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**FINAL REPORT TO THE LEGISLATURE**

**The Supportive Housing and Managed Care Pilot  
Year 7**

**January 2008**

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***Minnesota Statutes, chapter 3.197 requires disclosure of the cost to prepare this report. Approximately \$1,000 for staff salaries and materials was spent to write the report.***

## EXECUTIVE SUMMARY

This is the seventh and final annual report to the Minnesota Legislature pursuant to Laws of Minnesota 2001, Article 10, Section 55 (Minnesota Statutes Section 256K.25, subdivision 6).

The Supportive Housing and Managed Care Pilot was a demonstration project to evaluate whether it is possible to help families and single adults who have long histories of homelessness achieve increased levels of stability and health, in a way that is cost effective for government compared to the expenses associated with homelessness. The project also explored systemic changes needed to organize supportive housing interventions in partnership with the health and human services sector.

The Department of Human Services contracted with Blue Earth County and Ramsey County, which in turn contracted with Hearth Connection, a non-profit responsible for this demonstration project. Families started enrolling in Blue Earth County in March 2001, and in Ramsey County in May 2001. Single adults began participating in both counties in August 2002.

During the pilot, the State of Minnesota created a Business Plan to End Long-Term Homelessness, which was informed in part by the pilot. The Minnesota Legislature appropriated money to a new Long-Term Homeless Supportive Services Fund in the 2005 Session. Using these funds, the Department of Human Services created five regional long-term homeless projects. The seven-county metropolitan area project includes Ramsey County. The twelve-county South Central and Southeastern Minnesota project includes Blue Earth County. The pilot sunset on June 30, 2007. On July 1, pilot participants were officially transferred into the regional projects.

In 2007, the Legislature added \$2 million of one-time money to the Long-Term Homeless Supportive Service Fund for the purpose of sustaining the capacity of the pilot. This was \$1 million less than the biennial appropriation for the pilot, and, therefore, does not address the need for the current or future biennia. This shortfall may be addressed in future Legislative sessions.

On June 30, 2007, there were 64 families enrolled, including 172 children, and 89 single adults enrolled, for a total of 336 participants. Since inception, 748 people have participated. (Hearth Connection has video stories from some participants on its website, [www.hearthconnection.org](http://www.hearthconnection.org).)

This report describes what has been learned from the pilot, including the independent evaluation being conducted by the National Center on Family Homelessness. It discusses the use of public funds, as well as leveraging of other public and private monies.

This demonstration project has had successful participant outcomes, primarily by helping people with long histories of homelessness break the cycle of homelessness. Other participant outcome areas show mixed results, which reflect the severe disabilities of the population and the multiple barriers they have to stability, health and economic opportunity.

Key findings from the pilot, discussed in this report, are:

1. For adults coming into the pilot, the average length of time spent homeless was nearly 2 years (23 months) for heads of families and 7 ½ years (89 months) for single adults.
2. As anticipated, participants required support for a period longer than available in most transitional housing programs (two years). As of June 30, 2007, families had been in the program an average of 2.8 years (1,022 days). Single adults had been enrolled an average of 3.4 years (1,247 days). Retention in the program was 85% annually.
3. The pilot demonstrated success helping participants access and retain permanent housing. Over half of the households moved into permanent housing by the end of their second month of enrollment. By the end of their fifth month of enrollment, 90% had moved into permanent housing. Households became increasingly stable as their length of enrollment increased. By the end of their sixth month of enrollment, households had spent 72% of their total days enrolled in permanent housing. Among households with at least two years of enrollment, 67% have been in permanent housing continuously for at least two years, and 85% have been permanently housed continuously for a year or more.
4. Over time, functional assessment scores for pilot participants improved in some areas and decreased in others. In addition to significant improvement in housing, participants are showing improvements in accessing services, family relationships, income and employment, mental health, life skills and chemical health. Areas of greatest need are parenting, children's needs and physical health.
5. The independent evaluation conducted by the National Center on Family Homelessness has four components:
  - As reported last year, the fourth and final annual qualitative study report was published in June 2006, painting a picture of the challenges faced by participants, and the importance of the relationship with supportive service providers.
  - The 18-month study of participant outcomes is complete. As previewed in last year's report, gains made during the first nine months are sustained at eighteen months in areas including housing, reductions of mental health symptoms and drug and alcohol use, perceived safety and satisfaction with services and housing. But participants have many challenges where improvements are not made during this first 18-month window in areas including mental health functioning, physical health, employment and overall quality of life. This may reflect the severity of the challenges participants face.
  - A study on children documents extreme histories of trauma and violence and many challenges to healthy childhood development and parenting. There is no quick fix, but children in the pilot are getting connected to the services they need.

- The final component of the evaluation is a study of the utilization of government-funded services. Significant challenges in accessing and integrating data from multiple government systems have delayed this component of the evaluation.
6. Two-thirds of pilot households receive rental assistance through Minnesota Housing and HUD grants managed by Hearth Connection. This was a modification to the original assumptions for the pilot in 2001 that there would be access to mainstream Section 8 Housing Choice Vouchers.
  7. In the final year of the pilot, the total average cost per participating household per month was \$1,522. In the final year of the pilot, each dollar of the state appropriation drew down \$0.35 of federal Medicaid. An additional \$0.42 on every dollar was leveraged through directly managed rental assistance, continuing to demonstrate the critical importance of pairing service and rental assistance funding.
  8. Foundations invested over \$4.65 million in Hearth Connection to manage and evaluate the pilot. Each dollar that the state invested in the pilot leveraged \$0.46 of foundation support.

The Supportive Housing and Managed Care Pilot has succeeded in demonstrating better outcomes for participants. Very vulnerable families and single adults with extremely long histories of homelessness and many barriers to stable housing were able to move into permanent housing and the vast majority achieved a high level of housing stability. Once stably housed, people have a foundation from which to work on other health, employment and quality of life goals. The pilot's intensive and individualized services – paired with rental assistance – have been critical to achieving these outcomes.

## OVERVIEW

In 1999, the Minnesota Legislature authorized the Department of Human Services (DHS) to establish a Supportive Housing and Managed Care Pilot. The Legislature appropriated funds for the pilot in 2000 to work with families, and in 2001, to expand the pilot to single adults. The 2003 and 2005 Legislature appropriated \$1.5 million per year to continue the program until the pilot sunset June 30, 2007. A total of \$10 million was appropriated for the pilot.

The Supportive Housing and Managed Care Pilot operated through a collaboration among DHS, Ramsey and Blue Earth counties, Hearth Connection, the Amherst H. Wilder Foundation, Mental Health Resources, Inc. and Guild Incorporated.

The project worked with families and single adults with long histories of homelessness, compounded by chronic medical problems, mental illness, substance use and repeated exposure to trauma and violence. The pilot combined a supportive services model linked to housing, and a service coordination mechanism – at both participant and agency levels – to promote efficiency across multiple sectors and disciplines.

