

## Reducing Chronic Homelessness in Massachusetts

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*The Government Performance Lab (GPL) provided pro bono technical assistance to help Massachusetts launch a supportive housing initiative to reduce chronic homelessness. This project will provide permanent supportive housing for up to 800 individuals over six years and demonstrates an innovative model of sustainable state support for chronically homeless individuals. As of April 2018, the project has housed 678 individuals.<sup>1</sup>*

**The Challenge:** In 2012, Massachusetts was home to 1,500 chronically homeless individuals.<sup>2</sup> The chronically homeless are among the highest users of emergency health services and spend an average of 50 percent of their evenings in emergency shelters. Reorienting spending from temporary shelter towards supportive housing has long been a commitment of the state but had been difficult to achieve for several reasons: 1) While providing supportive housing should decrease the need for shelters, there is a transition period in which the state must simultaneously pay for both shelter and supportive housing; 2) Budgets serving the chronically homeless population are siloed, making it difficult to realign funding in a way that best addresses the interconnected housing and health needs of this population; and 3) Sustainable housing is a long-term intervention that requires an ongoing funding mechanism.

**The Project:** To address chronic homelessness, Massachusetts established 500 permanent supportive housing units and made wraparound, community-based services available, including service coordination, daily living skills support, and assistance with obtaining benefits such as health care, tenancy support, peer support, and access to specialists. Through the initiative, project partners were able to:

- **Systematically identify the most vulnerable, highest-cost users of emergency services and prioritize those individuals for permanent supportive housing**

The state sought to target highly vulnerable, chronically homeless individuals who were likely to be the highest-cost utilizers of emergency healthcare and shelter services. To do so, the project scaled up a triage and assessment tool developed by the Massachusetts Alliance for Supportive Housing (MASH) that uses data about homelessness, utilization of emergency services, physical health, mental health, and substance abuse to identify highly vulnerable, expected high-cost individuals. The triage tool is now used by a network of over 15 providers to ensure coordinated and consistent means of identifying the anticipated highest-cost utilizers of emergency services, who are then prioritized for supportive housing. Systematically pinpointing the most vulnerable, highest-cost individuals ensures that the state serves those most in need, saves money by reducing use of expensive emergency services, and allows the temporary shelter system to more effectively channel its resources towards individuals in need of short-term assistance.

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<sup>1</sup> Pay for Success 2018 Fact Sheet, [http://www.mhsa.net/sites/default/files/PFS\\_Factsheet\\_April\\_2018.pdf](http://www.mhsa.net/sites/default/files/PFS_Factsheet_April_2018.pdf)

<sup>2</sup> Commonwealth of Massachusetts Executive Department, Office of Governor Deval L. Patrick, 2014, <http://archives.lib.state.ma.us/bitstream/handle/2452/217588/ocn795183245-2014-12-08b.pdf?sequence=1&isAllowed=y>

- **Serve up to 800 chronically homeless individuals**

500 units of supportive housing have been established across Massachusetts that will house up to 800 individuals over the six years of the project. In a state that had 1,200 chronically homeless individuals in 2017, this represents a significant portion of the chronically homeless population served. The project utilizes the Housing First model, which allows individuals to be housed with low-threshold up-front requirements. The model is meant to provide a stable living environment from which an individual can receive services to address often complex chronic health and behavioral health challenges.

- **Overcome budget siloes by aligning agencies impacted by homelessness costs**

Government agencies that provide housing shelter and services are usually not those that see the majority of the healthcare budget-line savings from reducing homelessness. This makes investment in supportive housing units particularly difficult to fund, as resources often flow to emergency shelters and other more immediate needs. The collaborative nature of the project served as a mechanism to bring government partners from finance, housing, and healthcare together to overcome this problem.

- **Make payments based on reductions in chronic homelessness, not just services delivered**

Outcome payments are made for individuals consistently housed for one year or more. This payment is clearly tied to the agencies' core goal of reducing chronic homelessness. In this way, the state is responsible for payments only if the project is successful.

**The Innovations:** In addition to reducing chronic homelessness across Massachusetts, this project:

- 1) Created a new model of sustainable support for chronically homeless individuals in Massachusetts**

Since permanent supportive housing is a long-term intervention, funding sustainability is a key challenge. In order to maintain funding for the housing units after the Pay for Success (PFS) period concludes, the project repurposed existing resources from the state and providers that allows a significant number of the 500 units of supportive housing to continue after the PFS period concludes. For example, The Department for Housing and Community Development (DHCD) committed 145 state rental vouchers to the project, which will also remain after the project ends. By connecting these housing units to the reformed Medicaid billing process and more flexible budget language for individual assistance described below, the project created a more sustainable and coordinated source of funds for permanent supportive housing.

- 2) Reformed Medicaid billing processes to close a critical funding gap and incentivize holistic wrap-around services**

The fee-for-service structure of typical Medicaid reimbursements often prevents states from providing services such as engagement, service coordination, and assistance obtaining health care that may prevent individuals from needing to fall back on expensive emergency services. The Massachusetts Medicaid office used a 1115 Demonstration Waiver to allow reimbursement for health and behavioral service providers on a per-diem, rather than fee-for-service, basis,

allowing the provision of community-based wraparound services. This new structure made possible a more holistic and efficient service delivery through wraparound services.

### **3) Amended provider contract language to allow for more flexible spending on supportive housing**

As a result of the project, the state worked to amend contracts with existing shelter providers to allow for increased flexibility in shifting funds from shelter beds towards the provision of supportive housing. As chronically homeless individuals are more appropriately connected to supportive housing through this initiative, the state expects that shelter beds will be freed up over the course of the project. As this transition occurs, the revised contract language allows providers to more easily convert larger portions of their budgets from shelter beds to supportive housing.

### **4) Utilized local stakeholders to create multi-partner intermediary and service provider networks**

The Massachusetts homelessness project marks the first PFS initiative to experiment with a non-traditional intermediary. The Massachusetts Alliance for Supportive Housing was developed specifically to be the intermediary for this project and is a coalition of the Massachusetts Housing and Shelter Alliance, United Way of Massachusetts Bay and Merrimack Valley, and the Corporation for Supportive Housing (CSH). Unlike other PFS projects, the intermediary responsible for project management is an organization made up of local partners who specialize in the issue area. Additionally, the PFS service provider is not a single entity but rather a network of over 15 providers who are implementing a common model across the state.

### **5) Achieved promising initial results**

As of January 2018, the project had housed 640 individuals and served almost 500 with community-based support services. At that time, 93 percent of the participants were either still enrolled in the program or had a qualified positive exit, such as transitioning to a different permanent supportive housing unit outside the project. According to the project's triage and assessment tool, the individuals targeted for services had accumulated almost 50,000 nights in shelter, 3,000 days in the hospital, and 1,130 emergency room visits in the six months prior to entering housing.<sup>3</sup> An initial two-year impact study by MASH found that the average savings per participant was \$5,966 over six months after program administration costs.<sup>4</sup>

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<sup>3</sup> <http://www.mhsa.net/sites/default/files/PFS%20Factsheet%20January%202018.pdf>

<sup>4</sup> <http://www.mhsa.net/PFS>

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