



Pennsylvania
Department of Human Services

Investments in Health for Pennsylvania

*This document summarizes information from an approved five-year demonstration program.
All content is preliminary and subject to the budget appropriations process with the General Assembly.*

Time to Act

- HR1 signed into law in 2025 will create fiscal pressures on all state Medicaid programs including our own
- More important than ever to make smart, targeted investments to address drivers of health and health care spending
- Non-clinical social determinants of health drive up to 80 percent of health care spending
- National research, local pilot programs, and lessons from other states show how new tools in our Medicaid program can reduce avoidable, expensive health care use and improve quality of life



Time to Act



- North Carolina's Healthy Opportunities Pilots showed over \$1,000 per person savings in the first year (JAMA 2025)
 - Economic benefits to surrounding communities and farmers and critical infrastructure during a natural disaster
 - Pay off was seen within 8 months
- Food insecurity among those with diet sensitive conditions drives up spending
 - Loss of SNAP increases Medicaid spending among those with diabetes by over \$250 per month (Pitt MRC)
- Targeted housing supports can reduce hospitalizations by 30% and reduce overall spending (JAMA 2009)



Time to Act

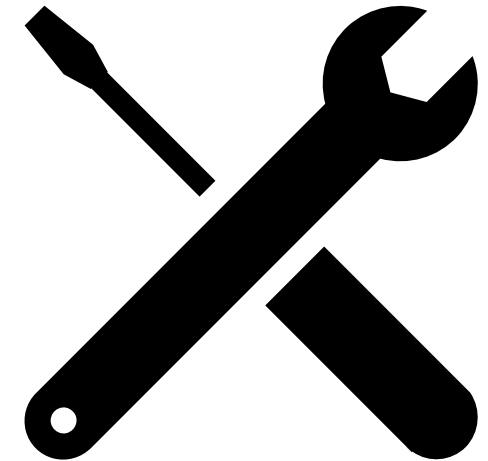


- The University of Pittsburgh Medicaid Research Center found that spending on enrollees who used homeless services (e.g. emergency shelter, street outreach) in PA was \$4,463 (49.5%) higher per year compared to housed enrollees
- Over 12,000 Pennsylvanians are experiencing homelessness on any given day (2024). If all were enrolled in Medicaid, this would indicate \$53.6 million in excess spending per year.
- Permanent Supportive Housing (PSH) appears to reduce spending by over \$7,400 per enrollee per year relative to those who do not receive PSH
 - Reductions are primarily driven by declines in inpatient and residential treatment spending



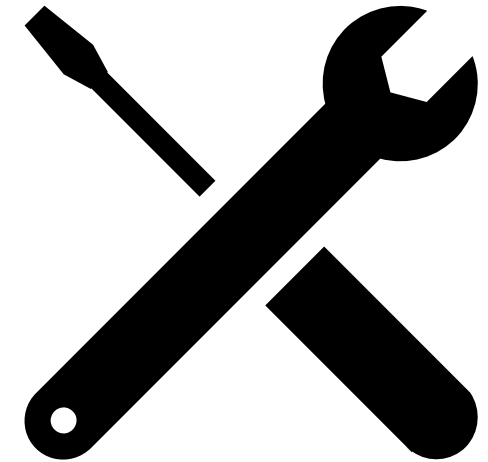
Investments in Health

- Governor Shapiro has proposed **\$2.8M in SFY '26-27 (\$7.5M total with federal matching funds)** to make critical investments in health and bring new tools to Pennsylvania
 - **Reentry Supports**
 - **Housing Stability**
 - **Food is Medicine**
- Time-limited, strategic investments to create a bridge to success and healthier lives
- Rigorous, independent evaluation to show us what works and how to innovate



Investments in Health

- **Reentry Supports: \$900,000** in state funds to leverage additional federal funding for a total of **\$2.7 million** that will support pre-release Medicaid coverage for incarcerated individuals returning to their communities from State Correctional Institutions.
- **Housing Stability: \$1 million** in state funding to leverage additional federal funding for a total of **\$2.5 million** to launch a pilot that will help Pennsylvanians experiencing homelessness connect to stable housing and services.
- **Food is Medicine: \$900,000** in state funds to leverage federal investment for a total of **\$2.3 million** to support a pilot program that will bring medically tailored meals to Medicaid recipients with diet-sensitive health conditions.