The pilot's premise is that housing stability will in turn promote improvements in health and self-reliance. Children will have safe and stable environments that support the attainment of health, developmental and educational goals. Further, when people have stable housing and the opportunity to improve their health and well-being, there will be a reduction in the use of costly, government-funded crisis and institutional services.

There are five supportive services teams working with participants. In Blue Earth County, the human services department has two teams: Journey Home and STEP work with families and individuals respectively. In Ramsey County, the Amherst H. Wilder Foundation operates Project Quest for families. For single adults, Mental Health Resources has Project Homeward, and Guild Incorporated has Delancey Street.

These service providers are responsible for supporting participants in finding and maintaining housing, and they also directly provide or coordinate a full continuum of services. The specific set of supports provided to each individual household varies considerably. For some, fostering housing stability might be a continual priority. For others who have successfully broken the cycle of homelessness, those supports might focus more on securing benefits or preparing for employment. For families, parenting and the well-being of children might be a focus. A key program component is flexible, individually-tailored support.

Hearth Connection has hired the Boston-based National Center on Family Homelessness to conduct an independent, multiyear evaluation of the pilot. The evaluation has four components:

1. *The qualitative study* looked at how the pilot works and its effectiveness by gathering information from many different stakeholders through interviews, focus groups and case studies.

2. *The outcome study* collected data through interviews with participants when they enrolled (or at the start of the study for some who had enrolled earlier), and after 9 and 18 months.
3. *The children's study* involves two sets of interviews with children and parents, focus groups and case studies, conducted one year apart. Data collection occurred in the summer of 2005 and the summer of 2006.
4. *The cost study* is measuring the impact of the pilot on the cost and utilization of government-funded services by aggregating data from many government systems about pilot participants before and after they enroll in the pilot, and in comparison to a similar group that is not enrolled in the pilot.

As these studies are completed, they can be found on both the National Center on Family Homelessness website, [www.familyhomelessness.org/hearthconnection](http://www.familyhomelessness.org/hearthconnection), and the Hearth Connection website, [www.hearthconnection.org](http://www.hearthconnection.org).

This report describes what was learned through this pilot, the use of public funds and the leveraging of public and private monies.

## PARTICIPANTS OUTCOMES

### Characteristics of Participants

A total of 748 people from 292 households have been enrolled in the pilot since it began operating in 2001. On June 30, 2007, 336 people were enrolled, including 172 children from 64 families and 89 single adults. Table 1 presents program entries, exits, and enrollment by households and participants.

**Table 1.  
Enrollment Summary**

	SFY01	SFY02	SFY03	SFY04	SFY05	SFY06	SFY07	Total
<b>Entered</b>								
<b>Total Households</b>	<b>20</b>	<b>44</b>	<b>101</b>	<b>41</b>	<b>38</b>	<b>28</b>	<b>20</b>	<b>292</b>
<i>Families</i>	20	44	18	17	24	19	15	157
Children	54	127	50	38	60	51	32	412
Adults	27	52	22	24	30	29	17	201
<i>Single adults</i>	0	0	83	24	14	9	5	135
<b>Total Participants</b>	<b>81</b>	<b>179</b>	<b>155</b>	<b>86</b>	<b>104</b>	<b>89</b>	<b>54</b>	<b>748</b>
<b>Exited</b>								
<b>Total Households</b>	<b>0</b>	<b>18</b>	<b>21</b>	<b>24</b>	<b>34</b>	<b>22</b>	<b>20</b>	<b>139</b>
<i>Families</i>	0	18	15	10	22	16	12	93
Children	0	48	34	21	45	51	41	240
Adults	0	24	17	15	30	20	20	126
<i>Single adults</i>	0	0	6	14	12	6	8	46
<b>Total Participants</b>	<b>0</b>	<b>72</b>	<b>57</b>	<b>50</b>	<b>87</b>	<b>77</b>	<b>69</b>	<b>412</b>
<b>June 30 Enrollment</b>								
<b>Total Households</b>	<b>20</b>	<b>46</b>	<b>126</b>	<b>143</b>	<b>147</b>	<b>153</b>	<b>153</b>	
<i>Families</i>	20	46	49	56	58	61	64	
Children	54	133	149	166	181	181	172	
Adults	27	55	60	69	69	78	75	
<i>Single adults</i>	0	0	77	87	89	92	89	
<b>Total Participants</b>	<b>81</b>	<b>188</b>	<b>286</b>	<b>322</b>	<b>339</b>	<b>351</b>	<b>336</b>	

The evaluation paints a picture of the average family enrolled in the pilot:

*A 33 year-old single (85%), Caucasian (48%) mom (94%), who has completed high school or GED (61%). She has 3 children, average age of 10. She has experienced physical violence from someone she knows (73%). She has 2 physical health conditions and at least one mental health condition. She has been using alcohol to intoxication for about 6 years. She has been homeless for 23 months since she turned 18.*

The average single adult in the pilot is described by the National Center on Family Homelessness:



*A 42 year-old Caucasian (64%) man (75%), who completed high school or GED (68%). He has never married (56%), has 2 or 3 children (52%), average age of 14. He has had a family member, friend or partner die violently (52%). He has at least 2 physical health conditions and at least 2 mental health conditions. He has been using alcohol to intoxication for about 15 years. He has been homeless for 7½ years since he turned 18.*

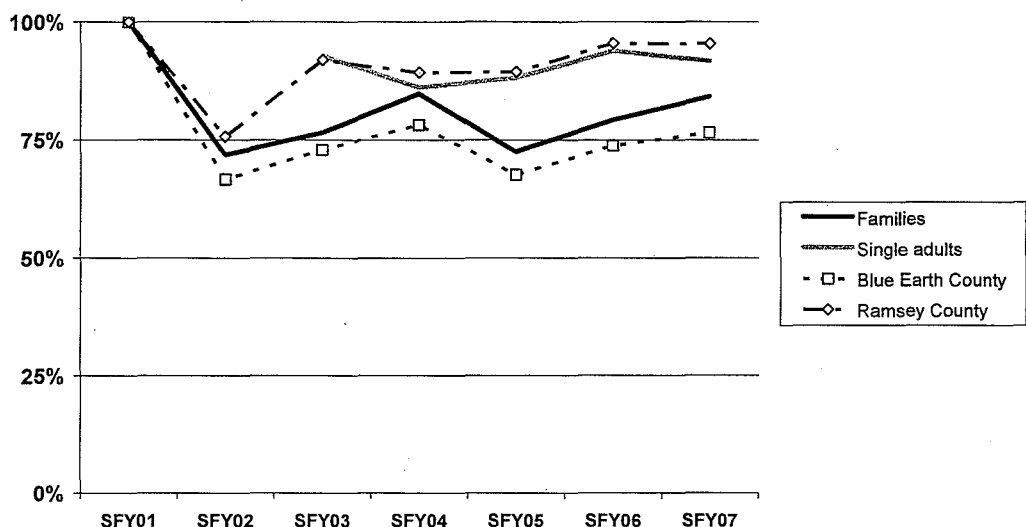
Eleven pilot participants tell their story of going from being homeless to being housed in a video that can be found on Hearth Connection's website, [www.hearthconnection.org](http://www.hearthconnection.org).

