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Solutions that Matter

The Current Status of Medicaid Coverage of Health-Related Social Needs

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Over the past several years, there has been a growing interest in coverage of Health-Related Social Needs (HRSNs) at both the federal and state levels. A longer-term focus on addressing Social Determinants of Health (SDOH) at the population level has evolved into a focus on the specific, individual-level factors that are affected by SDOH and impact health and health outcomes. Addressing these HRSNs through the Medicaid program can be as meaningful to improving health and health outcomes as traditional healthcare services and lower costs of the program over the long term.

At the federal level, the Centers for Medicare and Medicaid Services (CMS) has released a steady stream of guidance over the last several years, providing direction and support to states seeking to add HRSN coverage to their Medicaid programs. The most recent guidance was released on December 10, 2024, and included an updated HRSN service and authority framework. Additional relevant guidance includes the following, all of which are covered in this paper:

- State Health Official Letter 21-001 RE: Opportunities in Medicaid and CHIP to Address Social Determinants of Health (SDOH) (2021)[i]
- All-State Medicaid and CHIP Call December 6, 2022[ii]
- State Medicaid Director Letter 23-001 RE: Additional Guidance on Use of In Lieu of Services and Settings in Medicaid Managed Care (2023)[iii]
- Center for Medicaid and CHIP Services (CMCS) Informational Bulletin: Coverage of Services and Supports to Address Health-Related Social Needs in Medicaid and the Children's Health Insurance Program (2024)[iv]

States across the country have responded with the submission of authority requests – most notably HRSN Section 1115 Demonstration Waivers.

This white paper outlines both HRSN services that states have proposed for coverage and/or the federal government has underscored as potential options for states seeking to add HRSN to their Medicaid programs, with an overview of the corresponding expectations and requirements. The paper also outlines vehicles available for federal authorization.

I. HRSN Services

CMS has compiled a non-exhaustive list of HRSN services that States may seek to cover under various Medicaid authorities. These services are largely organized into housing and nutrition supports categories. Each of these services may be subject to further requirements depending on the vehicle the state uses to obtain authority, as outlined below. States choosing to follow the parameters outlined in the framework may be able to receive review and approval from CMS more quickly than proposals that include services or provisions not within the framework.

Housing/Home Environment Interventions

Noted interventions to address housing insecurity are divided into three groups. Interventions that do not include payment for room and board, clinically-focused interventions with room and board, and interventions with room and board only.

Housing Interventions without Room and Board:

- Housing supports, which may include:
  - Pre-tenancy navigation services
  - One-time transition and moving costs (excluding rent and clothing, but may include security deposit, applicable and inspection fees, utility arrears payments and activation, the cost of hiring movers, pest eradication, pantry stocking (30 days), cooking supplies, household goods and furniture)
  - Tenancy and sustaining services (eviction prevention, tenant rights education)
- In-home caregiver respite (not including room and board)
- Utility assistance (under certain vehicles, duration is limited)
- Day habilitation programs
- Sobering Centers (stays of under 24 hours)
- Medically-necessary home remediations (air filtration/conditioning/ventilation, refrigeration for medications, carpet replacement, mold and pest removal, housing safety inspections)
- Home and environmental accessibility modifications (wheelchair ramps, handrails, grab bars)

Episodic Housing Interventions with Clinical Services and Room and Board:

- Short-term pre-procedure housing (preparatory steps for an upcoming procedure or treatment are necessary and integrated, clinically-oriented recuperative or rehabilitative services and supports are provided)
- Short-term recuperative care (integrated, clinically-oriented recuperative or rehabilitative services and supports are provided for individuals who require ongoing monitoring and continuous access to medical care)
- Short-term post-transition housing (integrated, clinically-oriented recuperative or rehabilitative services and supports are provided but ongoing monitoring is not needed)
- Caregiver respite with room and board (includes temporary placement in an institutional setting for the service)

Room and Board-only Interventions

- First month's rent (transitional service; service has limiting criteria if the individual does not meet CMS-approved definition of homeless/at-risk of homelessness and the service is limited to allowable settings under Section 1115 Waivers)
- Short-term rental assistance (room alone or room and board together; no clinical services included)

Nutrition Services

Similarly, nutrition services are bucketed into two categories – those with and without the provision of food:

Nutrition Intervention without Food Provision:

- Nutrition counseling and instruction (tailored to health risk, nutrition-sensitive health conditions, and/or demonstration outcome improvement; may include guidance on selecting healthy food or healthy meal preparation)