Federal Approvals

- CMS demonstration approval
 - Approved in December 2024
 - Authority through 2029
 - CMS has continued to support
- Federal uncertainty in 2025 paused implementation planning
- Ready to partner with you and move forward with final passage of the state budget



Investments in Health: Reentry Supports

Goal: Improve transitions to communities, fostering success and healthier outcomes.

THE OPPORTUNITY

- Serious health conditions like Substance Use Disorder (SUD) and Serious Mental Illness (SMI) lead to high rates (12x) of overdose, criminal justice involvement, and recidivism
- Bipartisan SUPPORT Act of 2018 led to a new waiver opportunity to improve reentry by leveraging federal resources through Medicaid
- Reduce overdoses, recidivism and avoidable hospital use
- Improve public safety and set returning citizens up for success

NEW TOOLS

- Reactivate Medicaid up to 90 days prior to release
- Provide **intensive case management and SUD care** that continues post-release
- Serve highest risk returning citizens with SUD, SMI, serious chronic illness, autism and those who are pregnant



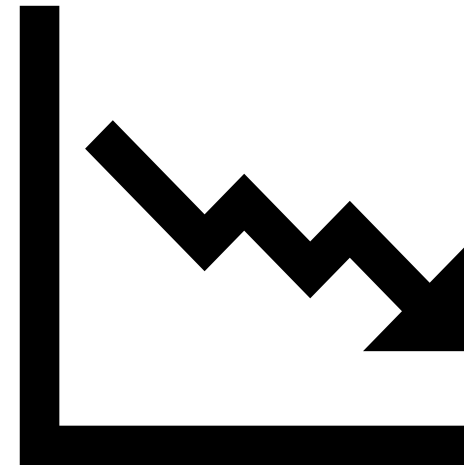
What would be included in the Reentry Supports program?

- Start pre-release services 90 days prior to release with a focus on:
 - Substance use disorder care
 - Intensive case management with warm handoffs to post-release, community-based care to address clinical and social needs - partner with counties on in-reach model
 - Reduce some of the largest barriers to success following reentry
 - Facilitate transition to Medicaid managed care plan
- For now, the reentry program will be focused on individuals leaving **state correctional institutions**.
- Drive improvements in health outcomes, reduce overdose deaths, reduce recidivism, improve public safety, and set people up for success and a productive future back in their community.



How would the reentry program decrease recidivism?

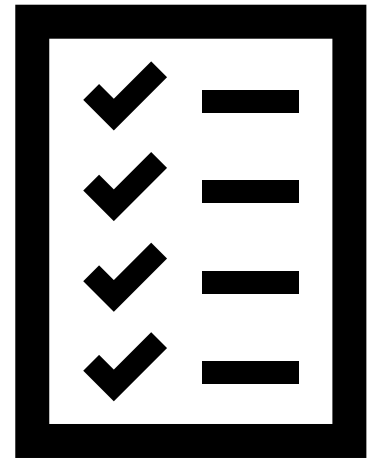
- The reentry portion of the 1115 demonstration would focus on individuals with historically poor health outcomes and high rates of recidivism.
- In Pennsylvania, nearly **two-thirds** of reentrants recidivate predominantly within the first 16 months, incurring total societal costs of \$3.1 billion annually.
- This initiative will target SUD treatment options and help stabilize serious mental health conditions to decrease recidivism.



