Three-Quarter Homes:
A Complicated Policy Debate & Ethical Crossroads

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Bunk beds with dirty, cigarette scarred mattresses blocked windows. Mold stained the ceiling of a bathroom at New Lots… Some homes had broken sinks, holes in the wall… bed bugs crawling on walls and beds.[1]

Yury Baumblit and his company Back on Track Group featured in a recent exposé by *The New York Times* violated the central tenet of medicine and patient care: do no harm. It may be easy to view the current investigation as a microcosm of exploitation and corruption—a law enforcement issue not indicative of a flaw in the larger system. In reality, there has been a recent epidemic of kickback schemes and assistance program fraud.[2,3] A larger issue is at stake with shifts in healthcare administration to outpatient settings. Ascension Health, a Catholic healthcare provider, reported that Medicaid's outpatient care revenue growth has outpaced inpatient care revenue growth under the New Affordable Care Act (ACA), suggesting increased Medicaid outpatient demand.[4] The estimated 30 million newly insured people under the ACA are expected to increase outpatient visits by 2.6% nationwide under the ACA, while the overall volume of Medicaid beneficiaries increased by 15% from July through September 2013.[5,6] The dominant trend in health care delivery is decentralization into primary care clinics, extended-care facilities, nursing homes and specialized treatment facilities (such as Mr. Baumblit's New Lot homes).

Less attention has been paid to ethical challenges in these settings because the cases often lack the drama and urgency common to inpatient care. Ethics consultations are infrequent and the moral questions are minute: requests for unneeded services, non-compliance etc. Clinical ethics, known for addressing flashy cases, arose in the moral vacuum of the 1970s. The alliance between patients and physicians had been weakened and trust in the medical guild eroded due to entrenched paternalism. Hard-fought mandates protecting patient autonomy and novel ethical principles (non-malevolence, beneficence, etc.) stood to prevent abuses. The hospital setting served as the primary incubator for the norms of bioethics. These practices, however, did not translate to the outpatient setting.[7] Structural constraints and lack of ethics resources make traditional ethics board review and legal intervention seem cumbersome and costly. Thus, a lack of regulatory oversight coupled with an absence of an ethical framework left a void to be filled by unscrupulous entrepreneurs. Rather than attending to the impoverished, the current system incentivizes waste and encourages treating patients as commodities.

Kim Barker's investigation deals with the most invisible,

vulnerable population in the United States: patients suffering from drug addiction. She uncovers a slue of ineffective bureaucracy and a network of scammers associated with Mr. Baumblit involved in Medicaid and disability fraud. The unregulated, "hands-off" environment, contributing to the development of the private, for-profit residences known as "three-quarter houses" (a term derived from being in between a halfway home and the street), has a long history. In the fall of 2008, Mayor Michael Bloomberg announced a 51% reduction in overnight shelter capacity.[8] Options for individuals struggling with homelessness was drastically reduced, which forced many to exchange their "shelter allowance" paid for by the NYC Human Resource Administration for bunk space in three-quarter homes. Operators of these houses profit by neglecting maintenance; almost 90% of suspect addresses had a building code complaint between 2005 and 2012 resulting in a violation.[9] Mind you; these statistics include only documented cases. Three-quarter homes are also allegedly responsible for flagrant violation of tenant rights. According to patient testimonial, landlords illegally evict inhabitants who do not report to mandatory substance abuse treatment. Drug users are among the most socially despised members of society. Their illicit activity, however, does not justify obviating their right to informed consent.

The essential moral function of outpatient addiction treatment facilities should be reintegration of outcasts into society rather than subjecting them to a continuous cycle of relapse for the sake of profit. Christopher Vogt, a Professor of Theology at St. John's University, argues that society has a moral imperative to participate in harm-reduction and ought to view the addict as a 'neighbor.'[10] The issue of funding outpatient facilities or even properly regulating addiction treatment with taxpayer dollars is politically tenuous. Since the 1980s, New York City has undergone substantial changes in legislation leading to the promulgation of three-quarter houses. Patients in public mental health facilities were deinstitutionalized and the City phased out Single Room Occupancy Hotels while prison populations expanded significantly.[11] Until 2009, the Department of Homeless Services responded by outsourcing to unregulated homes by offering rent vouchers.[12] Government officials are reluctant to expand the already taxed shelter system because of its dangerous reputation. The policy hurdles are apparent and the situation seems bleak—only after *The New York Times* published an investigation did Mayor de Blasio follow-up with his own.

In order to shape an appropriate solution an ethics for outpatient care must be envisioned. The crucial issue for further scholarly discussion is whether clinical ethics can be adapted to the outpatient setting. Bioethics is best designed to resolve conflict and address questions in a resource-rich environment. How will our moral considerations need to change to create ethical policy for vulnerable populations? Caregiver disloyalty, for-profit care and the consequences of outsourcing are just a sampling of the problems that will need to be addressed in the coming years.

Fraud arises when the system allows for it and can be prevented by restructuring incentives. In 2011, the Centers for Medicare & Medicaid Services (CMS) announced that it would be phasing out the "pay and chase" model: claims are paid within 30 days before investigating for inappropriate billing.[13] If providers' claims are analyzed and audited before payment is made for services, revenue flow to physicians or treatment facilities involved in fraud and abuse can be preemptively detected. This may imply even greater compliance issues for outpatient facilities with greater scrutiny and larger costs. However, the economics are more

complex. The Obama Administration reported that for every dollar spent investigating health care fraud and abuse from 2011-2013 resulted in a recovery of $8.10.[14] A comprehensive law enforcement action lead by Mayor DeBlasio against three-quarter homes might prove to have latent economic benefits for the City.

Public assistance programs must be given the proper funding to implement treatment for stabilization and reintegration. Successful programs do exist. Utah has reduced chronic homelessness by 72% since 2005 through extensive collaboration between community service partners and by providing permanent supportive housing.[15] In-home counseling for drug addiction and unemployment has been highly effective. New York City ought to take note and respond to the exploitation of three-quarter homes with an ethics of care and empathy.

ENDNOTES

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