It was anticipated — and appears to be the case — that participants would require support for a period longer than available in most transitional housing programs, which the federal government defines as two years. Pilot families have been in the program an average of 2.8 years (1,022 days). Single adults have been enrolled an average of 3.4 years (1,247 days). One critical design feature of the pilot was an absence of pre-established time limits for participation. Programs that provide support services and help homeless participants access housing without time limits are described as *permanent supportive housing* programs. Participants can continue to receive support and housing assistance for as long as they need it. This approach is consistent with case management programs for people with severe disabilities, which makes sense given the high rates of disability in the segment of the homeless population enrolled by the pilot.

While the pilot was designed to support people for as long as they needed, it was also expected that many people with long histories of homelessness and multiple barriers to stable housing might be difficult to engage, that is, they might be reluctant to enroll in any program. Higher rates of attrition during the first year of enrollment than in successive years suggest that some participants did not actively engage in the pilot. Retention in the program was 85% annually, which many project stakeholders and its evaluator have viewed as a high rate of retention for the target population, and suggests that the majority of participants did indeed make a commitment to being in the pilot.

Chart 1 shows annualized retention by county and by household type.

**Chart 1.**  
**Annualized Household Retention**  
 Households that remained enrolled at the end of each State Fiscal Year (SFY), as a percentage of all households enrolled during the same period.

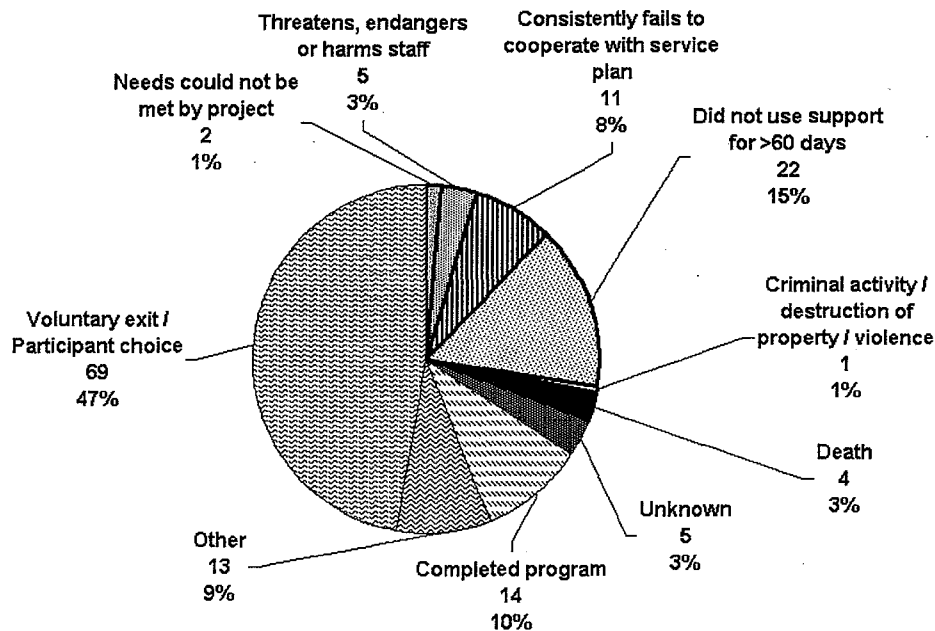


As in previous years, annual attrition is significantly higher in Blue Earth County (26% since inception) than in Ramsey County (9% since inception). Annual attrition for families (21% since inception) is more than twice as high as attrition for single adults (10%).

In the participant outcome study, the evaluator documented a difference in the severity of challenges faced by families and single adults, and by participants in Ramsey County and Blue Earth County. In general, families enter the pilot with fewer and less severe barriers than single adults and, on average, Blue Earth County participants have fewer and less severe barriers than do Ramsey participants. This may explain why families are more likely than single adults to leave the program, and why Blue Earth County participants exit faster. They may simply require support for a shorter period of time.

Chart 2 details reasons that participants exited the pilot. The most common reasons were participant choice (69 households), not using services for more than 60 days (22 households), and, for the first time, program completion, i.e., no longer requiring the support (14 households).

**Chart 2.  
Household Exit Reasons SFY2002-2007**



Another key design component of the pilot was to work very hard to keep people in the program. The assumption was that participants likely had been kicked out of or dropped out of many other programs in the past. There was, therefore, usually a great deal of discussion before a household was exited involuntarily. That is reflected in the low rate of involuntary exits from the pilot. 41 households (28%) exited the pilot involuntarily, due to:

- not using services for more than 60 days (22 households), which oftentimes meant that someone had disappeared and there was no reason to believe they would soon reappear;
- consistently failing to cooperate (11 households);
- staff safety (5 households);
- having needs that could not be met by the program (2 households); and
- criminal activity / destruction of property / violence (1 household).

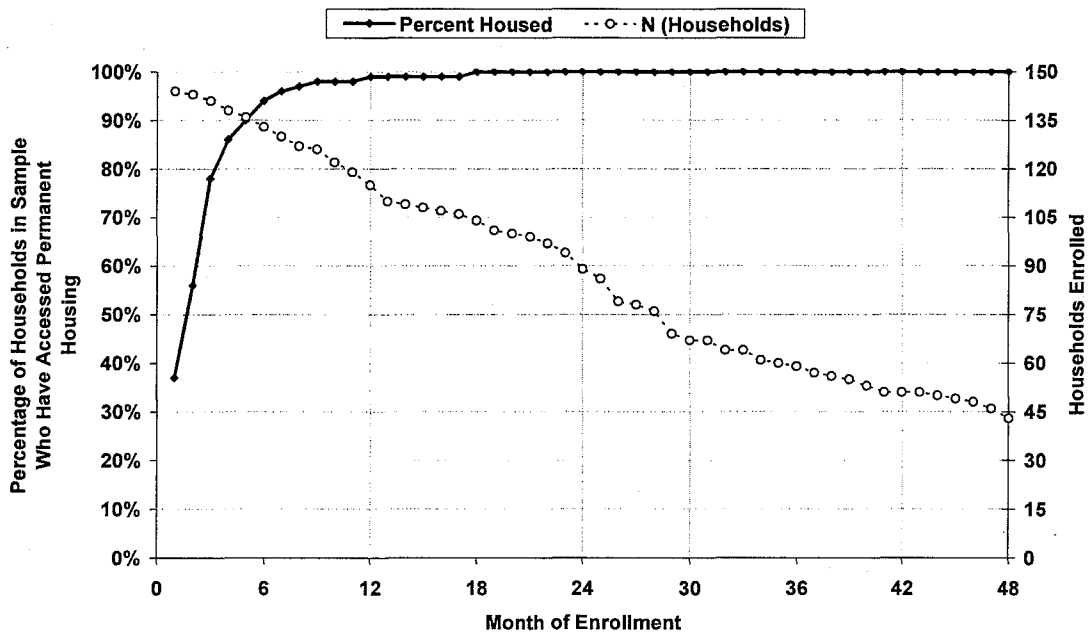
### **Housing Stability**

The Supportive Housing and Managed Care Pilot design was heavily influenced by the *Housing First* model. The number one goal in working with a participant was to get them into housing. Housing then becomes the safe and stable place that allows participants to deal with problems and rebuild their lives.

