the Network
Supportive Housing Network of NY

New York State Senate and Assembly
Joint Session
on the
FY 2011-2012 Executive Budget - Health
March 3, 2011

Supportive Housing Network of New York
Ted Houghton, Executive Director

Good afternoon. My name is Ted Houghton, and I am the Executive Director of the Supportive Housing Network of New York. The Network represents more than 200 nonprofit providers and developers who operate over 43,000 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.

With much of the recent public conversation focusing on how we can reduce Medicaid spending while still improving care, I thought it made sense to share some data points on just three of the many studies that have measured the Medicaid savings that supportive housing achieves. For example:

- 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.[1]

- The University of Pennsylvania studied 4,679 homeless people with severe mental illness who were placed into supportive housing in New York City.[2] 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.

- In Seattle, supportive housing was provided to 95 homeless people with severe alcoholism, usually accompanied by other chronic illnesses.[3] 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.

Studies confirm these savings, year after year. Yet I still have to come here and recite them every March. I recognize that New York State leads the nation in supportive housing creation. But the fact is, we continue to fall far short of the need. And so we continue to rack up enormous, unnecessary costs providing inadequate emergency care to people who are homeless and ill-housed.

A researcher from Johns Hopkins once said, "If housing was a pill, we wouldn't be arguing about this. We would have long ago prescribed housing as the cost-effective cure that it is." Dr. David Holtgrave was studying people

---

[1] Sadowski, L., Kee, R., VanderWeele, T., & Buchanan, D. Effect of a Housing and Case Management Program on Emergency Department Visits and Hospitalizations among Chronically Ill Homeless Adults: A Randomized Trial. *JAMA*. 2009;301(17):1771-1778.

[2] Culhane, D., Metraux, S., & Hadley, T. Public service reductions associated with placement of homeless persons with severe mental illness in supportive housing. *Housing Policy Debate*. 2002;13(1):107-163.

[3] Larimer, M., Malone, D., Garner, M., Atkins, D. Burlingham, B., Lonczak, H., Tanzer, K., Ginzler, J., Clifasefi, S., Hobson, W. & Marlatt, A. Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons with Severe Alcohol Problems. *JAMA*. 2009;301(13):1349-1357.

living with AIDS. He found that supportive housing cost just $16,100 per quality-adjusted life year saved. This was more cost-effective for people living with AIDS than *every medical* intervention except one, Enalapril, given for congestive heart failure.

Supportive Housing Network of New York – p. 3

And yet we let tens of thousands of New Yorkers continue to live outside and in shelters, where they get sicker and sicker, and more and more expensive to the public. Already, the average person with schizophrenia lives *twenty years less* than an individual without the disease. We know this fact, just as we know that this lifespan difference is entirely preventable. All we need to do is provide stable housing, adequate services and supports, and evidenced-based interventions like wellness self-management that help people with psychiatric disabilities take control of their personal health.

And yet we still come up short. Why? Without blaming anyone, I believe it's because we now live in a society of specialists. Doctors take care of medical problems, not social ones. Substance abuse programs don't treat mental illnesses. Housing providers don't always look after tenants' physical health as much as they could.

Many practitioners in supportive housing have broken through these silos: they build and operate affordable housing, but they also provide on-site social services that link residents to clinics that now address both behavioral and physical health issues. More often than not, they created these programs on their own, pasting together private and public funding from multiple sources.

It is time now that government agencies themselves break down these silos. It's already starting to happen, but it has to happen faster. I apologize for saying it out loud, but the New York State Department of Health is one of the agencies that lags the most in this regard. For decades, DOH has done little to recognize the role stable, affordable and appropriate housing plays in improving people's health. This is entirely understandable – this is a giant agency that has enough on its hands overseeing hospitals, clinics, doctors and nursing homes and all that goes with these large institutions.

But the end result is that homelessness continues to be addressed as just another poverty issue, rather than the public health emergency that it is. And housing under DOH's purview continues to be substandard. Every decade a scandal occurs in proprietary adult homes licensed by DOH, but little

is done to transform or abolish this outdated model. Nursing homes and hospitals must serve homeless people who take additional weeks to discharge because they've got nowhere to go. Finally, they are well enough to return to the shelter, where they get sick again. This cycle costs taxpayers hundreds of

millions of dollars every year, and yet the Department of Health remains ill-equipped to address this most basic of health needs.

This may be starting to change. Six years ago, the Department of Health's AIDS Institute joined OMH, HCR and other State and City agencies as a signatory of the NY/NY III Supportive Housing Agreement, committing to funding services in supportive housing for chronically homeless people living with AIDS. But each year, DOH has consistently been the only one of ten agencies to consistently underfund its share of service funding in the Executive Budget. Each year, I have to come to you to ask for help in restoring this necessary, cost-effective service funding. And, thanks to Assemblyman Gottfried, Senator Duane and many other caring legislators from both sides of the aisle, you have delivered restorations to this critical, life-saving funding.

