



United Way of Anchorage

Engage Plan Implement



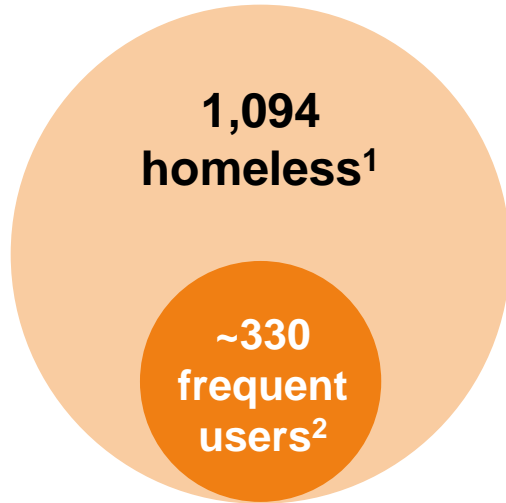
# ANCHORAGE MAT-SU PAY FOR SUCCESS PERMANENT SUPPORTIVE HOUSING PROJECT

AUGUST 2018

Presentation to the Alaska Mental Health Trust Authority Board of Trustees

# HOMELESSNESS AMONG THE MOST VULNERABLE IS PARTICULARLY CHALLENGING—AND PARTICULARLY EXPENSIVE

## Homelessness in Anchorage



- Approximately 1,100 people experience homelessness, and **an estimated 300-400 are adult “frequent users” of public services** who cycle in and out of jail, shelters, emergency rooms, and other intensive social services
- Failing to meet their housing and service needs **creates dispersed costs** which fall upon cities, boroughs, state, and Federal government, local businesses, and the homeless themselves
- Dispersed costs have created **roadblocks to collective action**, causing community stakeholders to manage, rather than solve, this complex issue

## Cost of the status quo for Anchorage or Mat-Su (per person, per year)<sup>3</sup>

### Emergency Services

**\$5,400**

*Includes police, fire, Anchorage Safety Center*

### Department of Corrections

**\$8,277**

*Includes cost of prison / recidivism*

### Health Payors

**\$33,243**

*Includes emergency, inpatient, outpatient services*

### Total

**\$47,413**

1. Anchorage HMIS, 2018 Point-in-Time Count. 2. Agnew::Beck, “Pay for Success Feasibility Study,” May 2018. The target population includes individuals with 2+ releases from 9/2014-9/2017, and at least 1 within the most recent year; 3+ encounters with homeless services 1/2015-1/2018; and an estimated Vulnerability Index – Service Prioritization Decision Assistance Tool (Vi-SPDAT) of 9 or above. 3. Ibid.

# PERMANENT SUPPORTIVE HOUSING (PSH) IS AN EVIDENCE-BASED APPROACH TO ADDRESSING CHRONIC HOMELESSNESS

- Permanent Supportive Housing (PSH) **combines housing and services** designed for people with serious mental illness and disabilities<sup>1</sup>
- A significant body of evidence suggests PSH promotes long-term **housing stability**, improved **physical and behavioral health** outcomes, and **reduced use of crisis services**
- The estimated reduced utilization of homeless services, prisons, and medical services makes **PSH a cost effective approach** for outcome payors<sup>2</sup>



Source: USIACH, SAMSHA<sup>1</sup>

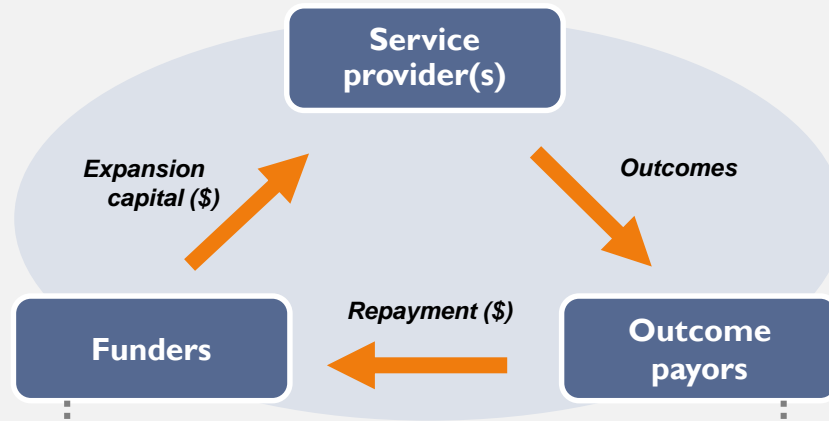


## Estimated cost with permanent supportive housing (per person, per year)<sup>3</sup>

Emergency Services	Department of Corrections	Medical system	Total (less PSH)
<b>\$2,895</b> <i>Includes police, fire, Anchorage Safety Center</i> <b>-48% utilization</b>	<b>\$2,678</b> <i>Includes cost of prison/recidivism</i> <b>-68% utilization</b>	<b>\$19,735</b> <i>Includes emergency, inpatient, outpatient services</i> <b>-41% utilization</b>	<b>\$25,314</b>
<b>Cost of PSH</b>			<b>+ \$22,696</b>
<b>Total Costs</b>			<b>\$48,010</b>

1. "Implementing Housing First in Permanent Supportive Housing," United States Interagency Council on Homelessness, SAMSHA. Services include case management, substance use/mental health counseling, advocacy, and assistance locating and maintaining employment. 2. Agnew::Beck, May 2018. PSH cost is based on single site, non-tribal provider (RurAL CAP). Costs will fluctuate depending on the type of provider, and key inputs including rental assistance and the Medicaid billing rate. 3. Ibid.

