

*Identifying Potential  
Target Populations:  
High-Cost Homeless  
Beneficiaries*

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*December 16, 2014*



*What to Fund:  
Evidence on Effective  
Models, Core  
Components of Models,  
Gaps in Funding*

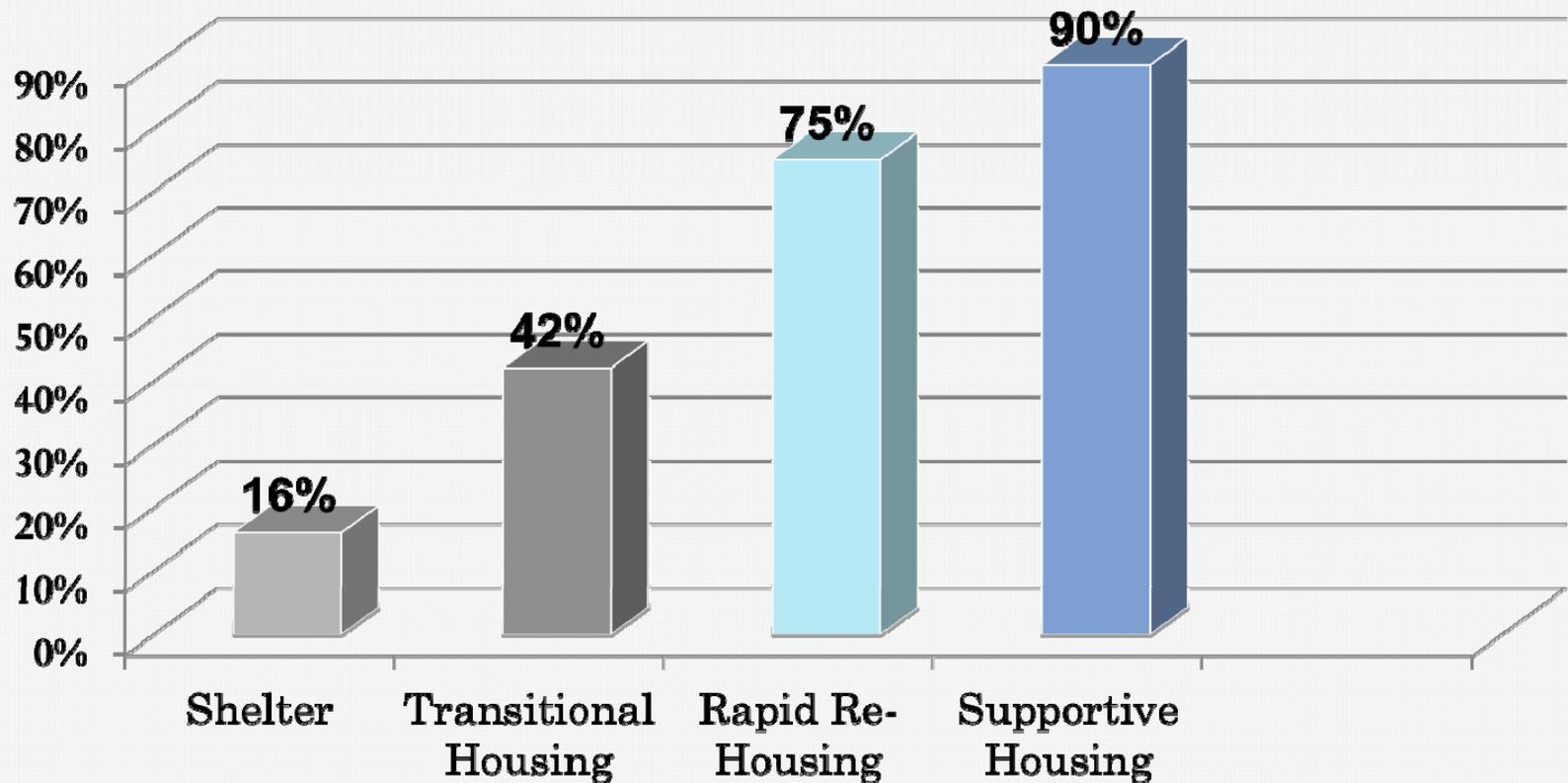
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# What Works: Housing for Homeless People