Leveraging Federal Funding

New resources to support better outcomes

- For the first time, Medicaid could support case management services **prior** to release.
- Current state spending can be leveraged to support our state share for the reentry program
- Matching funds available to make investments in reentry systems (i.e., infrastructure funding)
 - Information Technology - Connecting DOC systems to DHS systems for tracking and claims
 - Capacity building – training, education, and outreach
- This brings new Medicaid resources to build upon our county systems rather than build new systems



Investments in Health: Housing Supports

Goal: Opportunities for stable housing as a **foundation for overall health and well-being.**



THE OPPORTUNITY

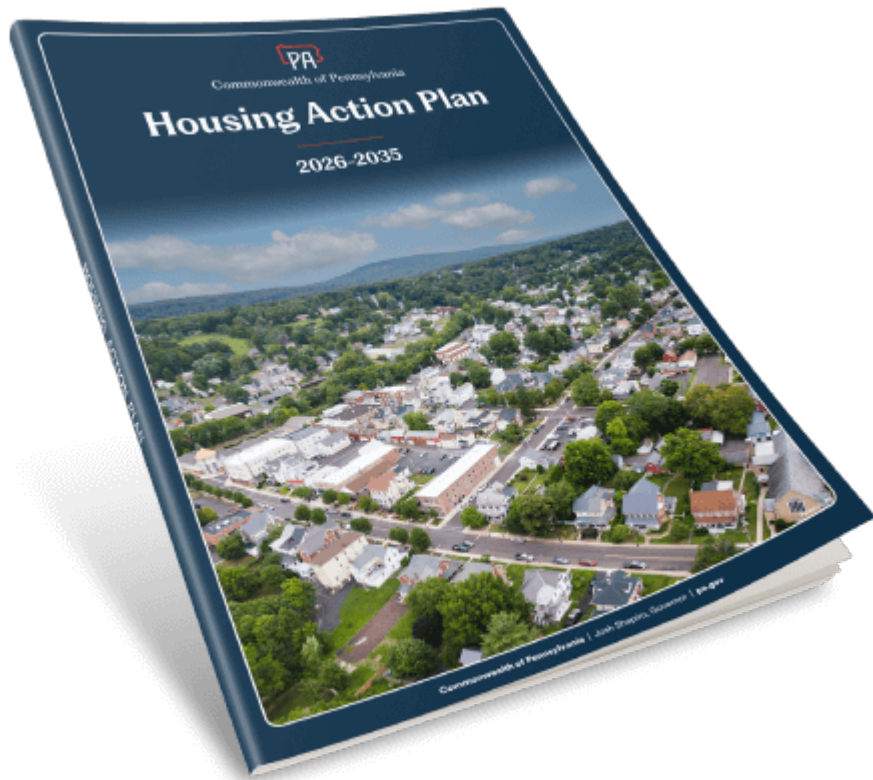
- Homelessness and poor health outcomes linked
- Poor health leads to high health care utilization
- Housing supports focused on high-risk populations:
 - Decrease ED and hospital visits by 25-30%
 - Save \$1.30 for every \$1 spent across areas
- We can make investments in health to support some of the highest risk, highest cost populations to improve outcomes

NEW TOOLS

- Connect people to existing housing supports and services.
- Provide help during transitions with moving expenses and necessary household items.
- Provide short-term help paying rent.
- Provide education and support to keep housing.



Pennsylvania Housing Action Plan



- More than 1 million households spend over 30% of their income housing
- Statewide roadmap to increase housing supply, lower costs, and stabilize housing outcomes.
- Address rising housing instability and homelessness
- Provide pathways to housing stabilization and sustainability



Housing Supports - Design

- **Launch regional pilots including urban and rural communities - evaluate and learn before expanding**
- Focus on highest risk populations with clinical needs and experiencing homelessness
 - SMI, SUD, pregnancy
 - Incarcerated and at risk of homelessness with one of the above conditions or a serious chronic condition
- Services focused on finding and sustaining housing
 - Case management & benefit enrollment, housing navigation, tenancy supports & eviction prevention
 - Transition supports (e.g., utilities, deposits)
 - Short-term rent support up to six months

Chronic Health Conditions:

- Active cancer with current chemotherapy or radiation treatment
- End-stage renal disease with active dialysis
- Chronic pulmonary disease requiring oxygen
- Type 1 diabetes
- Type 2 diabetes requiring at least one injectable insulin/day.



