

Cost Containment through Collaboration

Working Across Sectors to Manage Costs and Improve Well-being

A summary of a longer report that can be found at www.vitalysthealth.org.

\$5,563 PER MONTH

average savings per AHCCCS member housed

\$82.5 MILLION

reduction in total cost of care due to housing

The figures above are the result of public and private sector entities working together in new ways to manage costs and improve community health. They are possible thanks to collaboration among partners within and beyond the traditional health care system, such as housing, corrections and food systems.

Key Takeaways

- **Interagency collaboration is key.** It can lower costs, improve health outcomes and advance economic and educational success.
- **Obstructive siloes and red tape must be removed.** The ability to address underlying issues hinges on the ability to access information and resources across sectors.
- **Strong leadership is required for cross-sector collaboration.** Efficient and effective application of taxpayer resources often requires overcoming longstanding policy and people barriers.

Traditional approaches to managing program costs often result in significant unintended economic and human impacts. States know they must take a different approach, so they're working on collaborative solutions to address underlying factors that impact community health. Entities such as hospital systems, insurers and businesses are following suit.

New Ways of Doing Business

These innovations center on two main focus areas:

Social Drivers (or Determinants) of Health (SDOH):
New partnerships are seeking to improve common drivers

that influence health, such as employment, housing, access to healthy food and community connections, which have a much greater impact on health than traditional medical care.

Supporting Whole Person Care: A common theme across many of these partnerships is the interdependence of mental and physical health. Individuals with behavioral health needs interact with a broad array of other public services (e.g., the justice system).

Health Beyond Traditional Medical Care

Partners are developing innovative strategies for new programs that are designed to reduce health care costs and improve care. This includes thinking beyond traditional medical care and collaborating with sectors previously siloed from health care delivery.

Arizona has been an early leader in advancing innovative new approaches to these issues and other states have followed suit. Under the Trump Administration, Medicare has allowed its private plans to offer non-traditional benefits such as healthy meals, transportation, home safety devices and more, because they can support health outcomes and are cost-effective. Commercial insurers and large health care systems are partnering with community organizations to support SDOH such as housing (UnitedHealthcare, CareSource), food access (Blue Cross Blue Shield of Kansas City), job skills (Texas Health Resources) and financial wellness (ProMedica in Ohio).

Arizona Successes

In Arizona, state agencies are also working well together and with community stakeholders to coordinate state, local and federal funding to avoid duplication and efficiently direct resources.

Housing as a Cross-Sector Issue: The Arizona Department of Housing (ADOH) and Arizona Health Care Cost Containment System (AHCCCS) partner to distribute housing dollars for persons with Serious Mental Illness (SMI), and AHCCCS uses its non-Medicaid funding to provide supportive housing for over 3,000 individuals to avoid costly health care settings such as emergency departments. AHCCCS reports these strategies have resulted in a \$5,563 reduction in average per member per month costs, and an \$82.5 million reduction in total cost of care. Additionally, AHCCCS's private sector health plans have partnered to invest their own corporate funds and bring together community partners to support affordable housing across Arizona.

Supporting Arizona Kids: AHCCCS, the Arizona Department of Health Services and the Arizona Department of Education (ADE) are working together in a number of creative ways. Specifically, AHCCCS and ADE have partnered to improve access to behavioral health services for children through Project A.W.A.R.E., which uses federal grant funds to support local school districts and connect them to mental health resources. AHCCCS has also advanced its partnerships with schools to support health services on school campuses through both Medicaid funding and legislative appropriations for students without insurance coverage.

Justice System Partnerships: Arizona's Second Chance Centers are a collaboration among a broad set of state agency partners, the City of Phoenix and others. The Centers

support individuals nearing release from incarceration by setting them up for success in their transition to the community. The Centers provide job readiness trainings and connections to stable housing. AHCCCS also has innovative programs that connect individuals nearing release to needed health care services in the community, preventing costlier hospital admissions and recidivism in the justice system.

Challenges in Advancing Collaboration

Despite broad agreement on the benefits of cross-sector collaboration and successes demonstrated so far, policy-makers still face numerous challenges in the delivery of effective, efficient and well-coordinated programs.

Balancing Future Payoffs with the Needs of Here and Now: Limited state resources mean there is only so much funding to go around and at times immediate needs eclipse investments that have longer-term returns (such as prevention).

Fostering Collaboration Despite Unique Organizational Objectives: Aligning efforts to support common goals requires helping organizations see how working together toward those larger aims supports their own organizational endgame and values.

Navigating Siloed Data and Program Criteria: Historically, agency programs and data have been siloed, and making the right connections requires technological, policy and legal processes that can be complex and costly.

Leadership is Required for Success: Success requires strong and principled leadership to overcome decades of program and policy siloes, aligning around common goals, and working through implementation challenges.

Author: Beth Kohler, Beth Kohler Consulting, LLC

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