## Permanently Housed (Housing Stability)



# Core Components: CMS Recognize as Fair Housing Compliant (Housing First)

## Core Components of Housing

Integrated w/Others in Community

Options for Beneficiary

Privacy

Independence in Choices

No Coercion

Choice in Services

## Provider-Owned Housing

Has Own Lease/Rental Agreement

Privacy (lockable unit, choice of roommates)

Controls Own Schedule

Visitors at Any Time

Accessibility for People w/Disabilities

# Bridge Housing/Respite Care



Bridge Subsidies: short to medium term rental payments

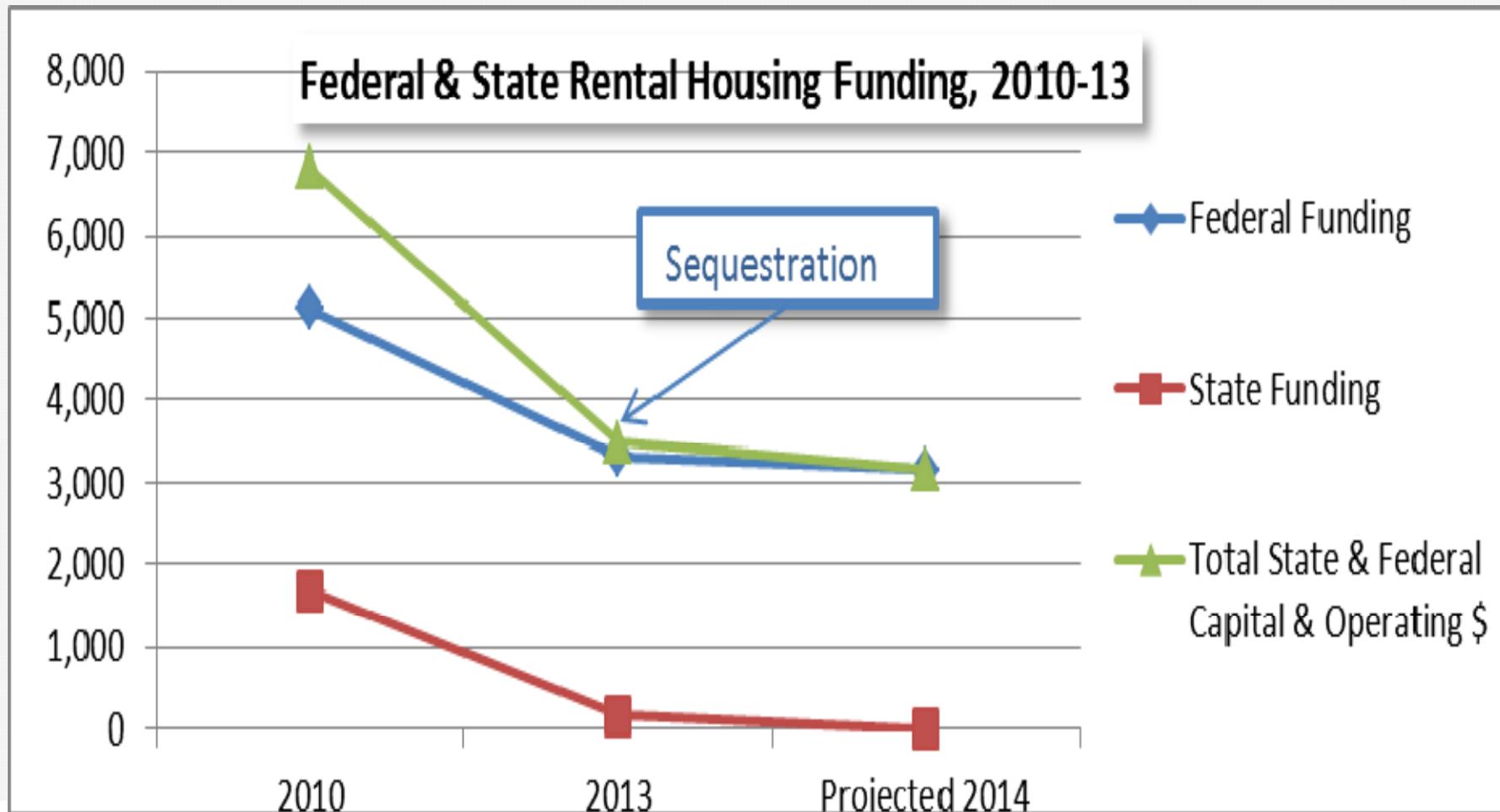


Respite/Recuperative Care

Bridge Subsidy

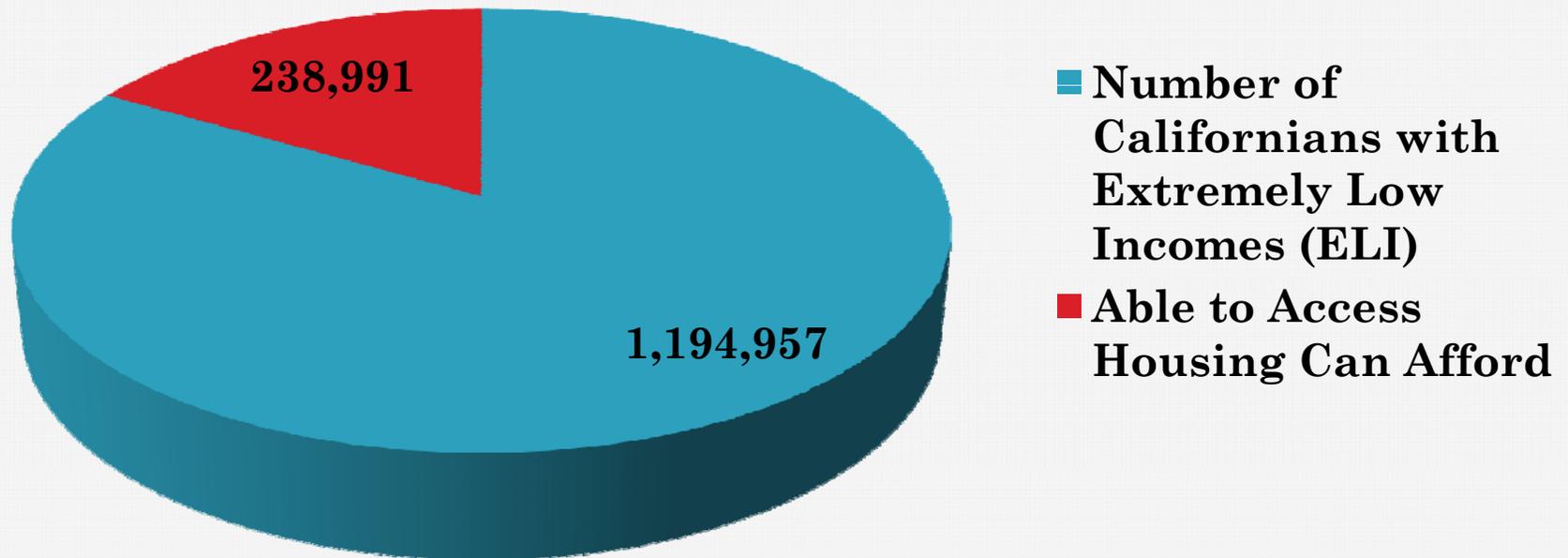
Long-term  
subsidy

# Gaps in Funding: Rental Housing in California



# Gaps in Funding: Housing Not an Entitlement

## Need for Housing Assistance



# What Works: Services for Homeless People in Supportive Housing

TABLE 5: Supportive Housing Services

| TENANCY SUPPORTS   | HOUSING CASE MANAGEMENT                                    |
|--|--|
| Outreach and engagement  | Service plan development                                   |
| Housing search assistance  | Coordination with primary care and health homes            |
| Collecting documents to apply for housing                                | Coordination with substance use treatment providers        |
| Completing housing applications  | Coordination with mental health providers                  |
| Subsidy applications and recertifications                                | Coordination of vision and dental providers                |
| Advocacy with landlords to rent units                                    | Coordination with hospitals/emergency departments          |
| Master-lease negotiations  | Crisis interventions and Critical Time Intervention        |
| Acquiring furnishings  | Motivational interviewing                                  |
| Purchasing cleaning supplies, dishes, linens, etc.                       | Trauma Informed Care                                       |
| Moving assistance if first or second housing situation does not work out | Transportation to appointments                             |
| Tenancy rights and responsibilities education                            | Entitlement assistance                                     |
| Eviction prevention (paying rent on time)                                | Independent living skills coaching                         |
| Eviction prevention (conflict resolution)                                | Individual counseling and de-escalation                    |
| Eviction prevention (lease behavior requirements)                        | Linkages to education, job skills training, and employment |
| Eviction prevention (utilities management)                               | Support groups   |
| Landlord relationship maintenance  | End-of-life planning                                       |
| Subsidy provider relationship maintenance                                | Re-engagement  |

