



AB 74, HOUSING FOR A HEALTHY CALIFORNIA: REDUCING MEDI-CAL COSTS & HEALTH DISPARITIES

Californians experiencing long-term homelessness face a combination of chronic medical, mental health, and substance abuse conditions. They are often frequent users of hospitals and the justice system, and incur disproportionate Medi-Cal costs. Their inability to access preventive and regular care harms their health and often shaves years off their lives.

- Because they cannot obtain sufficient rest, follow a healthy diet, store medications, or regularly attend appointments, they often become the sickest patients and significantly *increase* their inpatient costs the longer they remain on the street.
- They die 30 years younger than the average life expectancy.
- They cycle between homelessness, prison/jail, nursing home stays, and hospital inpatient stays, unnecessarily costing California taxpayers millions of dollars each year.

A PROVEN ANSWER

Acknowledging decades of research demonstrating supportive housing decreases Medicaid costs among homeless beneficiaries, the California Department of Health Care Services (DHCS) proposed using Medi-Cal to fund rental assistance with services. The Federal Centers for Medicare & Medicaid Services (CMS) approved a final 1115 Medicaid Waiver that includes the California Whole Person Care pilot program intended to address the “whole needs” of frequent users of multiple systems (health, justice, etc.). The pilot allows certain counties to tap into federal funds to pay for care management supports, and services helping people find housing and achieve housing stability.

Assembly Bill 74 would complete the “Whole Person Care” nature of the pilot by funding rental assistance grants tied to services dollars, and fostering federal-state-county partnerships to end homelessness.

This concept is not new. The State of New York and some local jurisdictions within California pay for housing costs through their respective health initiatives. These programs have proven to result in decreased costs and improved outcomes across the board, including better health outcomes, decreased nursing home and hospital admissions, and drops in the rate of incarceration among participants moving from homelessness to stable housing.

**LEVERAGES
FEDERAL MEDI-
CAL DOLLAR\$
TO ADDRESS
HOMELESSNESS**

A COST EFFECTIVE, SUSTAINABLE SOLUTION

Evidence demonstrates moving people off the streets and into stable housing results in significant decreases in health costs:

- Medi-Cal beneficiaries participating in foundation-funded supportive housing for frequent users reduced hospital costs by \$3,841 per beneficiary after one year and \$7,519 per beneficiary per year after two years. These savings exceeded the costs for supportive housing.
- Two randomized studies of chronically homeless people who moved into supportive housing showed participants decreased hospital days by a third within a year and 46% after 18 months, and decreased nursing home days by over 60% within a year.
- The Massachusetts Office of Medicaid reported decreased medical costs of over \$17,500 per participant in supportive housing.
- An evaluation of LA County public expenditures for 10,000 homeless General Relief recipients revealed costs of \$2,897 per person, per month. These costs decreased 60% when 1,000 of the study participants moved into supportive housing.

ASSEMBLY BILL 74

AB 74 would create a “Housing for a Healthy California” program to fund local programs to pay for rental assistance, matched with services funding, like the Medi-Cal Whole Person Care pilot or Health Home Program, to move



people from chronic homelessness to supportive housing. Based a rigorous evaluation to determine changes in health costs resulting from the program, the Legislature could reinvest in the program, making it fully sustainable after the 5-year program term.

A one-time investment in Housing for a Healthy California would decrease Medi-Cal costs, produce dramatic improvements in clinical outcomes, and reduce homelessness.

The following organizations supported Housing for a Healthy California in 2016:

Corporation for Supportive Housing (co-sponsor)
American College of Emergency Physicians (CA)
CA Council of Community Behavioral Health Agencies
Community Housing Partnership
Episcopal Community Services, San Francisco
Los Angeles County
PATH Ventures
Western Center on Law and Poverty

Housing California (co-sponsor)
CA Commission on Aging
Casa Major, Inc.
County Behavioral Health Directors
League of California Cities
Mental Health America of California
United Way of Greater Los Angeles

MORE INFORMATION

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