The pilot demonstrated success helping participants access and retain permanent housing. Chart 3 shows the percentage of households who have accessed permanent housing by month of enrollment, and the number of households that have been enrolled for that length of time. (One qualifier for the housing data presented in this section: Hearth Connection's information system

was not operational until December 2004. Prior to that, the supportive service providers collected data manually. As a result, there are not complete data sets for all participants. The data presented in this section are for those households that have at least 90% complete housing histories, about half of all pilot households. Based on the size of the sample, it should be representative of the whole group.)

**Chart 3.**  
**Households Accessing Permanent Housing**  
 Based on a sample of households with at least 90% complete housing histories

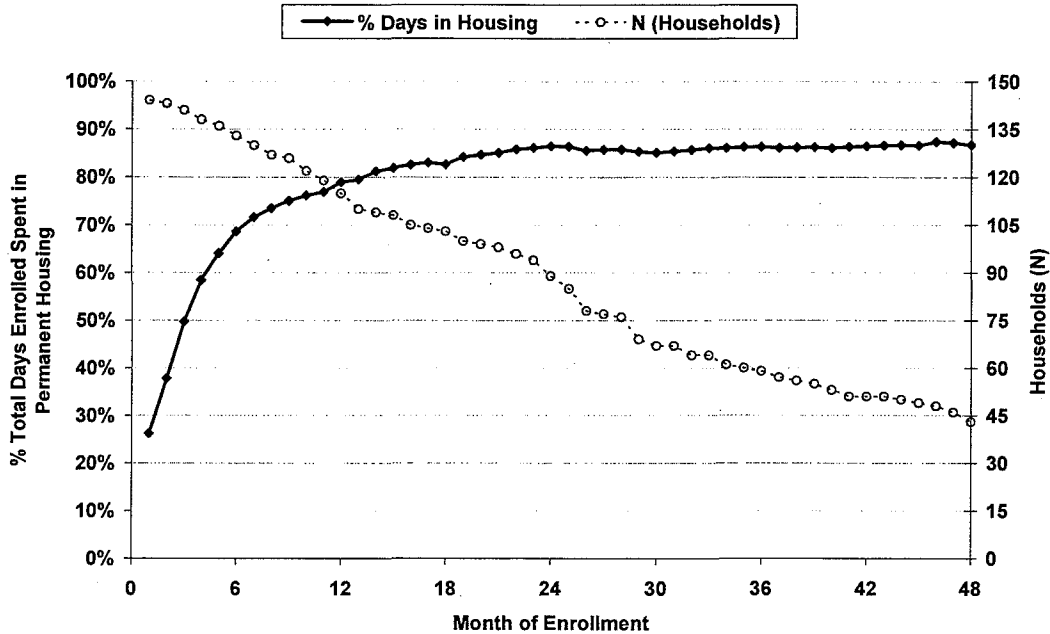


Over half of the households moved into permanent housing by the end of their second month of enrollment. By the end of their fifth month of enrollment, 90% had moved into permanent housing. At eighteen months, all the participants in this sample had made this initial move. This success helping people with long histories of homelessness move into permanent housing suggests that people do want housing, that is to say, they are not choosing to remain homeless when given a choice of permanent housing.

If the pilot's first order of business was to help people move into permanent housing, the second order was to help participants keep that housing and begin to establish some stability.

Chart 4 shows the percentage of days enrolled that participants spent in permanent housing.

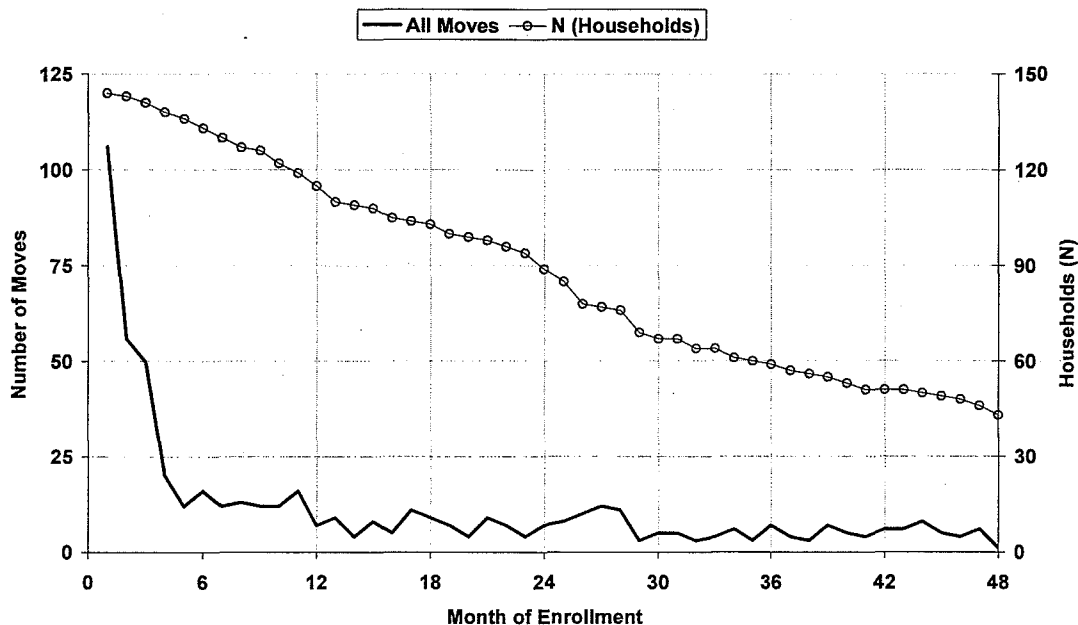
**Chart 4.**  
**Pct Days in Housing vs Months of Enrollment**  
 Pct days in permanent housing vs months enrolled for households with at least 90% complete housing data



Households became increasingly stable as their length of enrollment increased. By the end of their sixth month of enrollment, households spent 72% of total days enrolled in permanent housing. By the two-year mark, households spent an average of 88% of their enrolled days in permanent housing. This suggests that people are not cycling back into long periods of homelessness.

Chart 5 on the following page shows the number of moves households make by month of enrollment. Moves decline through the first several months of enrollment. In the first month of enrollment, there were 106 moves. 36 were moves to permanent housing, and 70 were moves to temporary housing. By the fourth month of enrollment, there were only 20 moves, only 5 of which were moves to temporary housing.