# Core Components: Services in Supportive Housing

## Housing-Based

- Delivered in Housing
- Housing Retention
- Housing Not Contingent on Participation

## Face-to-Face & Frequent

- Low Ratios of Case Managers to Clients (1:20)
- Intensive Services Decrease Over Time, Increase During Crises or Relapse

## Outreach & Engagement

- To Locate Beneficiary
- To Form Trusting Relationships

## Gaps in Funding: Services

*Homeless People with Serious Mental Illness*  
Rehabilitation Option & Mental Health Services Act:  
Billing for Rehab Option on per-minute basis (high admin. costs)  
No outreach or engagement  
SMI only

*People with Substance Use Disorders*  
Block Grant & Drug Medi-Cal:  
Ltd, mostly delivered in licensed facilities  
Inadequate resources & providers

*People w/o Behavioral Health Conditions*  
No current Medi-Cal funding for services outside of behavioral health systems.

# *Factors of Eligibility*

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# Factors

**Need for Housing Stability  
to Improve Health  
Outcomes**



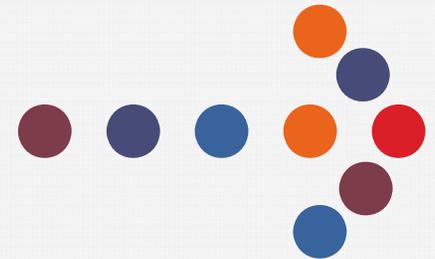
**Health Conditions That  
Warrant Housing &  
Housing-Based Services**



**Systems Costs: Risk of  
Institutionalized Care**



**Return on  
Investment:  
Costs of  
Housing &  
Services, Costs  
Avoided**



# Housing Stability Improves Health Conditions for People Experiencing . . .

Chronic Homelessness

Homelessness &  
Combination of  
Conditions

Homelessness & History  
of Institutionalization  
(jail/prison,  
hospitalization,  
residential treatment)

Discharge from  
Institutional Setting &  
Recent/Repeated  
History of Homelessness

## Combination of Factors Drive Costs: Data

### Common Risk Factors for High-Costs:

Homelessness + Admission to Hospitals Over Last 3 Years + Common Conditions/Combinations of Conditions:

- Mental Illness (esp. psychoses)
- Substance Use
- HTN
- Cardiovascular Conditions (dysrhythmias)
- Respiratory Conditions
- Liver Disease

*OR*

Homelessness + Specific High-Risk Conditions: HIV, Cirrhosis, Drug-Induced Mental Illness or Neurological Conditions

