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State Rethinks Medicaid --- Some Patients to Move to Apartments

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To bring down its soaring Medicaid budget, New York state wants to move thousands of low-income patients from hospitals, **homeless** shelters, group homes and nursing facilities into apartments.

The state says many of the people it wants to shift don't need the expensive, residential medical care they now receive, which is paid for by the state and by a crucial financial match from Medicaid, the federal program that provides health care for the poor.

Instead, the patients would live in what is known as supportive-housing apartments, which provide services such as counseling, budgeting help and coordination of medical care.

Some advocates and families, however, worry the arrangements wouldn't provide adequate security or care for residents, and the adult-home industry has also opposed such moves. And so far, the federal government has declined to match funds for the project, saying Medicaid dollars aren't designed to pay living costs.

But the state intends to go ahead with the pilot project and spend \$47 million on its own to build 12 supportive-housing facilities, where 5,000 people would live. The apartments would cost New York \$50 to \$70 per day per patient, compared with \$210 for a nursing home and significantly more in a hospital, said Jason Helgeson, New York state's Medicaid director.

"We have to take more of a global, long-term view and think about this differently," said Mr. Helgeson. "While I hear you that there are concerns about patient safety and things like that, there are enough people currently in New York state that are too restrictive, that are greater than they need on a daily basis. There are a lot of low-hanging fruit of patients who do not need this restrictive care but have nowhere to go."

The move is part of a broader effort to redesign the state's Medicaid system, which costs about \$54 billion a year, far more than larger states like California and Texas. Studies have shown the state leads the nation in unnecessary hospitalizations. Costs were growing at 13% per year for much of the last decade, said a spokesman for the state's health department. Mr. Helgeson was brought in from Wisconsin by Gov. Andrew Cuomo to change the state's system.

More than 5.5 million people are part of the state's Medicaid system, but Mr. Helgeson said a small group drives up the costs with unnecessary emergency room visits and hospital stays that are too long. The moves to the apartments won't be forced -- state officials are confident they can persuade many patients to move into the less-restrictive settings.

While New York plans to move ahead without the 50% Medicaid match it generally receives from Washington, Mr. Helgeson said the state hoped to make a compelling case that providing housing can save a lot of money

on health care.

"We're going to build a body of evidence that will support a federal match," he said. "We're the first Medicaid program in the country to break down the wall and think more broadly about using these dollars."

In a separate move, the state's Office of Mental Health announced last week it would build at least 2,000 supportive-housing units for mentally ill patients who choose to leave adult homes. A judge had ruled in 2010 the state was illegally keeping residents in adult or group homes and should move them into supportive housing.

The adult-home industry, which argued that many of its patients weren't capable of living by themselves and needed round-the-clock help, filed two lawsuits against the agency's move.

Advocates say they applaud any move to give more freedom to those who can live on their own, but they worry about how supportive housing will work.

"If their main mantra is to save money, there might be some financial savings here, but first you have to look at what services are needed," said Valerie Bogart, a lawyer with the [New York Legal Assistance Group](#). "Supportive housing means being supportive. The state has to ensure such housing is supportive."

Ms. Bogart said many of the patients may struggle with a move, particularly those with challenging mental and physical issues. "If you can't live on your own and you're used to having a certain coterie of people helping you, now all that shifts," she said. "And it might not be the same kind of thing you've had before."

Some of the communities would house patients with a range of diagnoses, while others would be home to residents with specific issues, such as drug addiction or brain trauma, according to the state.

Ralph Williamson, 73 years old, who lives in an adult home in the Bronx, is a veteran who returned from overseas "very depressed and belligerent, not really acting rational," said his brother, Bob Williamson. For years, he wandered aimlessly and wouldn't cooperate in getting help, his brother said.

Fifteen years ago, Mr. Williamson moved into an adult home in Riverdale, where he receives treatment for his schizophrenia. While he becomes angry if his brother doesn't visit and complains about the food, he generally lives a stable and happy life, Mr. Williamson said.

"For my understanding and situation with Ralph, I don't think you'd want to put this many people in apartments where people don't understand the intensity of the problem. They think it's all right, but their life may be in danger," he said.

Mr. Helgersen said the state would closely evaluate each patient before a move was made. "I think for this to work, we need to effectively convince the members it's in their best interest to work with us," he said. "It's a two-way street."

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