Nutrition Intervention with Food Provision

- Home delivered meals or pantry stocking (amount is subject to limitations)
- Medically-tailored meals to individuals with nutrition-sensitive conditions (must be tailored to health risk, nutrition-sensitive health condition, and/or demonstrated outcome improvement; amount is subject to limitations)
- Nutrition prescriptions (fruit and vegetable prescriptions, protein boxes, food pharmacies, healthy food vouchers; amount is subject to limitations)

If provided under a Section 1115 Demonstration Waiver, the individual must have at least one clinical and one social risk factor. The clinical risk factor should relate to the individual's nutrition-sensitive health condition, and the social risk factor should include low or very low food security. All these services are limited to a duration of six months, which is renewable, and food must be delivered to the person's home.

Case Management for All HRSN Interventions

States may also cover case management services for access to the above services. This can include outreach and education and "linkages" to other state and federal resources.

II. Federal Mechanisms

States can use a variety of Medicaid authorities to cover HRSN services, including Section 1115 Demonstration Waivers, Medicaid State Plan authority, Managed Care In Lieu of Services and Settings (ILOSs), Section 1915 Waiver and SPA authorities, and Children's Health Insurance Program (CHIP) Health Services Initiatives (HSIs). As outlined in the following table, authorities that can be leveraged vary by service. Further, as addressed below, each service and authority comes with specific requirements.

Figure 1: HRSN Services and Authorities[v]

	Medicaid/ CHIP* Managed Care ILOSs*	1915 HCBS Authorities	1115 Demonstrations Waivers	CHIP/HIS*
Case Management for all HRSN Interventions				
1. Case management services for access to housing and nutrition supports, including, for example: • Outreach and education • Linkages to other state and federal benefit programs, benefit program application assistance and benefit program application fees	X	X	X	Not previously Approved
Housing/Home Environment Interventions Without Room and Board				

	Medicaid/ CHIP* Managed Care ILOSs*	1915 HCBS Authorities	1115 Demonstrations Waivers	CHIP/HIS*
2. Housing supports, for example: • Pre-tenancy navigation services (e.g., finding and securing housing) • One-time transition and moving costs other than rent (e.g., security deposit, application and inspection fees, utility activation fees and payment in arrears, movers) • Tenancy and sustaining services (e.g., eviction prevention, tenant rights education)	X	X	X	X
3. Caregiver respite without room and board	X	X	X	X
4. Utility assistance		Only Under MFP*	X	X
5. Day habilitation programs	X	X	X	Not previously Approved
6. Sobering Centers (<24 hour stay)	X	X	X	Not previously Approved
7. Home remediations that are medically necessary, including, for example: • Air filtration, air conditioning, or ventilation improvements • Refrigeration for medications • Carpet replacement • Mold and pest removal • Housing safety inspections	X	X	X	X
8. Home/environmental accessibility modifications, including, for example: • Wheelchair accessibility ramps • Handrails • Grab bars	X	X	X	X
Housing Interventions with Room and Board – episodic interventions with clinical services				

	Medicaid/ CHIP* Managed Care ILOSs*	1915 HCBS Authorities	1115 Demonstrations Waivers	CHIP/HIS*
9. Short-term pre-procedure housing, where a provider has determined that preparatory steps are required for an upcoming procedure or treatment and integrated, clinically oriented recuperative or rehabilitative services and supports are provided			X	Not previously Approved
10. Short-term recuperative care, where integrated, clinically oriented recuperative or rehabilitative services and supports are provided for individuals who require ongoing monitoring and continuous access to medical care			X	Not previously Approved
11. Short-term post-transition housing (e.g., posthospitalization), where integrated, clinically oriented rehabilitative services and supports are provided, but ongoing monitoring of the individual's condition by clinicians is not required.			X	Not previously Approved
12. Caregiver respite with room and board	X	X	X	X
Housing Interventions with Room and Board – room and board-only interventions				
13. First month's rent, as a transitional service	X	1915(k) Only	X	X
14. Short-term rental assistance, with room alone or with room and board together, without clinical services included in the rental assistance payment.		MFP Only	X	Not previously Approved
Nutrition Interventions Without Provision of Food				
15. Nutrition counseling and instruction, tailored to health risk, nutrition-sensitive health conditions, and/or demonstrated outcome improvement, including, for example: • Guidance on selecting healthy food • Healthy meal preparation	X	X	X	X
Nutrition Interventions with Provision of Food				

