mhpa Medicaid Health Plans of America

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Social Determinants of Health:
The Role for Medicaid Managed Care

Social Determinants of Health (SDOH), also referred to as social drivers of health, are defined as "the conditions in the places where people live, learn, work, and play that affect health and quality of life"[i] such as employment, housing, food, and education. **Health-Related Social Needs** (HRSN), a related term, are the findings from a person-specific assessment of SDOH.[ii]

Evidence continues to build demonstrating the impact of SDOH and HRSN on an individual's life expectancy and health risks, including chronic and infectious diseases.[iii] Notably, SDOH may contribute almost 80 percent of a person's modifiable contributors to health and clinical outcomes.[iv] Unmet SDOH needs can contribute to decreased access to care and poorer health outcomes.

Meeting the multi-faceted, whole-person needs of historically underserved populations during the COVID-19 pandemic underscored the importance of SDOH as a critical component of care, including for people with disabilities, members of the LGBTQ+ community[iv], and individuals within Black, Indigenous and People of Color (BIPOC) communities[v]. A 2021 study by the Office of the Assistant Secretary for Planning and Evaluation (ASPE) found that failure to address SDOH can result in the "perpetuation of health inequities, particularly for children and adults at high risk for poor health outcomes, and individuals in historically underserved communities."[vi] As part of its health equity strategy, the Department of Health and Human Services recently announced its intention to develop a "whole-of-government, muti-sector strategy" that "will drive progress through coordinated strategies and activities to better integrate health and human services and to advance public health initiatives involving cross-sector partnerships and community engagement to address specific SDOH drivers."[vii]

In addition to improving access to care, addressing SDOH can impact overall cost of care including reductions in unnecessary hospital utilization and other high-cost services in high-need populations. For example, providing supportive housing to an individual with a serious mental illness can reduce medical expenditures on emergency department visits and inpatient care.[viii]

SDOH & MEDICAID

Medicaid is a federal-state partnership providing free or low-cost health coverage to Americans, with nearly 90 million enrolled in Medicaid and CHIP as of August 2023, including some individuals earning low-incomes, families and children, pregnant women, older adults, and people with disabilities. Medicaid beneficiaries often experience food insecurity, lack stable housing, and live in areas with substandard environmental conditions. For example, in 2020, the rate of food insecurity for low-income households was more than double the national average (28.6 percent and 10.5 percent respectively).[ix] Given the growing evidence of the impact of SDOH on health outcomes and overall well-being, policymakers are increasingly focused on approaches for addressing the SDOH needs of the Medicaid population.

THE ROLE FOR MEDICAID MANAGED CARE

Medicaid managed care organizations (MCOs) provide comprehensive medical benefits and services to more than 70 percent of Medicaid beneficiaries and are a critical source of health care coverage for people of color, individuals with disabilities, members of the LGBTQ+ community, and additional underserved groups.

Along with their state partners, Medicaid MCOs work to support and meet the whole person needs of the Medicaid enrollees they serve, including individual-level HRSNs as well as community-level SDOH. A 2020 Kaiser Family Foundation survey of Medicaid directors found an increasing focus on SDOH, including among Medicaid MCOs, in response to the COVID-19 pandemic that included initiatives to

address food insecurity and housing needs. SDOH-focused efforts continue to gain momentum today with more Medicaid MCO-state partnerships seeking to maximize opportunities to address nonmedical needs of Medicaid beneficiaries.

EXAMPLES OF HOW MEDICAID MCOS ADDRESS SOCIAL DRIVERS OF HEALTH:

- Screening and connecting enrollees to social services to meet their health-related non-medical needs (e.g., transportation, nutrition, utility assistance, and broadband access programs).
- Tracking the outcome of referrals to social services.
- Employing community health workers or other nontraditional health workers such as certified doulas.
- Reinvesting in the communities served by Medicaid.

AUTHORITIES, WAIVERS & VALUE-ADDED SERVICES

States have the flexibility to determine the type, amount, duration, and scope of services for the Medicaid program in their state but must still abide by federal guidelines.

Federal policies generally restrict the ability of states to pay for food, housing assistance (e.g., room and board), and other services to address social needs through the Medicaid program. However, there are several avenues for states to provide some additional services that address SDOH, within statutory and regulatory limits. For example, Home and Community Based Services (HCBS) waivers allow state Medicaid programs to add certain non-clinical services to HCBS programs to support older adults and people with disabilities.

Under federal Medicaid managed care rules, Medicaid MCOs have the flexibility to pay for non-medical services through "in-lieu-of" authority and/or "value-added" services. Under "In Lieu of Service or Settings" (ILOS) authority, Medicaid MCOs may elect to use an ILOS alternative benefit as a substitute for an immediate or long-term solution to the meet the needs of their enrollees that may include food, transportation, or housing transition services. For example, a state could authorize in-home prenatal visits for at-risk pregnant beneficiaries as an alternative to traditional office visits or allow for the substitution of inpatient mental health or substance use disorder treatments during short term stays.[xi]

"Value-added" services are services generally outside of covered contract services and provided on a voluntary basis by the Medicaid MCO. These services do not qualify as a covered service for the purpose of capitation rate setting. Some examples of value-added services include a customized meal delivery service for individuals with diabetes, transitional housing, home safety assessments, and the installation of shower grab bars.