Once again, this year's DOH AIDS Institute Executive Budget submission underfunded its supportive housing commitment by $2.9 million, 45% short of the need for the more than 500 tenants who depend on these services. But this time, there is a happy ending: the new administration just restored this funding in its 21-day amendment, the first time I've seen this happen after years of requests. We want to recognize this, and express our appreciation for the administration's willingness to correct quickly what would have been a cruel cut to supportive housing tenants living with AIDS that would have ended up costing the public much more in increased emergency intervention costs.

I believe that a major reason that DOH at last recognized the value of supportive housing this year was the Medicaid Redesign Team (MRT). Over and over again, the MRT heard from community-based providers about the importance of housing to individuals' recovery from both psychiatric disabilities and medical illnesses. Certainly, the message of those testimonies came through in the MRT's final recommendations.

I would like to remark on just a handful of them. The proposals were broadly worded and considered very quickly, so it is difficult to know their full effect at this time, but we know it will be profound. The devil will be in the details, and

we look to you to ensure that these details make sense for the people of New York. Briefly, here are some of our observations and concerns:

Behavioral Health Services Carve-Out: We strongly support the continued carve-out of behavioral health services from mainstream managed care.

Supportive Housing Network of New York – p. 5

Proposal 93 will establish interim behavioral health organizations to help us move toward a more integrated model of service delivery. Using specialty Behavioral Health Organizations (BHOs) to at first coordinate care, and over two or three years move toward what is likely to be a managed care model, is vastly preferable to just turning over the behavioral health population to mainstream health plans that have little experience with the extensive and complex needs of the behavioral health population.

In some other states, BHOs have had success reducing costs, improving care and establishing innovative new approaches to mental health. But this only happens when states have taken a strong interest in managing them. We are pleased that the MRT proposal charges the OMH with managing this process. We believe that present OMH leadership is highly capable and best suited to manage the transition to managed care. We believe they will ensure that contracts with BHOs will not only restrict profits and administrative costs, but also follow a recovery model of care with a central role for peer initiatives.

In reducing costs, some BHOs have reinvested savings to create new supportive housing opportunities. Appropriate and affordable housing is essential to mental health recovery, and should be a central goal of this effort.

As we move forward, it will be important to have both mental health advocates and providers fully involved in the process. At the present time, we strongly urge you to support Proposal 93 as written.

Prescriber Prevails: We do not support a provision in the MRT proposal that would restrict access to specific medications for people with special needs, including those with psychiatric disabilities and HIV/AIDS. Medications for these groups are excluded from the State's Preferred Drug Program because the State has always recognized that long-term harm can be done when people with serious conditions are denied access to the drug that works best for them and are made to "fail first" on another state-approved drug. Improved care coordination by BHOs will achieve significant reductions in costs this year, making reducing access to certain medications unnecessary. Rather than

imposing prior authorization on vulnerable populations who have often had difficulties finding the medication most effective for them, this MRT proposal should be eliminated so that the "prescriber prevails" as to deciding the best course of medication for their patient.

Utilization Controls on Behavioral Health Clinics: The MRT proposes to impose additional limitations on the number of visits one individual can make to clinics. We do not support further reducing payments to clinics as they try to provide an adequate level of services to the most challenging to serve. In our experience, limiting care is not the way to cut costs.

Maximizing Peer Services: The Network's providers have found that expanding peer support and employment opportunities have been central to the success of our housing and programs. Peers are uniquely qualified to help other residents achieve recovery, so we are pleased to see the MRT propose using Medicaid to fund peer supports utilized in new health homes.

Triple New York City's Managed Addiction Treatment Program (MATS): The MATS case management program in New York City has shown promising success in lowering Medicaid costs and improving coordination of care for people with substance abuse issues. We are pleased to see it expanded. Our one note of caution would be to suggest that case managers under MATS not serve supportive housing tenants who already have case managers assigned to them – the two programs play similar roles and we should be doing all we can to use our resources efficiently. Conversely, we should explore how we can strengthen the MATS program by making affordable housing available to participants when that will help to improve outcomes.

Supportive Housing Interagency Workgroup: Lastly, we are pleased to see the MRT propose a workgroup to develop a proposal by July 1st to create between 5,000 and 10,000 housing opportunities for persons at risk of nursing home placements. We strongly support this effort and urge that the workgroup include representatives of nonprofits who are expert in supportive housing development and management. It is important to have at the table people who actually operate this housing and have perfected the effective service models central to supportive housing's success. We further urge that the proposal explicitly give OMH a leadership role in this effort. OMH now has thirty years of experience in this field, and its partnership with the State's housing agency has in particular provided the most integrated and best quality

housing for vulnerable populations. It is important that any housing created as an alternative to nursing homes is not just a less expensive nursing home, but is instead is as close as possible to a permanent apartment, well-integrated into the community with all the comforts of home, linked to any essential services that ensure the tenant's independence.