## Costs of Housing

**Operating:** Based on HUD Fair Market Rent

- *\$687-857 / month*

**Operating + Capital:** Based on \$260,000  
Development Costs, Affordable for 55 Years

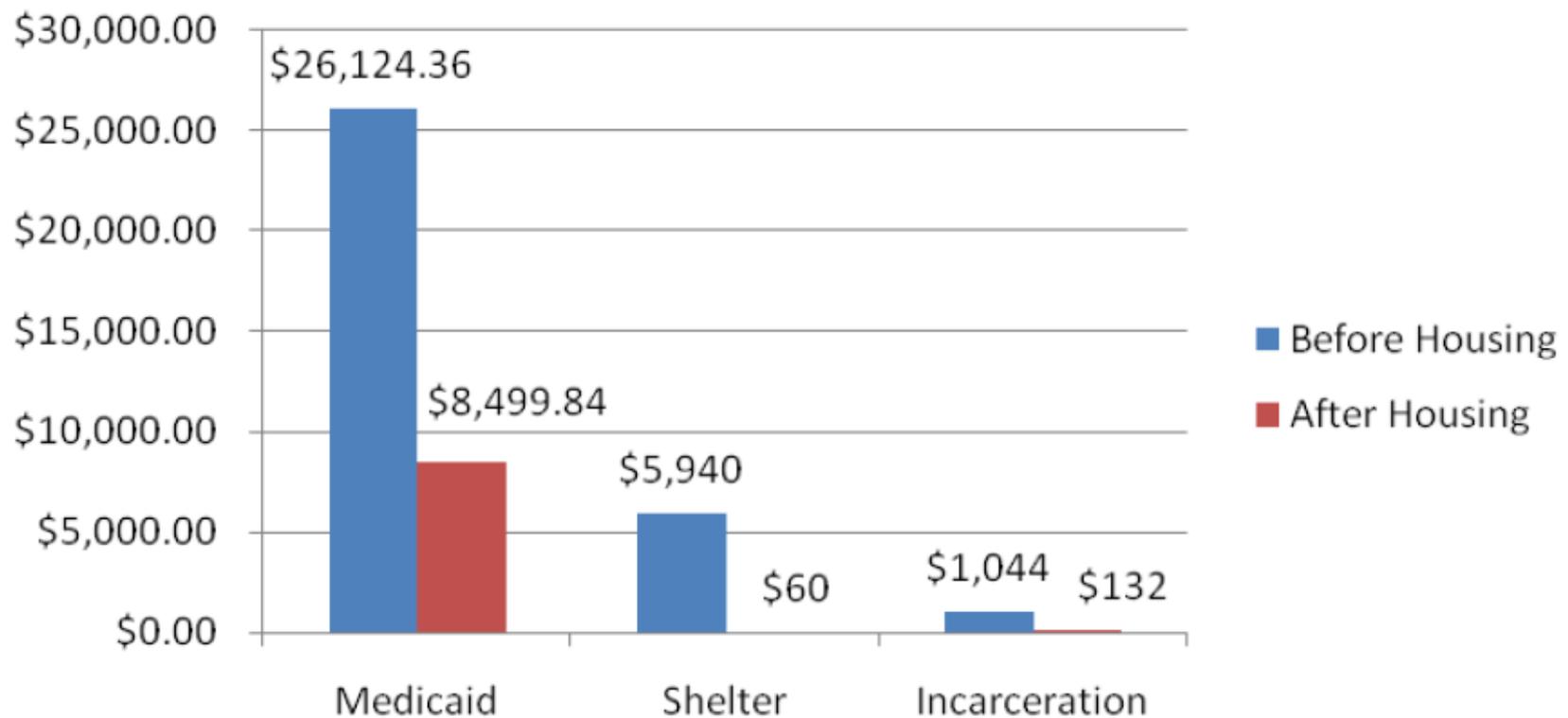
- *\$1,165 / month*

# Costs of Services

| Comparison to Other Programs                                |  |   |
|---|--|---|
| Other Programs Funding Services                             | Rate Per Service, Based on   | Average PMPM Rate                               |
| Rehabilitation Option in Los Angeles County                 | Case Management Services: Per Minute Encounters  | \$451   |
| Housing for Health: LA County Department of Health Services | Case Management Services: Per Participant, Per Month   | \$450   |
| Mental Health Services Act                                  | Per Staff Hour Encounters  | \$1,333   |
| Veterans Affairs Supportive Housing Services                | Stratified: <ul style="list-style-type: none"> <li>• Low Intensity After Stabilization</li> <li>• Standard for Clients in Recovery</li> <li>• High Intensity During Initial Period of Contact</li> </ul> | \$200 (Low)<br>\$400 (Standard)<br>\$900 (High) |
| <b>Homeless &amp; High Acuity Needs</b>                     | <b>\$532</b>   |   |
| Low-Acuity Needs or Receiving Other Benefits                | \$266  |   |

