Intellectual/Developmental Disabilities (I/DD). ABHKS will also be deploying an initiative to address food insecurity in 2020.

- **Sunflower Health Plan** has an Employment Specialist as part of its workforce development and employment support program. The goal of the program is to identify and remove employment barriers through benefits, such as GED preparation, test vouchers and career counseling. Sunflower also employs a Housing Navigator that can assist members and their care managers to find and secure housing. Finally, Sunflower has a farmer's market voucher program to educate members on the importance of selecting, preparing and eating healthy foods. They partner with nearly a dozen community farmer's markets across the state to host special events where health plan members can use vouchers on locally grown produce.

- **UnitedHealthcare (UHC)** employs a social determinants of health team with an emphasis on housing, food access, employment and transportation. UHC supports hundreds of members each year in their procurement of stable housing, and recently chose Kansas to pilot a Bridge Housing program that will launch later in 2020. UHC operates a joint effort with the Johnson County Mental Health Center (CMHC) to employ KanCare members as peer support drivers, providing existing CMHC patients with transportation services and employment opportunities as drivers within the program.

Food Insecurity

According to the United States Department of Agriculture, food insecurity occurs when "food intake of household members is reduced and their normal eating patterns are disrupted because the household lacks money and other resources for food." Across populations, food insecurity has been associated with poor health outcomes, including higher rates of hospitalizations, diabetes and depression.

One of Virginia's MCOs, Optima Health, is offering Healthy Savings cards to its Medicaid enrollees, who can use the cards at a variety of grocery stores. Each week the Healthy Savings cards are loaded with discounts on healthier food options. The cards are part of a collaboration between Optima Health and Solutran, which runs the Healthy Savings program.

Unemployment

Unemployment has been associated with negative mental and physical health outcomes. In its Section 1115 demonstration waiver, Washington State added supported employment services for individuals with mental health conditions, substance use disorders or a physical disability. Services include job-related assessments, employment planning, job development and placement, negotiation with employers, benefits education and planning, and job coaching. These

services are intended to help enrollees find and sustain employment and could be added to the state plan in the future.

Violence

To mitigate the impact of violence on health, Massachusetts has implemented multiple CHIP Health Services Initiatives via their state plan that attempt to reduce youth violence. One initiative provides after-school youth violence prevention programs to youth in at-risk communities, while another program targets young men (age 14-24) and provides them with multiple services, including leadership development and conflict-management training.

Outcomes

Emerging evidence, while limited, suggests positive outcomes are achieved from interventions that address social needs. These outcomes include reductions in health care utilization and expenditures, particularly for emergency department visits and inpatient admissions. Studies also have found increases in patient satisfaction with care, potentially due to additional needs being met. One study documented improvements in the number of patients receiving optimal care for chronic conditions.

While a few studies have documented the impact of Medicaid-based social needs interventions, robust outcomes data are not yet available. As more interventions are implemented, evaluating these efforts will be critical to understanding their impact.

Challenges

Efforts by Medicaid programs to address social needs have experienced challenges that might need to be addressed if these efforts are to continue.

Funding: Medicaid MCO leaders across the U.S. have cited concerns about setting appropriate payment levels for non-medical services and about the challenges associated with transitioning to value-based payment models. Additionally, MCO leaders have indicated that expanding Medicaid might provide more funding to implement innovative interventions. Leaders of Medicaid programs, such as state Medicaid directors or plan officials, could have concerns about having adequate funds to ensure that benefits meet "statewideness" and "comparability" requirements if added via the state plan.

Infrastructure: Other concerns center around a lack of infrastructure. This includes a lack of capacity and expertise on the part of some medical providers to identify and address social needs and an inability to share data with partners, such as community-based organizations. Sufficient capacity to provide services in the community (e.g., via food banks) is a concern, as is a lack of timely data about social needs.

Culture change: Addressing social needs will require cultural changes within state Medicaid programs, MCOs and providers in order to break down silos that exist in the health care and social services sectors. Efforts by state Medicaid programs and others in the health care sector to address social needs raise a larger question: Is it the responsibility of the health care sector to tackle social needs, or should these needs be addressed by other sectors or through collaborative efforts?

Conclusion

State Medicaid programs are using a variety of mechanisms to implement an increasing number of interventions to address social needs. While approaches vary, most states are addressing more than one need. This is important, given that enrollees often have more than one issue impacting their lives, and it highlights the need for enrollees to participate in the prioritization of interventions. As more states implement interventions to address social needs, additional examples will emerge, as will a better understanding of the impacts of these initiatives.

ABOUT THE ISSUE BRIEF

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KANSAS HEALTH INSTITUTE

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