	Medicaid/ CHIP* Managed Care ILOSs*	1915 HCBS Authorities	1115 Demonstrations Waivers	CHIP/HIS*
16. Home delivered meals or pantry stocking (also referred to as grocery provisions)	X	X	X	Not previously Approved
17. Medically tailored meals to individuals with nutrition-sensitive conditions (e.g., pregnant individuals, individuals with diabetes)	X	X	X	Not previously Approved
18. Nutrition prescriptions, including, for example: • Fruit and vegetable prescriptions • Protein boxes • Food pharmacies • Healthy food vouchers	X	X	X	Not previously Approved

Based on CMS Tables of Allowable Services by HRSN domain and by Medicaid and CHIP Authority, December 10, 2024

*CHIP: Children's Health Insurance Program

*HSI: Health Services Initiatives

*HCBS: Home and Community Based Services

*ILOSs: In Lieu of Services and Supports

*MFP: Money Follows the Person

Section 1115 Medicaid Demonstration Waivers

States may leverage Section 1115 Demonstration authority to pilot new and innovative services that address HRSN, including for specific populations.[vi] There are many benefits to pursuing a Section 1115 Demonstration Waiver, including the inherent flexibility of the mechanism and the allowable administrative match for infrastructure needed to provide these services. States can request expenditure authority to support HRSN service infrastructure, although the infrastructure expenditure authority may not exceed 15% of the total HRSN expenditure authority.[vii] However, there are challenges to consider. Section 1115 Waivers provide temporary authority that must be renewed every five years and are subject to rigorous monitoring and evaluation requirements. Because predicting the downstream effects of HRSN services on overall Medicaid program costs is difficult, CMS is treating HRSN expenditures authorized under an 1115 waiver as "hypothetical" for the purposes of the budget neutrality calculation. An additional sub-ceiling referred to as the "Supplemental HRSN Aggregate Ceiling (SHAC)" will be applied to HRSN services and infrastructure expenditures to ensure spending does not have a significant negative fiscal impact on Medicaid.[viii]

Per CMS guidance, both housing and nutrition services should add to, not replace, existing housing and nutrition supports and services.[ix] State Medicaid agencies are encouraged to partner with state and local housing agencies, social service providers, and other stakeholders to both ensure Medicaid beneficiaries are connected to existing services and programs and support the successful implementation of housing and nutrition services under Medicaid programs.

In addition, individuals must have at least one clinical and one social risk factor to be eligible for housing interventions with room and board or nutrition services that include the provision

of food under an 1115 Waiver. Those risk factors can be defined by the state but must be approved by CMS. In general, housing interventions that include room and board are limited to individuals who are homeless or at-risk of homelessness, and nutrition interventions that include the provision of food are limited to those who have low or very low food security. Individuals must also be experiencing an allowable high-risk transition to be eligible for housing interventions with room and board under an 1115 Waiver.

A combined six-month cap per rolling 12-month period across HRSN housing services with room and board applies under Section 1115 Waivers, and services are limited to a clinically-appropriate amount of time. Room and board only interventions are separately limited to a combined six months per household per demonstration period.

Nutrition interventions with the provision of food are limited to up to six months (which is renewable) under Section 1115 Waivers.

There are also service delivery requirements and fiscal considerations that states must keep in mind when deciding whether to pursue a Section 1115 Waiver for HRSN services, which are detailed further in the CMS HRSN framework chart below.

Overview: A framework for HRSN services in 1115s

Covered Services	• Housing supports • Nutrition supports • HRSN case management Note: certain other HRSN services, such as transportation to HRSN-related activities, may be allowable outside of this framework
Service Delivery	• Must be medically appropriate, as determined using state-defined clinical and social risks factors • Must be the choice of the beneficiary, who can opt-out at any time. Cannot be required or disqualify beneficiary from other services • Must be integrated with existing social services (e.g. HUD services, SNAP, etc.)
Fiscal Policy	• Expenditures cannot exceed 3% of state's annual total Medicaid spend • Infrastructure costs cannot exceed 15% of total HRSN spend • Included in the without waiver baseline for budget neutrality purposes • State spending on related social services pre-1115 must be maintained or increased
Related Requirements	• State Medicaid reimbursement rates for primary care, behavioral health, and OB/GYN must be at least 80% of Medicare rates, or category with lowest rates must be increased by 2% points • Systematic monitoring and robust evaluation requirements, including reporting on quality and health equity measures

