

# Exploring Financing Options for Services in Affordable Senior Housing Communities

Research Snapshot



LeadingAge  
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# About This Report

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# Overview of This Exploration

A large population of older adults with low incomes faces the challenge of finding affordable, safe housing that can accommodate changing needs as they grow older. An increasing proportion of these older adults experience multiple chronic illnesses as they age. In some cases, deteriorating physical and cognitive functioning impede the ability of these older Americans to live independently in the community.

These personal challenges often translate into higher costs for public programs like Medicare and Medicaid, which are the primary payers of health care and long-term services and supports (LTSS) in the United States. With the rapid aging of the U.S. population over the next 20 years, these challenges—and their impact on the social safety net—are expected to grow.

Recent research suggests a potential solution. Models using affordable senior housing as a platform for coordinating health and supportive services can help older adults remain healthy and independent for longer, improve their quality of life, and reduce their use of costly health care services. Despite this growing evidence base, however, there is a pressing, and unresolved, need for sustainable financing options to support housing plus services models.

Staff from the LeadingAge LTSS Center @UMass Boston, the National Well Home Network, and the Harvard Medical School Department of Health Care Policy conducted a yearlong exploration of potential financing options to support housing plus services models. The Gordon and Betty Moore Foundation funded the project.



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## Who Should Read This Report?

This Research Snapshot, and its accompanying [full report](#), are intended to inform both housing providers, providers and payers of health care, and policy makers about the benefits of housing plus services options and the need to find sustainable funding strategies for these models.

**Health providers** reading this report will gain insights about the benefits of collaborating with providers of affordable senior housing to help patients address the social issues that are vital to maintaining or improving health.

The report will help **housing providers** understand how the Medicare and Medicaid regulatory, administrative, and practice frameworks could affect both a health entity's ability to partner with housing providers to implement housing plus services models, and the health entity's interest in such a partnership.

**Policy makers** will learn how housing plus services models could help advance health-related goals to improve quality of care and lower health care costs. The report offers policy makers insights into the challenges associated with supporting housing plus services models through the Medicare and Medicaid programs, as well as ideas for creating financial solutions for these models.

The findings from this exploration can help both housing and health care entities conduct more informed and productive conversations about potential partnerships that can help them support their shared clients while achieving their unique organizational goals. Our findings can also help health care entities, housing providers, and policy makers understand the potential pathways through which financing mechanisms could be created, and the potential statutory or regulatory barriers that may inhibit the implementation of potential solutions.

## About The Housing Plus Services Model

The housing plus services model takes a population health approach and is focused on older adults with low incomes. Service use is voluntary and based on resident need.

Services include:

- ➔ *A formal, annual assessment* of social, health, and functional circumstances and needs, and regular informal assessments conducted by members of the housing staff as they engage with and observe residents.
- ➔ *Service coordination*, which may include helping residents identify, apply for, and maintain benefits; helping residents access transportation, food and/or nutrition services; acting as a liaison with a resident's health and/or social service providers; and helping residents resolve hoarding, lease violation, and other issues that could put housing at risk.
- ➔ *Wellness/prevention interventions*, including health education and coaching; vital sign monitoring; medication review/reconciliation and support to access medication management assistance; on-site programming to promote wellness and combat isolation and loneliness; and help obtaining vaccinations.
- ➔ *Monitoring and/or assistance* to help participants transition successfully to home after a hospital or rehabilitation stay. This may involve helping residents schedule follow-up medical appointments, understand discharge instructions, fill new prescriptions, reconcile medications, and use other needed services. The on-site team may also check in on residents in their apartments for as long as needed.

## Advantages and Outcomes

The housing plus services model has several features that could help health and LTSS providers and payers, including insurers and managed care organizations, achieve goals and earn incentives created through reform efforts at the state and federal levels. These reforms encourage health and LTSS entities to improve health outcomes, enhance the care experience, and lower costs.