**Chart 5.**  
**Household Moves by Month of Enrollment**  
 Moves plotted against duration of enrollment for households with at least 90% complete housing data

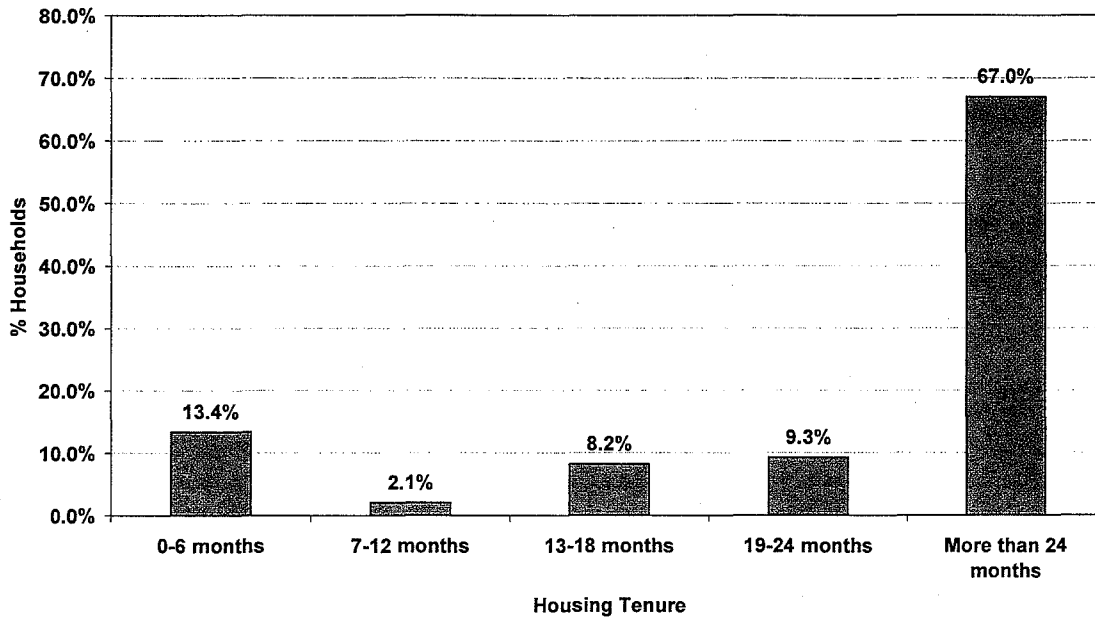


It is the case that some households do continue to move. One would expect some people to “move up,” that is, after establishing some rental history, they might move to a nicer apartment or a better part of town. Others, however, continue to struggle, as discussed below.

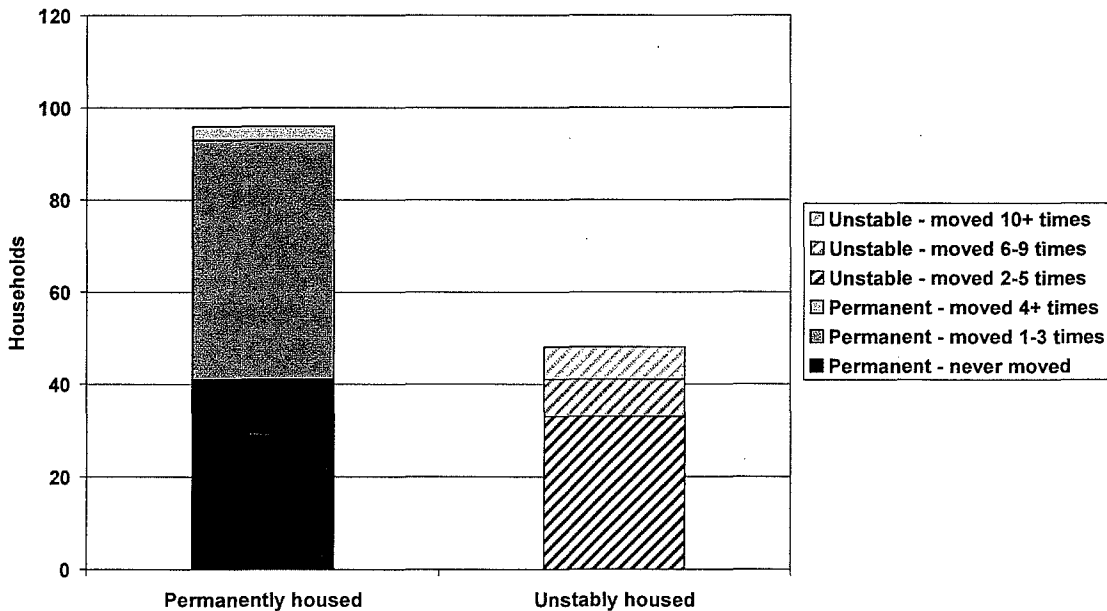
Chart 6, on the following page, shows that for households with at least two years of enrollment, the majority (67%) have been in permanent housing continuously for at least two years, and 84.5% have been permanently housed continuously for a year or more. In other words, they may have made a move, but for the most part, participants are staying in housing for extended periods of time.

Chart 7 shows the number of households that remain continuously housed for a full two year period versus those who have had periods where they were not in permanent housing. Each group is broken out by the number of moves made during that two-year period. Most households with at least two years of enrollment enter permanent housing, move three times or fewer during their enrollment, and never return to temporary housing, the streets or shelter. For approximately a third of households, maintaining stable permanent housing remains a challenge. These households either return to temporary housing or homelessness, and/or move frequently.

**Chart 6.**  
**Housing Tenure Among Participants Enrolled Two Years or More**  
 Based on a sample of households with at least 90% complete housing histories and at least two years of enrollment (n=97)



**Chart 7.**  
**Housing Stability and Number of Moves**  
 Based on a sample of households with at least 90% complete housing histories (n=144)



The pilot's supportive service providers expend a great deal of effort on the small number of households that move frequently. Hearth Connection, Guild Incorporated and Mental Health

Resources studied the single adult participants in Ramsey County who had this profile to determine what type of housing arrangement might stabilize this group. That has resulted in the design of Delancey Apartments, a collaboration between Guild Incorporated and Project for Pride in Living, and a second new site-based supportive housing project that is being discussed between Mental Health Resources and Project for Pride in Living.

Because the pilot was designed to follow people even if they were evicted from housing, it has provided the opportunity to learn more about a small subset of participants who would traditionally have bounced from one program to another, returned to shelter or returned outdoors. By establishing a trusting relationship over time, as one staff person put it, “the possibility for good things to happen is greater.”

