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Integrating Social Care Into Health Care Requires New Financing Approaches

Findings from *Integrating Social Care into the Delivery of Health Care: Moving Upstream to Improve the Nation's Health*

Decades of research demonstrate that improving social conditions — such as access to stable income and housing, nutritious and sufficient food, appropriate health care, and reliable transportation — is critical to improving overall health across the United States and reducing disparities in health outcomes.

Integrating social care into health care delivery can help achieve this goal. But the system used to pay for health care today does not encourage integration of health care and social care, nor can it adequately adapt to the trending shift toward value-based payments for care — paying for better quality and better health outcomes. New financing approaches are needed to enable the health care sector to engage in activities that strengthen social care and community resources.

Here are five steps toward financing the integration of social care into the delivery of health care

1. Update legal definitions of health care.

Public officials and insurance companies determine what services are covered under health insurance plans, and they can define social care as health care. For instance, when defining reimbursable activities in a state's Medicaid plan (e.g., case management and quality improvement), the definitions could include social care activities. Those activities might include assessing for social needs and linking with services that address those needs, such as food and homelessness assistance. In the case of Medicare, the exclusive focus on mental health-related social work services has largely prevented use of fee-for-service billing codes that reimburse for services that target social factors related to physical health problems. Addressing this legislatively would enable licensed clinical social workers to build and sustain interventions that assess and address social needs.

2. Reform health care payment.

The traditional fee-for-service payment model does not encourage the integration of social care. It incentivizes volume of services provided over value or outcomes and does not reimburse for social care activities. Shifting to alternate payment models — such as accountable care organizations and health communities, bundled payments, and managed long-term services and supports — can promote the provision of social care. Health care organizations should be given incentives to collaborate with and provide support for community-based social service providers, and they should be evaluated based on impact on social risk factors.

3. Boost accountability.

Today's health care model uses a coding system to identify accountability among care providers and insurance plans and to determine how care providers are reimbursed. To better integrate social care, public and private financing sources should use classification and procedure codes to identify social risks and needs.

4. Streamline financing for dually eligible Medicare and Medicaid beneficiaries.

Patients enrolled in both Medicare and Medicaid have some of the highest social needs, but each program has its own list of covered services. To address patients' needs more effectively, the Centers for Medicare & Medicaid Services (CMS) and states should better integrate Medicare and Medicaid financing streams and service coverage.

5. Increase administrative capacity of social service providers.

Enhancing operational and management systems for social service providers, similar to those used by the health sector, is necessary to ensure better bi-directional workflow and integration.

State Medicaid Programs Provide a Unique Case Study

To meet the needs of their communities, state Medicaid models vary significantly in their design — including the role of managed care organizations, methods of payment to provider groups related to quality and other accountability measures, guidance on covered benefits, and partnerships with community-based organizations. Here are some promising ways that states can encourage the financing of social care:

State plan definitions

By incorporating some social care activities — including assessing needs like homelessness and food assistance and linking to services that address those needs — into its definition of case management and home health services, a state can finance those activities through Medicaid.

Medicaid waivers

States have the opportunity to innovate in Medicaid under specific agreements with CMS called waivers. One type of waiver authorizes Medicaid spending on home and community-based services for people who need long-term care. Another waiver gives states broad authority applicable beyond those who need long-term care. For example, North Carolina has a waiver authorizing it to use Medicaid for a defined set of services related to food insecurity, housing instability, and other priority areas. Oregon's coordinated care organizations are authorized through a waiver. They pay for "flexible services" that can provide housing supports and assistance with food and other social resources.

Medicaid Managed Care

Thirty-nine states and the District of Columbia contract with managed care organizations (MCOs) to deliver some or all Medicaid-funded services. This arrangement can be used to advance social care in various ways:

- MCOs are obligated to provide care management, which includes the authority for MCOs to use their Medicaid funding to identify social care needs and link people to services.

- MCOs can use their Medicaid funds to pay for social care as "in lieu of" services or as "value added" services (for example, to provide medically tailored meals for a homebound individual or an air conditioner for a severely asthmatic child).

- Some states require MCOs to contract with existing community-based organizations to provide services such as ombudsman (advocacy) services, nursing home eligibility assessments, and care management.

Read more recommendations for integrating social care into the delivery of health care at nationalacademies.org/SocialCare.