The housing plus services model helps health entities achieve these goals by allowing them to:

- ➔ Reach a concentration of at-risk individuals, including individuals who are dually eligible for Medicare and Medicaid.
- ➔ Leverage existing staff and infrastructure resources available in the housing community.
- ➔ Interact directly and regularly with multiple people in one place, minimizing travel time for providers, alleviating access limitations for older adults, and providing opportunities for group interventions and wellness programming.
- ➔ Observe and address the social determinants of health, including a resident's living situation, nutrition, and degree of social isolation.
- ➔ Take advantage of the trusting relationship that housing-based staff develop with residents.

These features of the housing plus services model can lead to positive outcomes for residents, the providers serving them, and the public payers supporting the services residents use. Several studies have shown that participants in housing plus services models are:

- ➔ Less likely to be hospitalized over time or move to a nursing home.
- ➔ More likely to use high-value health care such as primary care, report health improvements, and experience a slower growth in annual total Medicare expenditures.

## Financing the Housing Plus Services Model Through Medicare and Medicaid

Any new financing mechanism for supporting services in housing would have to cover the costs of:

- ➔ *The service coordinator and wellness nurse roles:* Although the service coordinator position currently receives some level of reliable funding from the U.S. Department of Housing and Urban Development and the Low Income Housing Tax Credit program, that funding is not available in all senior housing properties and is not always adequate to support the position at an optimum staff-to-resident ratio. The wellness nurse position is currently not supported in any standardized way. Housing communities with an on-site nurse typically support this position through in-kind collaborations.
- ➔ *On-site programming:* Funding would cover program fees, trainers, and supplies associated with evidenced-based health and wellness programs, fitness programs, or other education sessions provided or coordinated by staff at the housing community.
- ➔ *Administrative expenses:* Funding would be needed to cover expenses for a database/ data collection infrastructure, management/ oversight, and staff training.

This exploration focused on Medicare and Medicaid as the most viable funding sources for housing plus services models because these programs meet four criteria established by the research team. According to those criteria, the funding source would:

- ➔ Already exist.
- ➔ Have a reasonable certainty of being available over time.
- ➔ Have eligibility requirements that large portions of residents in the senior housing communities could meet.
- ➔ Be impacted by and/or benefit from the housing plus services model.

Medicare and Medicaid clearly meet the first two criteria. Most residents of affordable senior housing communities are eligible for Medicare, and many residents are also dually eligible for Medicaid. As entitlement programs, Medicare and Medicaid are broadly available to those who meet the eligibility criteria in all housing communities.

Finally, the Medicare and Medicaid programs are likely to benefit from housing plus services models because those models positively affect health care utilization and expenditures, which are key issues for these programs.

## Issues Affecting Potential Financing Mechanisms

Several issues within Medicare and Medicaid have the potential to impact the creation of a scalable and sustainable financing mechanism for housing plus services models. A detailed description of all relevant issues can be found in our [full report](#). Here is a brief overview of these issues.

### Volume

Health providers or insurers require access to a large enough volume of residents to justify their investment in the housing plus services model. Several features of housing communities make it challenging for health care entities to achieve this volume, including:

- ➔ *The number of residents living in the housing community:* Housing communities vary in size and some may be too small to interest a health care provider or sustain full time staff.
- ➔ *A wide variety of insurance coverage arrangements:* Although most residents of a housing community are eligible for Medicare, residents may receive their Medicare coverage through different mechanisms, including Traditional Fee-for-Service (FFS) Medicare, Medicare Advantage, Special Needs Plans, and Medicare-Medicaid plans. A large proportion of affordable senior housing residents are dually eligible for Medicare and Medicaid, but this eligibility can vary in different types of housing.
- ➔ *The mix of health care providers and insurers:* Residents enrolled in each Medicare option could be split across multiple primary care practices, Accountable Care Organizations (ACO), or health plan entities. Such a mix may make it difficult for any one provider to serve enough patients in a housing community to justify an investment in housing-based service programs.