The data collected through the pilot partners is corroborated by the independent evaluation. In the eighteen-month participant outcome study, the National Center on Family Homelessness found that:

*Participants had a marked increase in the number of days out of the previous six months spent in their own home from the baseline to the nine-month assessments. The new data additionally shows that overall participants continued to live predominantly in their own homes through the second follow-up period, with virtually no change in days housed between the nine-month and eighteen-month assessments.*

They go on to say:

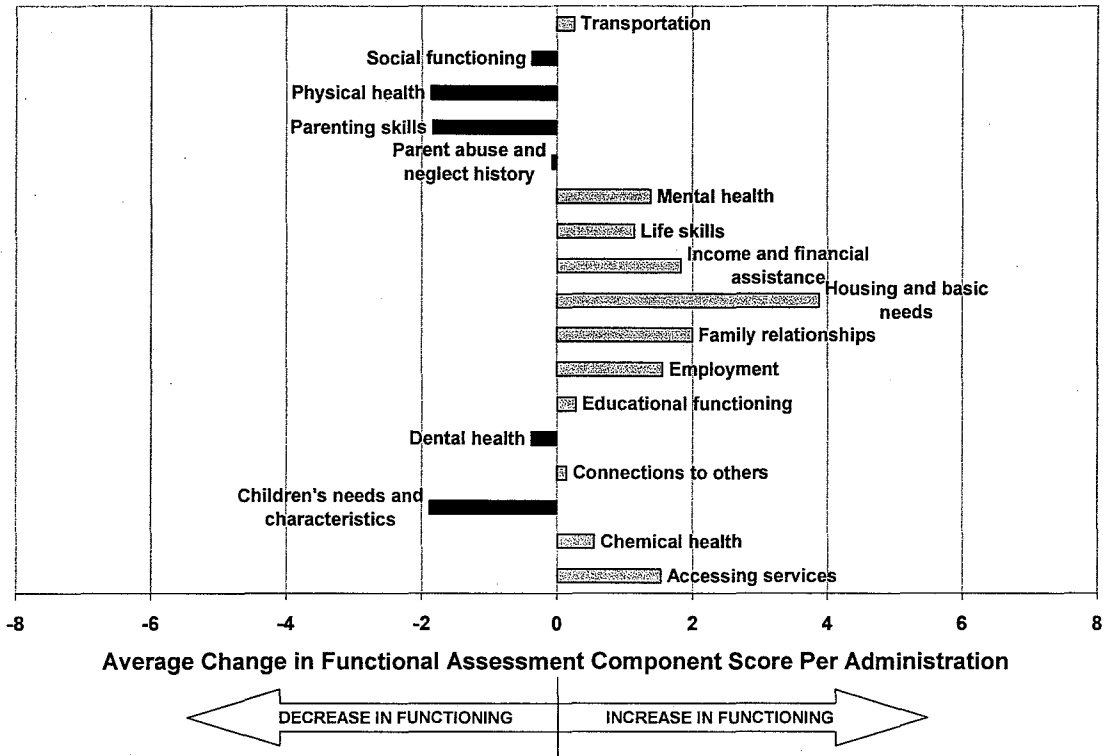
*A second indicator of residential stability, the number of residential moves participants made in the six months preceding their interview, dropped from baseline to nine-months, and dropped further between nine and eighteen months. The drop from nine to eighteen months, while much smaller than the initial drop (.4 vs 1.3), is still statistically significant, indicating that participants' stability continued to improve in the second follow-up period.*

### **Improvements in Participant Functioning**

Supportive service providers complete functional assessments with each participating household every six months (the *Minnesota Family Assessment of Needs and Strengths* for families and the *Ramsey County/Blue Earth County MI/CD Functional Assessment* for single adults). Chart 8, on the following page, shows the change in each component score, averaged across all the intervals of data collection, for all participants. There are improvements in some areas and decreases in others. As noted in previous reports, the largest improvement is in housing. Smaller improvements are also seen in family relationships, income, employment, accessing services, mental health, life skills, chemical health, educational functioning, transportation use, and connections to others.



Chart 8.



Decreases are seen in some areas. Physical health, parenting skills, children's needs and characteristics, dental health, social functioning, and parent abuse and neglect history all show small decreases. Some of these assessment component scores measure historical or ongoing barriers to functioning. Anecdotally, providers have reported that they develop better knowledge of participants' situations in these areas over time and therefore the change in scores may reflect better accuracy in the assessments, rather than genuine decreases in functioning.

As noted in last year's report, despite the severity of physical health and mental health challenges faced by participants and the traumatic history of children in families with long histories of homelessness, it is important to note there is not continued housing instability. Participants are making gains in some important areas, but there are still major challenges to be faced once stably housed.

These findings are also confirmed in the independent evaluation. Over the eighteen-month period, the National Center on Family Homelessness found a statistically significant reduction in participants' experiencing of mental health symptoms, equivalent to experiencing one less symptom a day, like hearing voices, having racing thoughts or being depressed. They also document a reduction in the use of illegal drugs and alcohol to intoxication for people who report drug and alcohol use in their baseline interview. The reduction is the equivalent of using five or six fewer days per month. Given participants long histories of drug and alcohol use, this is a significant improvement and suggests that other changes will become possible in participants' lives over time.

As the functional assessment analysis shows, participants have some on-going, significant barriers to health and self-reliance. The evaluation shows no improvement in physical health over the eighteen-month period. Employment rates do not improve, but more people get connected to the benefits for which they are entitled.

A stated goal of the pilot was to improve employment rates for participants. This is an area where outcomes were not as anticipated. There were very low rates of employment for both parents heading families and single adults. One explanation of this may be the high rates of disability among participants. In fact, there is an increase in the number of participants who move onto Social Security benefits over time. That process requires people to prove they cannot work in order to qualify for benefits to which they are entitled.

One significant development in the final year was the addition of a Supported Employment component to Guild Incorporated's Delancey Street team. This was funded through the Department of Employment and Economic Development as a part of the Johnson & Johnson Dartmouth Community Mental Health Project. The partners in this project are optimistic that this will, over time, increase participants' rates of employment. At the same time, however, it is clear that pilot participants do face more barriers than the general population of people with mental illness – for whom Supported Employment was designed – to steady, gainful, meaningful employment.

## USE OF PUBLIC RESOURCES

### Rental Assistance

Hearth Connection administers rental assistance through grants from the Minnesota Housing Finance Agency totaling \$2,544,464 and the U.S. Department of Housing and Urban Development (HUD) totaling \$3,157,980. Two-thirds of participating households (101 of 153) receive rental assistance through these rental assistance grants managed by Hearth Connection (Table 2). Originally, the pilot design assumed that rental assistance would be available through mainstream programs, primarily through Section 8 Housing Choice Vouchers. Federal cuts to this mainstream HUD program have resulted in long waiting lists to access these Housing Choice Vouchers. Finding alternative sources and putting the infrastructure in place to administer HUD and Minnesota Housing rental assistance were critical to the success of the pilot.

**Table 2.**  
**Pilot Rental Assistance Utilization**

<b>Rental Assistance Type</b>	<b>Pilot Households</b>
Minnesota Housing	
Housing Trust Fund	41
Housing Trust Fund – Long-Term Homeless	9
Ending Long-Term Homelessness Initiative Fund	10
HUD	
Shelter Plus Care	39
DHS	
Supportive Housing and Managed Care Pilot	2
<b>Total</b>	<b>101</b>

In State Fiscal Year 2007, the pilot leveraged \$638,108 in rental assistance through these Minnesota Housing and HUD grants (\$454,162 and \$183,946 respectively). This represents \$0.42 for every dollar the state invested in the pilot (\$0.30 and \$0.12 respectively).