RECENT FEDERAL GUIDANCE & ACTION

Recent federal guidance and the launch of a new Biden-Harris Administration initiative have increased the opportunities for states and stakeholders to support SDOH in the Medicaid program.

In January 2023, the Centers for Medicare and Medicaid Services (CMS) issued guidance to support the ability of Medicaid MCOs to offer SDOH-related services, like housing and nutrition supports, as substitutes for standard Medicaid benefits as ILOS.[xii] Specifically, CMS encouraged states "to address macro-level social needs by using the plan's resources to provide micro-level solutions such as ensuring access tailored meals for beneficiaries suffering chronic conditions worsened by poor diets and those living in food deserts."[xiii] That following November, a Center for Medicaid & CHIP Services (CMCS) Informational Bulletin highlighted the HRSN services and supports allowable under current Medicaid authorities, including state plan authorities, section 1915 waivers, managed care ILOS, and section 1115 demonstrations.[xiv]

As of December 2023, 19 states have approved waivers with SDOH-related provisions such as housing transition services and nutrition counseling and 17 states have pending SDOH-related waiver requests.[xv] As of November 2023, CMS approved section 1115 demonstrations in 7 states that cover certain evidence-based housing and nutritional services designed to mitigate the negative health impacts of unmet HRSN.[xvi]

MHPA POLICY POSITION

MHPA strongly encourages and supports efforts to address SDOH and the HRSN of Medicaid enrollees. Working with their state partners, Medicaid MCOs

have been effectively serving complex populations with person-centered care, including services that address SDOH and HRSN, within the parameters of the Medicaid program for many years; this experience has well-positioned Medicaid MCOs to understand how to best meet and coordinate the medical and non-clinical needs of Medicaid beneficiaries.

Notably, Medicaid MCOs utilize a whole-person approach that is data-informed to maximize the health outcomes and well-being of Medicaid enrollees. This person-centric approach enables the allocation of supports that are appropriate and tailored to meet individual needs. This also provides for flexibility and allows for changes or adjustments as the needs of the individual changes and encourages innovative approaches. In addition to the specific needs of individual Medicaid beneficiaries, Medicaid MCOs invest in the larger community's health-related social needs through engagements with community organizations that address issues such as housing and food insecurity; funding programs and evaluations; and conducting community resource and gap assessments.

Recommendations

As Medicaid MCOs continue to incorporate ways to address whole person care into their services and supports for Medicaid enrollees, MHPA calls for federal policies that further facilitate and support the implementation of these initiatives and that better align health care financing with the delivery of services that address SDOH and HRSN. The recently released White House paper, *The U.S. Playbook to Address Social Determinants of Health*, and recent CMS guidance are important steps forward; however, we believe some specific federal actions could encourage even greater adoption and impact across state Medicaid programs. Our recommendations include:

- **MLR numerator allowance.** Allow costs of activities related to HRSN, or SDOH, to be included in the numerator of the Medical Loss Ratio calculation and Medicaid capitation rates[xvii].
- **Standardization of data collection.** Standardize data collection around HRSNs and enable data stratification to facilitate a better understanding of where there are gaps in services and how they match up with our members' or communities' needs.
- **Access to digital tools.** Permanently fund the Affordable Connectivity Program to promote wider access to broadband internet connectivity that facilitates online access to health care and essential needs.
- **Community reinvestment.** Encourage community reinvestment that builds from consultations with stakeholders to explore and encourage strategies to allow states and Medicaid MCOs to reinvest Medicaid program savings and surpluses in community health projects that include SDOH activities.

CONCLUSION

MHPA is encouraged by an increased focus on opportunities to support and meet the SDOH and HRSN needs of Medicaid beneficiaries. As noted in the White House Playbook, "(a)lthough having access to high-quality, affordable health care is essential to addressing medical conditions when they arise, access to health care alone is not sufficient to achieve optimal health outcomes." Elevating the importance of efforts to address whole person needs and the needs of vulnerable communities, MHPA underscores the commitment of our member plans to continue working with state partners and stakeholders for the betterment of Medicaid enrollees.

[i]Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, Report, April 2022. https://aspe.hhs.gov/sites/default/files/documents/e2b650cd64cf84aae8ff0fae7474af82/SDOH-Evidence-Review.pdf

[ii]Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, Report, April 2022. https://aspe.hhs.gov/sites/default/files/documents/e2b650cd64cf84aae8ff0fae7474af82/SDOH-Evidence-Review.pdf

[iii]Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, Report, April 2022. https://aspe.hhs.gov/sites/default/files/documents/e2b650cd64cf84aae8ff0fae7474af82/SDOH-Evidence-Review.pdf

[iv]Robert Wood Johnson Foundation, Medicaid's Role in Addressing Social Determinants of Health, Issue 5, February 2019. https://www.rwjf.org/en/insights/our-research/2019/02/medicaid-s-role-in-addressing-social-determinants-of-health.html#:~:text=Often%20referred%20to%20as%20%E2%80%9Csocial,80%20percent%20of%20health%20outcomes