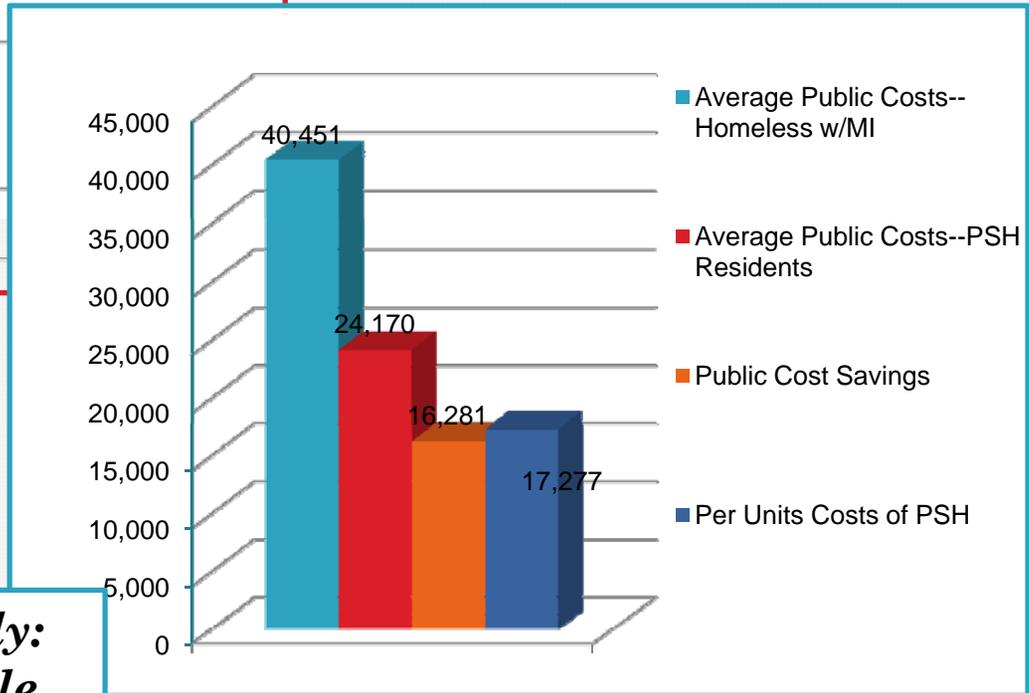
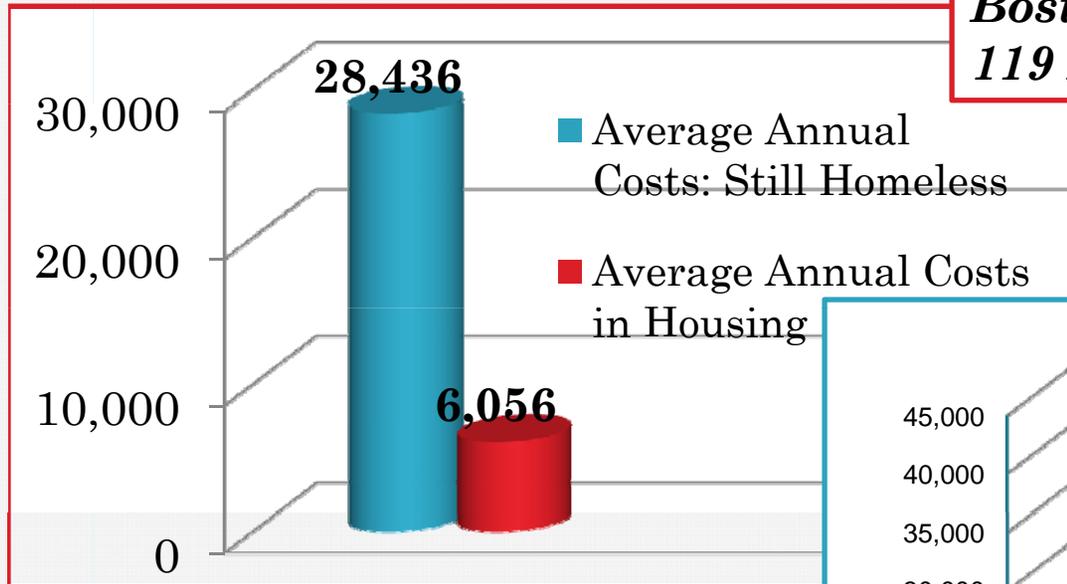
# Evidence of Costs Avoided: in Massachusetts: Chronically Homeless Beneficiaries

## Mean Costs Per Person Per Year



# Costs of People Experiencing Homelessness

***Boston Rough Sleepers:  
119 People Over 5 Years***



***Dennis Culhane Cost Study:  
Data Match on 4,679 People  
in New York***

# Cost Savings

EDITORIAL

Editorial is present in the opinions  
of the author(s) and does not  
represent those of the American  
Medical Association.