### State Pilot Appropriation and Federal Medicaid Targeted Case Management

The annual appropriation for the pilot was \$1.5 million. The funds were all expended. The Blue Earth County pilot budget included \$389,000 from DHS, supplemented by the federal Medicaid portion of Targeted Case Management (TCM) funds totaling \$115,478 for the year. The Ramsey County budget included \$1,111,000 from DHS and leveraged \$404,950 from the federal portion of TCM (Table 3). Medical Assistance was billed when a participant who was eligible for TCM received an eligible service. Each dollar of the state appropriation leveraged \$0.34 of federal Medicaid.

**Table 3.**  
**Financial Summary of DHS Pilot Revenue (July 2006 - June 2007)**

	<b>Ramsey</b>	<b>Blue Earth</b>	<b>TOTAL</b>
DHS pilot revenue	\$1,111,000	\$389,000	\$1,500,000
Federal Targeted Case Management	\$404,950	\$115,478	\$520,428
<b>TOTAL REVENUE</b>	<b>\$1,515,950</b>	<b>\$504,478</b>	<b>\$2,020,428</b>

Table 4 shows expenses for families for each year of the pilot's operation. Based on 731 months of family enrollment, the average monthly cost per family was \$1,550 per household per month (phpm): \$1,120 for services (which include the flexible dollars that are used to pay for items or unique services based on individual need) and \$430 for rental assistance (including \$405 from Minnesota Housing). (Please note that in the next three tables, rounding creates a small discrepancy between subtotals and totals.)

**Table 4.**  
**Financial Summary of Pilot Expenses for Families (April 2001 - June 2007)**  
**Total and Per Household Per Month**

	SFY02	SFY03	SFY04	SFY05	SFY06	SFY07
Months of Participation	552	634	675	704	740	731
<b>Supportive Services Providers</b>						
Flexible Participant Supports	\$113,410 \$205	\$105,966 \$167	\$66,150 \$98	\$59,712 \$85	\$70,375 \$95	\$27,562 \$38
Supportive Services	\$682,942 \$1,237	\$826,798 \$1,304	\$793,963 \$1,176	\$880,972 \$1,251	\$776,180 \$1,049	\$791,379 \$1,083
<b>Housing</b>						
Pilot Housing	\$232,688 \$422	\$84,327 \$133	\$48,928 \$72	\$44,506 \$63	\$19,785 \$27	\$18,522 \$25
Housing Trust Fund and Ending Long-Term Homelessness Fund	\$0	\$132,787 \$209	\$106,115 \$157	\$119,634 \$170	\$292,255 \$395	\$295,943 \$405
<b>TOTAL</b>	<b>\$1,029,040</b>	<b>\$1,149,878</b>	<b>\$1,015,156</b>	<b>\$1,104,824</b>	<b>\$1,158,595</b>	<b>\$1,133,406</b>
<b>PHPM</b>	<b>\$1,864</b>	<b>\$1,813</b>	<b>\$1,503</b>	<b>\$1,569</b>	<b>\$1,566</b>	<b>\$1,550</b>

The cost of the services has gone down overall, possibly reflecting the fact that some families may stabilize over time. The total cost per household has stayed the same for the last four years, but rental assistance is a greater portion of the whole. This is a fairly expensive intervention, with the service component running \$13,452 per family per year, but the dollars invested are yielding better outcomes for a very needy group of parents and children, and may produce even greater outcomes in the future.

Table 5 shows expenses for single adult participants. Based on 1,070 months of single adult enrollment, the cost per person per month is \$1,351: \$1,024 for services and \$328 for rental assistance (including \$148 from Minnesota Housing and \$172 from HUD).

As with the families, the cost of supporting single adults has gone down from the first year of operation, and then stayed relatively flat. The rental assistance amount is increasing slightly from year-to-year. It cost \$12,288 per single adult per year, less to support a single adult than a family. The costs are comparable to the Group Residential Housing supplemental rates, the more intensive mental health case management programs and Assertive Community Treatment teams for people with serious and persistent mental illness. Again, these investments are getting significantly improved outcomes for people who have multiple needs and poor outcomes previous to enrolling in the pilot.

**Table 5.**  
**Financial Summary of Pilot Expenses for Single Adults (August 2002 - June 2007)**  
**Total and Per Household Per Month**

	SFY03	SFY04	SFY05	SFY06	SFY07
Months of Participation	457	1,013	1,038	1,051	1,070
<b>Primary Providers</b>					
Flexible Participant Supports	\$27,116 \$59	\$50,650 \$50	\$52,108 \$50	\$73,048 \$70	\$48,955 \$46
Supportive Services	\$512,680 \$1,122	\$914,885 \$903	\$954,658 \$920	\$985,678 \$938	\$1,046,060 \$978
<b>Housing</b>					
Pilot Housing	\$134,937 \$295	\$141,812 \$140	\$131,600 \$127	\$25,467 \$24	\$8,884 \$8
Housing Trust Fund and Ending Long-Term Homelessness Fund	\$30,272 \$66	\$76,425 \$75	\$93,085 \$90	\$144,405 \$137	\$158,219 \$148
Shelter Plus Care	\$0	\$49,299 \$49	\$116,995 \$113	\$163,364 \$155	\$183,946 \$172
<b>TOTAL</b>	<b>\$705,005</b>	<b>\$1,233,071</b>	<b>\$1,348,446</b>	<b>\$1,391,962</b>	<b>\$1,446,064</b>
<b>PHPM</b>	<b>\$1,542</b>	<b>\$1,217</b>	<b>\$1,300</b>	<b>\$1,324</b>	<b>\$1,351</b>

Table 6, on the following page, shows other expenses, including county administrative fees (no longer charged against the appropriation since SFY04), Hearth Connection's management fee, and a housing assistance risk management reserve. The total cost per participating household per month of \$1,522 has declined by less than 1% from last year. The cost of supporting participants in SFY07 exceeded available revenue by \$169,500, made up by contributions by Blue Earth County and by some Ramsey County primary providers.

**Table 6.**  
**Financial Summary of Other Pilot Expenses (April 2001 - June 2007)**  
**Total and Per Household Per Month**

	<b>SFY02</b>	<b>SFY03</b>	<b>SFY04</b>	<b>SFY05</b>	<b>SFY06</b>	<b>SFY07</b>
Months of Participation	552	1,091	1,688	1,742	1,791	1,801
County Administration	\$36,489 \$66	\$32,041 \$29	\$0	\$0	\$0	\$0
Hearth Connection	\$62,186 \$113	\$156,266 \$143	\$67,518 \$40	\$118,531 \$68	\$173,394 \$97	\$161,241 \$90
Housing Assistance Risk Management Reserve	\$20,388 \$37	\$245,884 \$225	\$22,196 \$13	\$22,592 \$13	\$2,780 \$2	\$0 \$0
Subtotal PHPM	\$119,063 \$216	\$434,191 \$397	\$89,714 \$53	\$141,123 \$81	\$176,174 \$99	\$161,241 \$90
Support	\$796,352 \$1,443	\$1,472,560 \$1,350	\$1,825,648 \$1,082	\$1,947,450 \$1,118	\$1,905,281 \$1,064	\$1,913,956 \$1,063
Housing	\$232,688 \$422	\$382,323 \$350	\$422,579 \$250	\$505,820 \$290	\$645,276 \$360	\$665,514 \$370
Subtotal PHPM	\$1,029,040 \$1,865	\$1,854,883 \$1,700	\$2,248,227 \$1,332	\$2,453,270 \$1,408	\$2,550,557 \$1,424	\$2,579,470 \$1,432
<b>TOTAL PHPM</b>	<b>\$1,148,103 \$2,081</b>	<b>\$2,289,074 \$2,097</b>	<b>\$2,337,941 \$1,385</b>	<b>\$2,594,393 \$1,489</b>	<b>\$2,726,731 \$1,523</b>	<b>\$2,740,711 \$1,522</b>