Supportive Housing Network of New York – p. 7

Conclusion

We hope that the workgroup is just the beginning for supportive housing and DOH. But much more needs to be done. As I was writing an email one evening asking the administration to restore the DOH NY/NY III funding, I received a phone call from a woman in California who had found the Supportive Housing Network's website. Her brother, 64 with a history of recent medical hospitalizations, was about to be discharged from a nursing home to the 30th street men's homeless shelter. She was frantic, as he was just seven days removed from having been in a hospital on a respirator for a week. But the nursing home said that it was no longer medically necessary for him to be in the nursing home, and insisted that he had told him he had a place to go. On further questioning, they admitted they knew it wasn't a viable placement, but they had no choice – they couldn't get reimbursed for caring for him anymore, and they knew of no place he could go. I was lucky enough to find a transitional provider who was willing to bend the rules to take him in the next day, and now he is about to be placed in a nonprofit-operated adult home that will be able to fully address both his medical and mental health needs.

As lucky as we were to get him into a more appropriate, less expensive setting in one day, this individual had already cost the taxpayer much more than necessary. He spent 33 extra days in the nursing home when it was no longer medically necessary, plus had experienced several unnecessary hospitalizations that were caused by his moving back and forth from other inappropriate placements.

We must expand supportive housing for this population, and train nursing homes to increase discharges to more appropriate, and less expensive, supportive housing. As the MRT panel 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 the expansion of supportive housing opportunities for vulnerable populations.

Extend the Personal Income Tax Surcharge

This year's Executive Budget proposes extensive cuts in just about every area of services and supports that help poor and middle class families and individuals who struggle to maintain a decent quality of life in New York State. Even if we are able to restore the most destructive of these cuts, the consequences of a smaller budget are going to a have a damaging effect on millions of vulnerable New Yorkers.

Supportive Housing Network of New York – p. 8

At the same time, more, ill-advised cuts are being proposed in Washington that are likely to send our economy back into recession. This will further increase the need for low-income housing subsidies, homelessness prevention, community-based services and employment programs, just as these very same programs are being sharply scaled back. It is going to be a very difficult year.
Supportive Housing Network of New York – p. 8

That is why we must take a moment and appeal to you to extend and make permanent the Personal Income Tax Surcharge. I am all for slowing the growth of the State budget, and finding new efficiencies and savings. Some proposals to curb spending are quite promising. But if this budget is truly going to be fair, if it is going to spread the pain evenly, we must ask the very wealthiest New Yorkers to contribute during this time of need. A huge portion of our $10 billion budget deficit is caused by allowing the PIT Surcharge to expire. The least we can do is to ask New Yorkers who continue to earn large incomes to pay a fair tax rate.

There are a number of compelling reasons to support the surcharge:

- People earning over $200,000 a year have, on average, seen their incomes double over the past seven years. The rest of us have seen our incomes barely keep up with inflation.
- At the same time, wealthy taxpayers have been very successful at getting steady decreases in the amount they are taxed. Over the past 25 years, the marginal tax in the top brackets has been reduced from more than 15% to less than 7%.
- The very wealthiest New Yorkers earn most of their income through profits off of investments, for which they pay a capital gains tax of just 15%. The rest of us who earn our pay by working for it must pay rates that approach twice that. With so many low income and middle class families struggling this year, how can we justify this inequity?

- Most of the $5 billion secured by extending the surcharge would otherwise be accumulating in rich people's accounts all over the globe, generating very little economic activity in New York. If it is instead collected by government and spent locally to provide critical safety net supports and preserve teaching, public safety, social service and other essential jobs, it will create the economic multiplier effect we need to pull our state out of recession.

Supportive Housing Network of New York – p. 9

- State income taxes are deducted from federal income taxes, meaning that one-third of the surcharge will be paid for by the federal government, doing a little to correct the structural imbalance that has New York paying far more than it receives from the federal government.
- This is NOT a tax increase. It is a continuation of a current tax.

We urge you to respond to the wishes of 78% of New Yorkers and extend the personal income tax surcharge. To go against the interests of the vast majority of the public in order to aid the very wealthy would just confirm to them that money is all that matters in our legislative process. Remember, this budget proposes to make over ten thousand formerly homeless families and individuals who are now housed homeless again; it will eliminate daycare for women who have got off welfare and are now working, meaning they will go back on public assistance. It will cause localities to close senior centers, lay off teachers, and reduce funding for food pantries that are already overwhelmed by the demand. To give a tax break to the fortunate few, while hundreds of thousands of poor children across New York State are literally going without dinner, is unconscionable. I hope that you will fight for the extension of the surcharge so that we can restore the essential supports and services that help our most vulnerable citizens and make New York State a great place to live.

Thank you for this opportunity to testify.

Respectfully submitted by:

Ted Houghton
Executive Director
Supportive Housing Network of New York
247 West 37th Street
New York, NY 10018
(646) 619-9641
thoughton@shnny.org

www.shnny.org