# JAMA

## Housing the Chronically Homeless: High Hopes, Complex Realities

Stefan G. Kristov, MD  
Saul J. Wilens, MD

**D**URING THE past decade, there has been a growing interest in the role of housing in the treatment of chronic homelessness. A 2007 study by the Housing First model, which provides individuals or families with permanent, affordable housing, has shown that this approach can be more successful than traditional approaches such as case management, supportive housing, or help in the private market. The study, which focused on severely mentally ill and homeless individuals, especially those who are in shelters. Community-based treatment programs, such as the Housing First model, have shown a 2007 study

### Costs Avoided Among People Experiencing Chronic Homelessness:

- All chronically homeless people (Chicago control-group study):
  - \$9,790/year in health cost reductions (not including costs of housing)
- High-cost chronically homeless people with severe alcohol use (Seattle study):
  - \$45,864/year in health cost reductions (not including costs of housing)

# 10% of Highest-Cost Homeless People Were Extremely Expensive

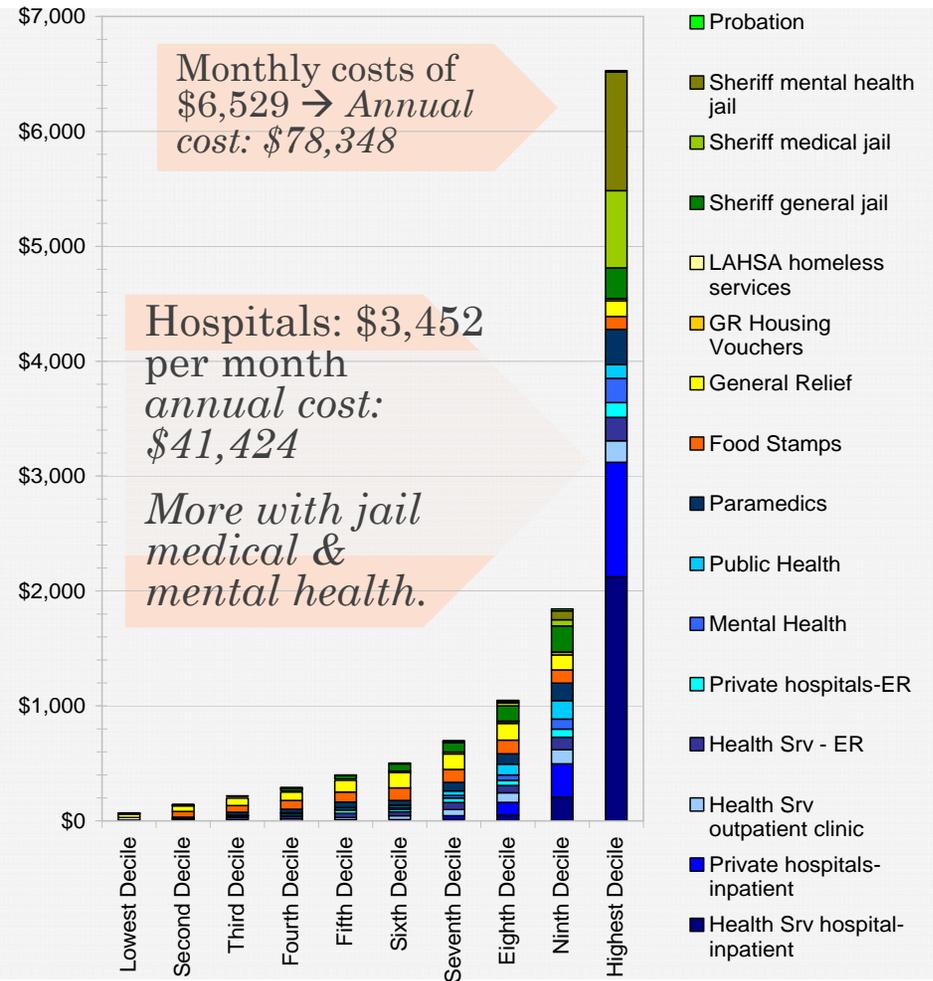
Crisis Indicator

Source: 2,907 homeless GR recipients in LA County. Reported in Crisis Indicator, Economic Roundtable.