The payment methodology for the pilot was a critical design element. It was understood that if the pilot were to successfully engage people who had not succeeded in other programs, that there would need to be a great deal of flexibility and the opportunity to tailor the service intensity and array of services to each individual situation. The supportive services providers in the pilot accepted a bundled monthly payment and have used those funds to provide staff capable of engaging and supporting participants with a high level of need. They have used funds flexibly to respond to individual need. The focus on outcomes, instead of units of service or specific services, appears to have worked in this pilot. The premise of a flexible but accountable model appears to have helped achieve the participant outcomes documented earlier in this report.

### **Leveraging Private Funds**

There has been a total of over \$4,650,000 in private investment by foundations in Hearth Connection for administration and evaluation of the pilot since 1999. These private investors include:

- Allina Foundation
- Katherine B. Andersen Fund of the St. Paul Foundation
- Anonymous
- F.R. Bigelow Foundation
- Blue Cross Blue Shield of Minnesota Foundation
- Bush Foundation
- Patrick and Aimee Butler Family Foundation

- Corporation for Supportive Housing
- Family Housing Fund
- Greater Minnesota Housing Fund
- Initiative Fund of Southeast and South Central Minnesota
- John S. and James L. Knight Foundation
- Mankato area health care providers
- Mardag Foundation
- The McKnight Foundation
- Minneapolis Foundation
- The Northwest Area Foundation
- Robert Wood Johnson Foundation
- St. Paul Foundation
- Sheltering Arms Foundation
- University Bank

Over the life of the pilot, each dollar of the state appropriation for the pilot leveraged \$0.46 of foundation support.

## NEXT STEPS AND CONCLUSION

### Next Steps

The Supportive Housing and Managed Care Pilot officially sunset on June 30, 2007. Pilot participants were transferred into the new regional long-term homeless projects in South Central and Southeastern Minnesota and the metro area on July 1, 2007.

When the pilot was initially conceived, a goal was to demonstrate its success in order to make the case to expand this model to help more people in more counties. The pilot's early successes engaging people with long histories of homelessness and helping them find and keep permanent housing informed, in part, the creation of the State Business Plan to End Long-Term Homelessness, as well as DHS' Long-Term Homeless Supportive Services Fund. As a result, 2,000 more Minnesotans are getting the services they need, paired with housing, to break the cycle of homelessness. According to the Wilder Research, there are still probably several thousand Minnesotans who could benefit from these types of supportive housing programs.

DHS is working with DEED and the State's Director for Ending Long-Term Homelessness at ways in which employment programs can be married with supportive housing strategies. Many community partners are involved in this effort as well. Now that it is clear that people with long histories of homelessness can be stably housed, it is imperative that good strategies be identified for helping them increase their economic self-reliance and become gainfully employed.

There are still two outstanding parts of the National Center on Family Homelessness' evaluation of the pilot: the final report for the children's study and the cost and utilization study. Hearth Connection and the evaluator are still working on those components, and while they were not completed as originally scheduled, progress continues to be made.

The challenges that have arisen in completing the cost and utilization study clearly demonstrate how difficult it can be to take a broad look at what happens to individuals who may have encounters with many different government programs. Data privacy is critical for individuals, but negotiating data access for the purposes of well-constructed, officially sanctioned research has been very time consuming. Access to information from each data system has required extensive data privacy discussions, which has introduced significant delays in getting data into the hands of the evaluator.

Data systems at DHS have usually been constructed to track eligibility and payment, not to conduct research on people's use of services and changes in service use over time. Something that sounds as simple as "data on the use of Regional Treatment Centers" can involve multiple data systems with different data sets for different periods of time, stored differently based on payer.

Many critical parts of the homeless safety net operate without consistent payment mechanisms and therefore oftentimes no consistent data collection either. Prior to the recent implementation of the Homeless Management Information System, a statewide data system for homeless services mandated by the state and federal government, there was not consistent recording of shelter use



that would cover multiple jurisdictions. Hospitals report inconsistent recording of information about people to whom they deliver uncompensated care.

The pilot has helped illuminate some of these challenges.

## **Conclusion**

The Supportive Housing and Managed Care Pilot clearly demonstrated success helping people with long histories of homelessness and many other challenges find and retain stable homes. It successfully engaged a group of people who were extremely vulnerable and in many cases not being served well by existing programs. It documented incremental improvements in some areas, but participants face on-going significant obstacles to health and well-being, and for families, meeting their children's needs. For some, simply maintaining housing continues to require on-going support and attention.

Investments in the pilot led to significantly better outcomes for participants and leveraged funding from multiple sources. It is clear that people with years of instability, oftentimes going back to abuse and instability as children, do not instantly become well once they are housed. It is unfortunate that the pilot cannot evaluate what happens to these participants over a longer period of time. If homeless children get stable housing, might it help reduce the chances that they will become homeless adults? If people with previously untreated severe medical conditions have stable housing, will we see improvements in health over the long-term, which then allow them to participate in employment and other activities?

In closing DHS would like to acknowledge that the success of the pilot has been because of the contribution of many partners from many sectors. We would like to acknowledge Hearth Connection's leadership of the pilot. Blue Earth County and Ramsey County were excellent partners in providing oversight and guidance over these last seven years. Blue Earth County, along with the Amherst H. Wilder Foundation, Mental Health Resources, Inc. and Guild Incorporated have operated teams of dedicated staff who have done the difficult daily work of engaging and supporting participants. We look forward to the completion of the evaluation by the National Center on Family Homelessness. Their evaluation design has helped us look deeply into the relationship between participants and the service providers, and helped us ask questions about where the intervention wasn't working, even as it was helping the vast majority of participants. Most importantly, we want to thank and acknowledge the participants in the pilot. It took courage to tackle their challenges and to open their homes and their lives to the evaluators.

Finally, we would like to thank the Minnesota Legislature for the continuation of funding for the pilot over these last seven years and the creation of the Long-Term Homeless Supportive Services Fund. This demonstration project will help shape future work with very vulnerable populations. For the 748 people who have participated in the pilot, it has repeatedly been shown that it is possible to break the cycle of homelessness. For the 336 participants who were able to get the ongoing support they need to continue to make progress in supportive housing, the Long-Term Homeless Supportive Services Fund has created a way to help them continue on their path of recovery.