Housing Supports - Summary

- Focus on high cost, high need populations where targeted short-term investments can have long-term impact
- Start with pilot programs – evaluate and learn
- Medicaid is the payer of last resort, must utilize other community resources first and cap investments
- Achieve housing stability while decreasing spending on health care and other areas like criminal justice



Food is Medicine

Goal: Nutrition to improve health and health care value among high-risk individuals

THE OPPORTUNITY

- Food is Medicine is a widely recognized as strategy to prevent, manage and treat disease
- History of small but strong partnerships across the Commonwealth
- Data shows that programs can decrease ER and hospital visits
- We can make investments in health to support those with high-risk conditions like cancer and heart failure and support healthy pregnancies

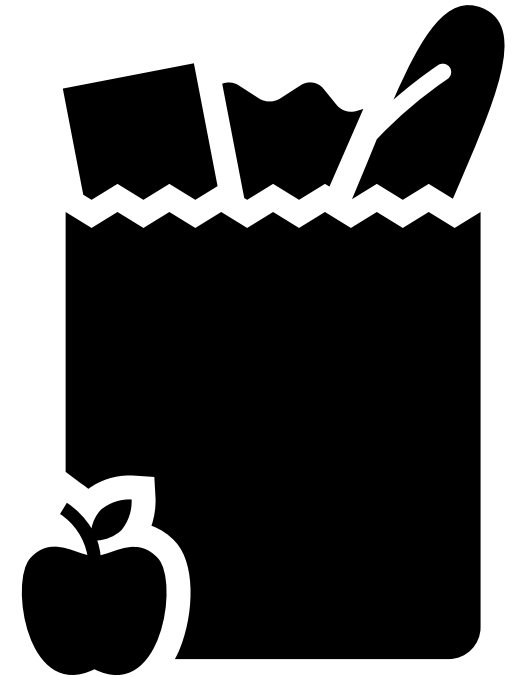
NEW TOOLS

- Targeted short-term interventions that create a bridge through a critical high-risk period
- Focusing on medically tailored meals up to six months
- Focus on those with food insecurity and high-risk conditions



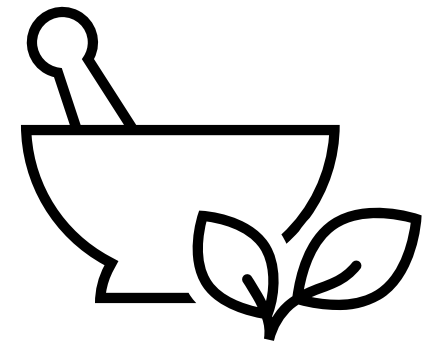
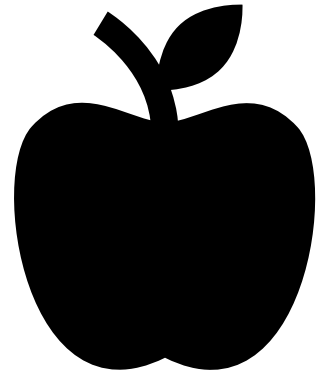
Investments in Food is Medicine

- Build on successful pilot programs with Medicaid MCOs and health systems across the Commonwealth
- Leverage Rural Health Transformation Program opportunities related to nutrition
 - Plan to establish Community Wellness Hubs in rural communities that can drive Food is Medicine program adoption and other nutrition strategies
- Future financial pressures call for investments in health that can have health and financial benefits



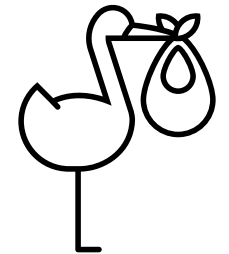
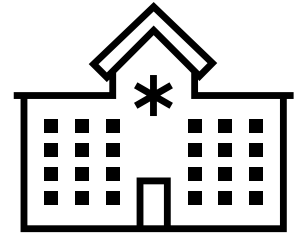
Food is Medicine – Hypotheses and Rationale

