

Legislative Budget and Finance Committee

***The Impact of Housing on Health:
House Resolution 66***

Report Presentation by Matt Thomas, Senior Analyst

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Good Morning, Madam Chair and members of the Committee. I am pleased to be with you today to discuss the results of our study pursuant to House Resolution 66 of 2023 (HR 66), which directed the Legislative Budget and Finance Committee to conduct a study concerning the impact of housing on health in the commonwealth.

Academic research suggests a correlation between homelessness and the risk of poor health. Compared to low-income populations with housing, individuals experiencing homelessness have an increased prevalence of acute and chronic physical and mental health conditions and higher mortality rates. As of January 2023, there were 9,334 homeless households and 12,556 homeless individuals in Pennsylvania. Many of those individuals have other extenuating circumstances, including severe mental illness, chronic substance abuse, or HIV/AIDS. The homeless population includes many who are experiencing the consequences of traumatic events, such as victims of domestic violence and our nation's veterans.

Key objectives for this study included a review of health-related housing initiatives, an analysis of whether there are Medicaid expenditures related to unmet housing needs, and an analysis of the efficacy of interventions in addressing unmet housing needs, improving health outcomes, and reducing healthcare expenditures. These objectives touch numerous commonwealth agencies, including the Departments of Human Services (DHS), Community and Economic Development (DCED), and Military and

Veterans Affairs (DMVA), as well as the state-affiliated Pennsylvania Housing Finance Agency (PHFA) and the US Department of Housing and Urban Development (HUD). In addition to representatives from these agencies, throughout this study, we met, interviewed, and surveyed numerous private organizations, including nonprofits directly providing housing and housing supports, hospitals and healthcare systems, Pennsylvania's managed care organizations (MCOs), the state's continuums of care (CoCs), academic researchers, and other industry experts.

Due to the breadth of topics discussed in the 200 pages of our report, my testimony today will only highlight a snapshot of our key findings related to the Medical Assistance (MA) program, state and federal housing programs, and other health-related housing initiatives.

DHS funds many housing supports through MA and its associated waivers, primarily through the MA-managed care programming known collectively as HealthChoices. Our study focused on services closely aligned with housing supports provided through the Offices of Long-Term Living, Developmental Programs, and Mental Health and Substance Abuse Services. Several researchers and public health professionals have recently identified short-term cost savings and improved health outcomes from housing interventions for MA participants. We found that the need for additional data on measurable outcomes was a challenge to thoroughly assessing the impact of housing on health within MA. While we discovered data issues that impact the public and private sectors, our report cites several collaborative efforts between DHS, MCOs, hospitals and health systems, and housing stakeholders that overcome the disparate housing and healthcare systems.

Recent guidance from the Centers for Medicare and Medicaid Services (CMS) regarding health-related social needs interventions in Medicaid waivers has allowed states to test new strategies to improve coverage and care for beneficiaries, including allowing federal financial participation in rental assistance services beyond specific institutional settings. Pennsylvania is attempting to use this opportunity to improve access to housing with DHS's submission of the "Bridges to Success: Keystones of Health for Pennsylvania" Section 1115 demonstration waiver application to CMS in January 2024. Projected to impact 6,700 members over the five-year demonstration period, DHS is proposing the implementation of four housing supports: (1) pre-tenancy, transition navigation, and case management services; (2) one-time transition start-up services; (3) rental subsidies for up to six months; and (4) tenancy sustaining services. With Keystones of Health still under review by CMS and much of the implementation planning and, subsequently, costs to be defined during the first year of the demonstration, we found many aspects of the proposed waiver challenging to assess. However, as I will outline, we did make several recommendations based on Keystones of Health's anticipated approval.

Moving outside of healthcare, HUD coordinates several homeless assistance programs with funding passing through the state or local governments, most notably the Continuum of Care (CoC) Program. Pennsylvania has 16 CoCs, 14 of which operate on the county level. The remaining 53 counties, known collectively as the "Balance of the State," are divided into an Eastern and Western CoC and are administered through DCED. CoC funds can be used in permanent supportive housing, transitional housing, and homeless prevention in HUD-designated communities, among other activities. DCED also administers other programs that assist in housing, including the Community Development Block Grant, HOME Investment Partnerships, Housing Opportunities for Persons with AIDS, the Whole Home Repairs Program, and the Weatherization Assistance Program.

DMVA has several programs to assist veterans who are facing financial hardships and who may be at risk of homelessness. These include the Veterans' Temporary Assistance Program, Veterans' Trust Fund, PA VETConnect, and the Military Family Relief Assistance Program.

PHFA recently implemented a new funding initiative prioritizing housing's role as a social determinant of health. The Housing for Health Investment Initiative encourages housing and community developers to seek partnerships with hospitals or health systems to enhance health and housing conditions in Pennsylvania. PHFA made its first award of \$1.8 million in match-dollar funding to four projects in Philadelphia and Bucks Counties this July.

There are also county-administered programs that can impact access to safe, affordable housing. Originally passed in 1992, the Optional County Affordable Housing Funds Act allows counties to raise revenues and establish county-operated trust funds for affordable housing. However, the statutorily allowable maximum fee for these county-operated trust funds has not been raised for 66 commonwealth counties since 1992 and for Philadelphia since it implemented a trust fund in 2005. In 2020, only four of the 29 counties surveyed by PHFA reported that their trust fund fees were not at the maximum allowable level.

Based on these and the many other findings presented in our study, we recommend that:

1. The General Assembly and Governor's Office convene a working group of public and private partners to address all issues surrounding the intersection of housing and health to determine the best uses of available resources, encourage

coordination and data sharing among entities to maximize the impact of all services and supports, and determine the best interventions and best practices.

2. DHS should develop health-centered outcome measures and key performance targets for housing-related services within the MA program to ensure that state and federal Medicaid spending is being efficiently used to improve the independence and health of MA participants.
3. Healthcare and housing stakeholders from across the commonwealth should collaborate and engage in new data-sharing partnerships that will provide the insights needed to benefit the shared goal of improving the health and well-being of Pennsylvanians.
4. DHS should continue proactively engaging stakeholders throughout the Keystones of Health waiver demonstration period, emphasizing statewide coordination.
5. DHS should collaborate with MCOs, community-based organizations, and other Keystones of Health stakeholders to develop guidelines to mitigate the impact of transitioning off waiver rental assistance in situations where housing stability may not be achieved.
6. DHS collect data to assess potential healthcare cost savings and outcomes realized from housing support during the Keystones of Health waiver demonstration period.
7. The General Assembly consider requiring DHS to report findings on healthcare cost savings experienced during the waiver period to the legislature.

8. The General Assembly consider allowing all counties the flexibility to increase the amount of the maximum allowable fee for the optional affordable housing trust fund commensurate with their current recording fees and subsequently index the fee maximum for inflation.

To close, we thank the staff of the Departments of Human Services, Community and Economic Development, Military and Veterans Affairs, and the Pennsylvania Housing Finance Agency for their assistance in completing this report. We would also like to thank the many nonprofits, healthcare organizations, academics, and other stakeholders who contributed their time and expertise.

I would like to recognize the staff analysts in attendance who also worked on this project, Amy Hockenberry and Shanika Mitchell-Saint Jean, as well as Project Manager Anne Witkonis and Analyst James Wynne.

At this time, I would be happy to answer any of your questions.