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## Housing Community Variability

Housing communities vary across the country in terms of their internal capacity and the environment in which they operate. These differences could affect the way in which housing plus services models might be implemented at the local level.

- ➔ *Resident characteristics:* Residents may vary across buildings in terms of their health and functional profiles, which means the scope and intensity of services may also vary as housing communities strive to respond appropriately to resident needs.
- ➔ *Service coordinator availability:* The availability of funds for the service coordinator role varies across housing communities. This means there will be variation in the ability of these communities to use existing service-coordinator funding to supplement whatever funds might be made available through a new housing plus services financing mechanism.
- ➔ *Licensing:* While affordable senior housing communities are careful to avoid triggering state residential licensing requirements, these state-specific requirements, if imposed, could add to variability in how the housing plus services model is implemented. For example, licensing requirements might influence what services housing communities choose to provide, how those services are provided, who can provide the services, and who can bill for them.
- ➔ *Geographic variation:* There is variation across states and localities in Medicare and Medicaid managed care availability and penetration. Variability also exists in the presence of health care delivery and payment reform initiatives that might incentivize health entities to collaborate with affordable housing communities. This variability could result in fragmented scalability across geographies.

## Health Care Operational Strategy

Health care providers and insurers may have difficulty applying their organization's operating strategies to a housing environment and to the housing plus services model.

- ➔ *Range of risk levels:* Insurers and health care providers currently have an incentive to focus their interventions on reducing health care costs for high-risk, high-cost patients. Because affordable independent housing settings have no health or functional eligibility criteria, residents can vary in their level of health risk. It is unclear whether insurers or health care providers would have an incentive to focus on residents with a low or medium health risk who do not currently incur high costs but may become high utilizers of health services in the future if they do not receive support to prevent or manage chronic conditions.
- ➔ *Control over care coordination:* Value-based reform efforts might encourage health entities to reach out to community-based service providers to help expand their care coordination efforts, understand their clients/patients, and address the social determinants of health. However, the preference among plans to use their own staff to provide services directly to patients might reduce the willingness of plans to collaborate with the housing-based service coordinator/wellness nurse team.
- ➔ *Confusion over roles and functions:* The fact that health care and housing entities do not always share a common understanding of the same terms could lead to misunderstandings or missed opportunities. For example, housing and health care entities may have a different understanding of what "care coordination" entails and might wonder if they would be duplicating care coordination tasks. Housing and health care entities may also perceive that the housing plus services model encourages health entities to delegate care coordination responsibilities to the housing staff.

## Medicare and Medicaid Opportunities and Challenges

Regulatory requirements could inhibit the ability of Medicare and Medicaid to fund housing plus services models:

- ➔ *Both programs guarantee beneficiaries the right to choose their providers.* This makes it difficult for health entities to identify a large enough volume of residents in any one housing community to justify an investment in the housing-based services.
- ➔ *Both programs require that beneficiaries receive a common set of benefits.* This could make it difficult to create a Medicare benefit that is only available to beneficiaries living in specific housing settings.
- ➔ *Both programs stipulate the types of providers that can deliver billable services.* Affordable senior housing providers are not established as Medicare/Medicaid providers or billing entities and most would likely be uninterested in fulfilling those roles. Additionally, because service coordinators are not credentialed, there are questions about whether they could deliver Medicare/Medicaid covered services.
- ➔ *Both programs deliver benefits to specific individuals.* Benefits cannot go to “places” like affordable senior housing communities. *Traditional Medicare only pays for “medically necessary” services.* These services generally do not include assistance accessing benefits and resources, care navigation, and health education and wellness programming.
- ➔ *Medicare Advantage plans have several features and requirements that may make it more difficult for plans to support housing plus services models.* For example, plans must spend a minimum portion of their premiums on medical and quality improvement activities. Plans may be discouraged from supporting a housing plus services model if the expenses associated with the model do not fall into these categories.