Source: Centers for Medicare & Medicaid Services

Medicaid State Plan Authorities

States can support the HRSN of their Medicaid beneficiaries by covering optional services under their Medicaid State Plan, including supportive skills and peer support services under the Rehabilitative Services Benefit, as well as case management and targeted case management services to individuals transitioning from facility-based care.[x] Peer support services can help connect beneficiaries with "housing, transportation, employment, nutritional services, and other community-based supports," while case management services include

"comprehensive assessment to determine the need for medical, educational, social or other services" and referral to appropriate services.[xi] States can also use the Section 1945 Health Home State Plan option to provide eligible beneficiaries with "comprehensive case management; care coordination and health promotion; comprehensive transitional care; and referral to community and social support services."[xii]

States also support the HRSN of their Medicaid beneficiaries through mandatory Federally Qualified Health Center (FQHC) and Rural Health Center (RHC) State Plan services; FQHCs and RHCs are "safety net" providers, meaning that they provide primary and preventive healthcare services to lower-income communities who experience barriers to accessing care.[xiii] FQHC and RHC providers can conduct Medicaid reimbursable social services screenings as part of routine care, and social services can be "co-located" in these facilities, although room and board may not be provided under Medicaid State Plans.

1915 Home and Community-Based Services (HCBS) Waivers and SPAs

States may use various authorities under section 1915 to provide HRSN services, including home modification, housing transition costs, home delivered meals, housing and tenancy support, services that increase an individual's independence, and other related services. It is important to note that services provided under these authorities are limited to eligibility criteria, while services provided under Section 1115 Demonstration Waivers can be more broadly accessible.

- ***Section 1915(c) HCBS waivers:*** HRSN services that are aligned with the purpose of these waivers to help eligible individuals remain at home and in their communities rather than in institutional care can include "service coordination or case management," "home accessibility adaptations," facility-to-residential transitional moving costs, housing/tenancy supports, "habilitation services" (e.g., interpersonal skills training), "non-medical transportation," "home-delivered meals," "supported employment," and "assistive technologies."[xiv]
- ***Section 1915(i) optional State Plan services:*** HRSN services can include "housing stabilization" services and must be provided to individuals that satisfy needs-based criteria such as being "at risk of or experiencing homelessness" or "risk of food insecurity for individuals with diabetes" in addition to other needs-based criteria.[xv]
- ***Section 1915(j) Self-Directed Personal Assistance Services (PAS):*** HRSN services may cover objects, including grab bars or accessibility ramps, that increase an individual's independence or supports a need within the individual's person-centered service plan.[xvi]
- ***Section 1915(k) Community First Choice State Plan option:*** Can include HRSN services that support activities daily living (ADLs) and services that support development of skills required to achieve ADLs.[xvii] States may additionally cover facility transition costs, including utility set up fees and basic home furnishings, and expenditures that support an individual's autonomy.[xviii]

Managed Care

States with Medicaid managed care may consider allowing HRSN services "in lieu of" services or settings to be provided under their Medicaid State Plan. With such authority, Medicaid managed care plans can opt to temporarily provide ILOSs in place of State Plan-covered services, preventing or deferring use of State Plan-covered services.[xix] Covering services that are targeted towards specific individual needs and intended to improve health status, such as medically tailored meals, may help individuals remain in their homes and communities longer rather than in institutional care.[xx]

III. Conclusion

As states consider the impact of HRSNs in their state and the opportunity to provide Medicaid coverage to address these factors, there is significant information

available – from academic studies, approaches of other states and best practices, and guidance from CMS. States do not need to reinvent the wheel and should avail themselves of these resources as they approach this new area. They must also keep in mind the possible changes coming with the federal administration change that may lead to changes to how HRSN authority requests are considered.

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Public Consulting Group LLC (PCG) is a leading public sector solutions implementation and operations improvement firm that partners with health, education, and human services agencies to improve lives. Founded in 1986, PCG employs approximately 2,000 professionals throughout the U.S.—all committed to delivering solutions that change lives for the better. The firm is a member of a family of companies with experience in all 50 states, in Canada, and in Europe. PCG offers clients a multidisciplinary approach to meet challenges, pursue opportunities, and serve constituents across the public sector. To learn more www.publicconsultinggroup.com.

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Endnotes

i. Anne Marie Costello, "SHO# 21-001 RE: Opportunities in Medicaid and CHIP to Address Social Determinants of Health (SDOH)," Centers for Medicare & Medicaid Services, January 7, 2021, https://www.medicaid.gov/federal-policy-guidance/downloads/sho21001.pdf.

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