[v]Robert Wood Johnson Foundation, Medicaid's Role in Addressing Social Determinants of Health, Issue 5, February 2019. https:/www.rwjf.org/en/insights/our-research/2019/02/medicaid-s-role-in-addressing-social-determinants-of-health.html#:~:text=Often%20referred%20to%20as%20%E2%80%9Csocial,80%20percent%20of%20health%20outcomes; see also, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8861919/

[vi]RAND Health Care prepared for the Office of the Secretary for Planning and Evaluation, Department of Health and Human Services, Building the Evidence Base for Social Determinants of Health Interventions, May 2021. https://aspe.hhs.gov/sites/default/files/documents/e400d2ae6a6790287c5176e36fe47040/PR-A1010-1_final.pdf

[vii]Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, Report, April 2022. https://aspe.hhs.gov/sites/default/files/documents/e2b650cd64cf84aae8ff0fae7474af82/SDOH-Evidence-Review.pdf; see also, https://aspe.hhs.gov/sites/default/files/documents/aabf48cbd391be21e5186eeae728ccd7/SDOH-Action-Plan-At-a-Glance.pdf.

[viii]Robert Wood Johnson Foundation, Medicaid's Role in Addressing Social Determinants of Health, Issue 5, February 2019. https://www.rwjf.org/en/insights/our-research/2019/02/medicaid-s-role-in-addressing-social-determinants-of-health.html#:~:text=Often%20referred%20to%20as%20%E2%80%9Csocial,80%20percent%20of%20health%20outcomes; see also, NASMHPD, The Role of Supportive Housing, Case Management, and Employment Services in Reducing the Risk of Behavioral Health Crisis, September 2022. https://www.nasmhpd.org/sites/default/files/2022-11/Supportive-Housing-Case-Management-and-Employment-Services-in-Reducing-Risk-of-Behavioral-Health-Crisis_NASMHPD-8.pdf

[ix]Healthy People 2030, website, available at: https://health.gov/healthypeople/priority-areas/social-determinants-health/literature-summaries/food-insecurity#:~:text=In%202020%2C%2028.6%20percent%20of,national%20average%20of%2010.5%20percent.&text=Unemployment%20can%20also%20negatively%-20affect%20a%20household%27s%20food%20security%20status.&text=High%20unemployment%20rates%20among%20low,meet%20basic%20household%20food%20needs; see also, U.S. Department of Agriculture, Economic Research Service. (n.d.). Key statistics & graphics. Retrieved March 10, 2022, from https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/key-statistics-graphics.aspx

[x]Hinton and Stoylar, Kaiser Family Foundation, Medicaid Authorities and Options to Address Social Determinants of Health (SDOH), Issue Brief, Aug 05, 2021. https://www.kff.org/medicaid/issue-brief/medicaid-authorities-and-options-to-address-social-determinants-of-health-sdoh/

[xi]Hinton and Stoylar, Kaiser Family Foundation, Medicaid Authorities and Options to Address Social Determinants of Health (SDOH), Issue Brief, Aug 05, 2021. https://www.kff.org/medicaid/issue-brief/medicaid-authorities-and-options-to-address-social-determinants-of-health-sdoh/view/footnotes/#footnote-529516-16

[xii]https://www.medicaid.gov/sites/default/files/2023-01/smd23001.pdf

[xiii]https://www.medicaid.gov/sites/default/files/2023-01/smd23001.pdf

[xiv]https://www.medicaid.gov/sites/default/files/2023-11/cib11162023.pdf; see also, https://www.medicaid.gov/sites/default/files/2023-11/hrsn-coverage-table.pdf

[xv]Philips, Adashi, and Musumeci, Medicaid Section 1115 Waivers: From Work Requirements to Social Determinants of Health, Health Affairs, April 20, 2023. https://www.healthaffairs.org/content/forefront/medicaid-section-1115-waivers-work-requirements-social-determinants-health; see also, KFF, Medicaid Waiver Tracker: Approved and Pending Section 1115 Waivers by State, Nov. 29, 2023. https://www.kff.org/medicaid/issue-brief/medicaid-waiver-tracker-approved-and-pending-section-1115-waivers-by-state/#Table3.

[xvi]KFF, Medicaid Waiver Tracker: Approved and Pending Section 1115 Waivers by State, Nov. 29, 2023. https://www.kff.org/medicaid/issue-brief/medicaid-waiver-tracker-approved-and-pending-section-1115-waivers-by-state/

[xvii]Capitation rates must be set so that plans can reasonably expect to achieve a medical loss ratio (MLR) of at least 85 percent, meaning that 85 percent of the capitation must be used for medical services or expenses related to quality and the care of beneficiaries (42 CFR 438.8). There is a lack of clarity regarding the inclusion of approaches for addressing SDOH that do not clearly meet the regulatory definition of activities that improve health care quality (45 CFR 158.150) being included in the medical component of the MLR calculation.