# TO OVERCOME THE DISPERSED BENEFITS OF PSH, PAY FOR SUCCESS (PFS) OFFERS A MECHANISM TO POOL FUNDING AND TRANSFER RISK



Who they are

How they benefit

## Funders

- Provide upfront funding to cover the cost of service delivery
- Includes philanthropies, mission-driven financial institutions, institutional investors, high-net worth individuals

- Opportunity to make community investments with measurable social return
- Contractual mechanism for sustained payor investment in programs that work

## Outcome Payors

- Government and/or private entities that pay for positive outcomes as they are achieved
- Outcomes predetermined in the PFS contract; performance validated by a third party evaluator

- Measurable cost savings
- Better long-term outcomes
- Rigorous data that demonstrates what solutions work best

## ***What is Pay for Success (PFS)?***

PFS is a contracting and financing mechanism that helps governments and/or private entities **to link payment and performance.**

## ***Why Pay for Success (PFS)?***

Instead of buying expensive services upfront, PFS allows governments to pay only if programs successfully deliver predetermined outcomes aligned with their policy goals.

**Performance risk is transferred away** from governments to private funders, who cover the upfront costs of service delivery while performance is measured and outcome payments are determined.

# CASE STUDY:AUSTIN/TRAVIS COUNTY PERMANENT SUPPORTIVE HOUSING PAY FOR SUCCESS PROJECT



**ECHO**  
BEING COMMITTED TO BEING HOMELESS



**CSH**  
The Source for  
Housing Solutions



**SOCIAL  
FINANCE**

## Project parameters

<b>Geography</b>	Austin/Travis County
<b>Project term</b>	~5 years (2019-2023)
<b>Target population</b>	Persons experiencing chronic homelessness who represent the most frequent utilizers of the healthcare and criminal justice systems
<b>Intervention</b>	PSH with Modified Assertive Community Treatment
<b>Number served</b>	200-250 units
<b>Payment metrics</b>	Housing stability, healthcare utilization (e.g., emergency department visits and hospitalizations), & criminal justice utilization (e.g., jail bookings and days) <sup>1</sup>
<b>Total outcome payments</b>	~\$15-16M
<b>Evaluation</b>	TBD

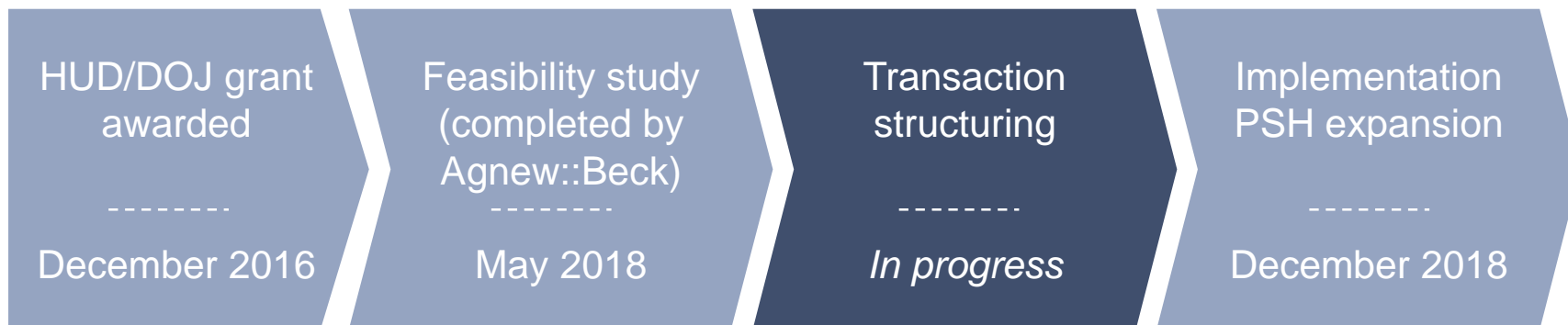
## Timeline

<b>2016</b>	<p><i>Corporation for Supportive Housing (CSH) completed feasibility study</i></p> <p><i>Awarded HUD/DOJ grant</i></p>
<b>2018</b>	<p><i>Launched 24-unit pilot to build provider capacity and refine operations</i></p> <p><b>Spring: Secured outcome funding commitments</b> from City of Austin, Travis County, Central Health, Community Care Collaborative, &amp; Episcopal Health Foundation<sup>2</sup></p> <p><i>Initiated evaluator selection process</i></p> <p><b>Summer: Complete program design, draft contract, set evaluation plan, determine payment schedule</b></p> <p><b>Fall: Execute PFS Agreement, capital raise</b></p>
<b>2019</b>	<p><i>Launch services</i></p>

**PROPOSED**

1. Criminal justice may be tracked as only a learning metric
2. Subject to board approval

## ▶ PROJECT STATUS



### ***Project Partners - Proposed***

- **Payors:** Municipality of Anchorage, Department of Corrections, local hospital systems, HUD/DOJ
- **Funders:** Rasmuson Foundation, other local and national funders
- **Service providers:** To be determined
- **Intermediary:** United Way of Anchorage
- **Technical assistance:** Agnew::Beck, Social Finance, Corporation for Supportive Housing

## ▶ PROJECT TIMELINE

HUD/DOJ grant awarded December 2016