Average Monthly Costs in All Months by Decile for Homeless GR Recipients

|          |        | Health home svcs \$ per person |                   |             |
|----------|--------|--------------------------------|-------------------|-------------|
|          |        | Est. Health Home Cost PMPM     | Cost Savings PMPM | Net Savings |
| Everyone |        | 80                             | 221               | 141         |
| 1st      | Decile | -                              | (164)             | (164)       |
| 2nd      | Decile | -                              | (63)              | (63)        |
| 3rd      | Decile | -                              | (94)              | (94)        |
| 4th      | Decile | -                              | (190)             | (190)       |
| 5th      | Decile | -                              | (211)             | (211)       |
| 6th      | Decile | -                              | (127)             | (127)       |
| 7th      | Decile | -                              | (135)             | (135)       |
| 8th      | Decile | -                              | (239)             | (239)       |
| 9th      | Decile | 266                            | 270               | 4           |
| 10th     | Decile | 532                            | 3,153             | 2,621       |



# *Financial Modeling of Housing & Services*

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# Potential Eligibility Criteria

## Services

- Chronically Homeless People
- Supportive Housing Residents
- Leaving Institutional Settings & Homeless Upon Admission
- Homeless & Co-Morbidities

## Housing & Services

- *Homeless & Likely to Incur High Costs:*
  - Admission to Hospital in Last 2-3 Years + Conditions Common to High-Cost Populations
  - Specific High-Risk Conditions
  - Tri-Morbidities

# Numbers: Homeless & Formerly Homeless Californians Needing Housing & Services

People Experiencing Homelessness on a Single Night/During Year:

**136,826/  
~300,000**

Chronically  
Homeless People:  
Single Night/  
During Year:

**39,250/  
~90,000**



Permanent\* Supportive  
Housing Units in California:

**28,335**

Units of Permanent Supportive  
Housing, Dedicated to  
Chronically Homeless People:

**12,835**  
(+ 2,550/year in potential  
turn-over PSH units)

\*Permanent housing unit: no limitation on length of stay in the unit.

# Financial Model for Services

|   |               |
|---|---------------|
| <b>Number of People Served:<br/>Chronically Homeless Californians + Supportive<br/>Housing Residents</b>            | <b>52,085</b> |
| Number of People Served: Other Homeless People Who<br>Need Services (Leaving Institutional Settings/Co-Morbidities) | ~20,000       |
| Monthly Medicaid Costs Avoided  | \$816         |
| Monthly Costs of Services   | \$266-\$532   |
| Monthly Costs for All Beneficiaries   | ~\$35,000,000 |
| Net Monthly Savings for Chronically Homeless<br>Beneficiaries   | \$284         |
| Net Monthly Savings for Chronically Homeless<br>Beneficiaries   | \$14,792,140  |
| Return on Investment  | 35%           |

# Financial Model for Housing & Services

|   |  |
|---|--|
| <b>Number of People Served:</b> <ul style="list-style-type: none"> <li>• 20% Highest-Cost Homeless Californians</li> <li>• 30% Highest-Cost Homeless Californians</li> </ul>  | <p>27,365</p> <p>41,048</p>                  |
| <b>Average Monthly Medicaid Costs Avoided</b> <ul style="list-style-type: none"> <li>• 20% Highest-Cost</li> <li>• 30% Highest-Cost (averaged costs among top 30%)</li> </ul>   | <p>\$1,712</p> <p>\$1,473</p>                |
| <b>Monthly Costs of Housing &amp; Services</b> <ul style="list-style-type: none"> <li>• With Capital &amp; Operating Costs           <ul style="list-style-type: none"> <li>• Highest-Cost 20%</li> <li>• Highest-Cost 30%/Other Servs. \$ (\$266 servs.)</li> </ul> </li> <li>• With Operating Costs Only</li> </ul> | <p>\$1,697</p> <p>\$1,431</p> <p>\$1,304</p> |
| <b>Net Monthly Savings (with only operating)</b> <ul style="list-style-type: none"> <li>• 20% Highest-Cost</li> <li>• 30% Highest-Cost (assuming same servs. costs)</li> </ul>  | <p>\$408</p> <p>\$169</p>                    |
| <b>Net Monthly Savings for All Beneficiaries (highest 20%)</b>  | <p><b>\$11,174,920</b></p>                   |

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