- ➔ *Medicaid providers or payers may encounter some limitations as they support a housing-based benefit.* For example, only a portion of affordable housing residents are eligible for Medicaid-funded LTSS, and Medicaid programs vary across states.

Despite these limitations, several recent regulatory reforms may open up opportunities for supporting housing plus services models and may inform a framework for that support. Our [full report](#) includes detailed descriptions of these reforms.

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## Vetting Financing Solutions

In April 2018, an expert group of stakeholders met in Washington, DC, to evaluate a list of potential financing options for the housing-based services model. That list, developed by the project team, was based on a literature review and interviews with stakeholders. The options, which are explained in more detail in our [full report](#), included:

- ➔ Creating new housing-based benefits under Medicare Part B, Medicare Advantage, or Medicaid.
- ➔ Establishing an umbrella entity that would help support model implementation across a network of housing communities and health care entities.
- ➔ Implementing a mechanism that would help ACOs build volume within the housing setting.
- ➔ Allowing managed care plans and housing communities to establish a preferred-provider relationship in specific housing buildings.



Participants considered which options seemed most feasible to pursue, given political, regulatory, and practice realities. Here is a summary of their conclusions.

**Need for Multiple Solutions:** Due to several factors, it is unlikely that one solution could be identified within the Medicare or Medicaid systems to fund housing plus services strategies.

**Market-Based and Regulatory Approaches:** Market-based approaches, implemented within existing regulatory parameters, are feasible and attainable in the near term, but unlikely to capture all residents in a housing community. Regulatory approaches requiring administrative, statutory, or other policy changes could offer broader opportunities for providers and/or insurers to support and scale the housing-based services model. However, these regulatory approaches would be complex to create and would require a longer horizon to implement.

**FFS Approaches:** The development of an alternative payment model for FFS residents should be explored. However, the process of creating an alternative payment model would be complex and slow.

**Managed Care Approaches:** Managed care is a more likely path than FFS for developing potential financing options, due to the flexibility that managed care plans have regarding service delivery, and the incentives that encourage these plans to manage health care utilization. It is possible to support the housing-based services model within current Medicare or Medicaid managed care frameworks.

**Internal Issues:** Several issues require attention before a health plan might consider launching a housing-based services benefit or collaborating with housing providers. Those issues focus on:

- ➔ The potential overlap of or redundancy in services provided by a plan's care coordinator and a housing community's service coordinator.
- ➔ How plans will pay for services and how that payment model might affect future rates.
- ➔ Whether plans would be open to serving all residents in a housing community regardless of their risk level.
- ➔ How data would be shared between housing-based staff and health entities.
- ➔ How well the value proposition of the housing-based services model could be defined for health entities.

**Intermediary Entity:** A mechanism must be developed to address the volume challenge facing health providers and plans. One potential solution involves creating an intermediary entity that would pool resources across providers/insurers, and then serve as a vehicle for ensuring delivery of and billing for housing-based services. This approach could lead to a robust, collective service package that each entity could offer its patients/clients. A corresponding challenge would be convincing all providers/payers to participate so all residents would be fully covered.

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## Summary & Conclusion

Stakeholders participating in this exploration expressed great interest in and enthusiasm for affordable senior housing-based service coordination and wellness programs designed to help older adults with low incomes successfully age in community and avoid the use of unnecessary and higher cost health and LTSS services.

Participants felt that the most feasible approach in the near term would focus on the potential for collaboration between housing providers and Medicare managed care plans, including dual eligible plans. That collaboration would take place either through direct partnerships or through an intermediary mechanism.

While this approach would not provide payment coverage for all residents in a housing community, it is a starting point that could be leveraged with other funding sources until a more comprehensive funding solution could be created.

Participants agreed on the need for more evidence to support a value proposition for the housing plus services model. They also emphasized the need to create greater awareness, among policy makers and executives of health systems and health plans, about the potential role that affordable senior housing communities could play as an efficient and effective platform for service coordination, early intervention, and prevention.



*Research bridging policy and practice*

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