- Food insecurity + high-risk conditions → poor outcomes, high cost
 - SNAP loss has been shown to drive up Medicaid spending among people with diabetes by over \$250 per month
 - Nearly half of people admitted with heart failure have malnutrition which is associated with higher risk of death and longer hospital stays
- Food is Medicine programs can:
 - Improve health outcomes for high-risk conditions
 - Decrease avoidable health care use (reduce hospital admissions and ER visits by 50%)
 - Reduce cost (16% median cost reduction)
 - Build relationships between nutrition and health care providers
 - Reduce food insecurity among high-risk individuals



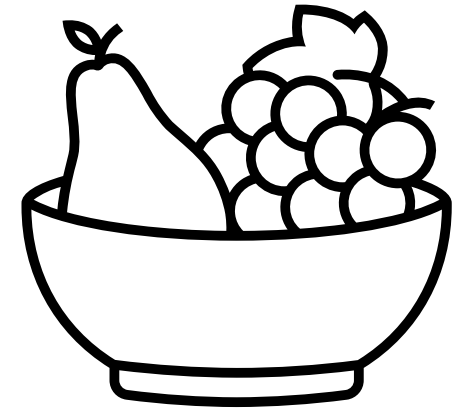
Food is Medicine - Design

- **Launch with urban and rural regional pilots – evaluate and learn before expanding**
- Focus on highest risk populations with diet sensitive conditions and food insecurity
 - Approved for: congestive heart failure, end stage renal disease, diabetes (including gestational diabetes), cancer with active chemotherapy
 - Implementation may not start with all conditions
- Medically Tailored Meals for up to 6 months
 - Fully prepared meals approved by a dietitian tailored to a specific medical condition
 - Up to 14 meals per week



Food is Medicine – Regional Pilots

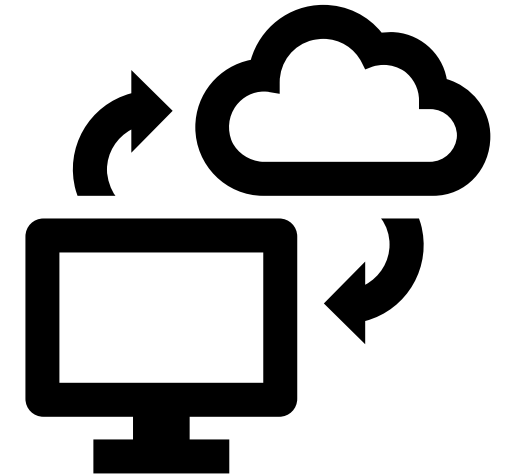
- Rural regions – align with Rural Health Transformation Program
 - Community Wellness Hubs with a focus on prevention, screening, and nutrition programs
 - Serve as a local coordinating organization for Food is Medicine programs
 - Demonstration authority could fund service costs
- Regional demonstrations
 - Focus on portion of the state (rural/urban mix)
 - Implement and learn from regional pilots



Infrastructure Funding Opportunity

Build Sustainable Systems in Pennsylvania Communities

- Federal government allows for some Medicaid funding to be used to support up front infrastructure needs
- Funding would be for one-time investments necessary to do this work across all three programs
- PA Navigate provides critical foundation
- Rural pilots will be synergistic with RHTP investments and drive a Food is Medicine strategy including connections to programs like WIC



What is next?



- Share the important work you do – elevate impact of this work and why Investments in Health is Important to you
- Engage in the future with our rural care collaboratives once they are formed
- Share the Investments in Health opportunity with your communities and stakeholders
- Engagement Guide coming soon, will be emailed and posted on website



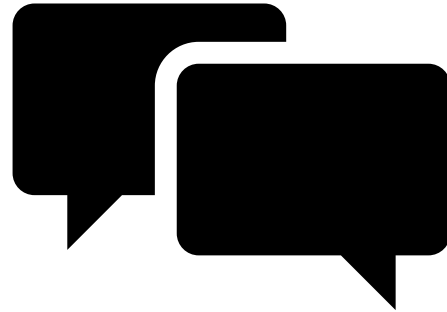
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Investments in Health



Questions and Answers

Thank You!

