

REPORT TO THE LEGISLATURE

The Supportive Housing and Managed Care Pilot

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**Prepared by the Department of Human Services
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and
Continuing Care**

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Minnesota Statutes, chapter 3.197 requires disclosure of the cost to prepare this report. Approximately \$1000 for staff salaries and materials was spent to write the report.

EXECUTIVE SUMMARY

This report is submitted to the Minnesota Legislature pursuant to Minnesota Statutes 2001, Article 10, Section 55 (256K.25).

The Supportive Housing and Managed Care Pilot is a five-year demonstration project born out of an intergovernmental, public-private partnership. The premise of this pilot is to test and evaluate a new model to help people who have long histories of homelessness achieve increased levels of stability and satisfaction in their lives, while creating efficiencies in the other programs available to them.

Operations began in Blue Earth County in March 2001, and in Ramsey County in May 2001. Both Blue Earth County and Ramsey County operate the pilot through contracts with a local non-profit, Hearth Connection. As of November, there were 45 families enrolled, including 130 children, for a total of 184 participants.

This report provides an overview of the pilot and its implementation. It discusses the use of public funds, the leveraging of private monies, and the feasibility of financing the project using existing programs and funding mechanisms. Although the program is too new to have produced measurable outcomes, the report describes efforts underway to evaluate the effectiveness of the pilot in achieving the following goals:

- To improve participant outcomes, including increasing employment and improving the housing status of participants;
- To increase accountability for outcomes;
- To improve coordination among service providers; and
- To document the cost-effectiveness of the model.

The following is information about the early experience of the pilot:

1. The opportunity to work intensively with all family members together is beneficial for providers as they try to gather a complete picture of the families' complex situations involving mental illness, substance abuse, AIDS and other chronic health conditions, and histories of trauma and abuse.
2. The flexibility of the program promotes doing what makes sense in a particular case. This allows the primary provider to address the unique needs of families, helping to address specific problems creatively.
3. The project has hit the mark in terms of enrolling the "hardest-to-serve" families who have not succeeded in other programs. The families have multiple challenges and are often unaccustomed to success. Meaningful change will require time and will not be a linear process.
4. Coordination will be a challenge, but the number of agencies working with families indicates the potential value in making the right connections.

5. The housing challenge is about more than just finding housing, which is difficult enough. Most families have multiple evictions in the past. The “housing plus services” proposition seems to be the best strategy for helping families become ready to be tenants and for families to have ongoing support to retain housing over time.
6. A new supportive housing apartment building for families in Blue Earth has created housing opportunities not found in the rest of the private housing market. This apartment building became available by pairing the pilot partners and funding with a local housing organization, thereby leveraging housing capital funds.
7. There will be families the program cannot reach, cannot help, or cannot engage. Strategies for engaging disenfranchised families will need to be continually revisited and improved.

OVERVIEW

History

In November of 1996, the Corporation for Supportive Housing (CSH) convened a group of public and private stakeholders to design a project to address the problem of chronic homelessness. The team included public and private organizations:

- *State government:* Minnesota Department of Human Services (DHS), Minnesota Department of Health (MDH) and Minnesota Housing Finance Agency (MHFA)
- *County government:* Blue Earth, Dakota, Hennepin, Olmsted and Ramsey
- *Managed care:* Blue Cross, HealthPartners, Medica, Metropolitan Health Plan, and UCare
- *Mental health and chemical dependency providers:* Guild Incorporated and Turning Point (representing 25 provider organizations)
- *Associations and advocacy groups:* Mental Health Association, Minnesota AIDS Project, and the National Alliance for the Mentally Ill
- *Supportive housing:* Corporation for Supportive Housing
- *Consumers*

The result of this team was the design of the Supportive Housing and Managed Care Pilot. In February 1999, a new 501(c)3, Hearth Connection, was incorporated with a mission to implement, administer and evaluate the pilot.

In 1999, the Minnesota Legislature authorized DHS to establish a Supportive Housing and Managed Care Pilot. In 2000, the Legislature appropriated three million dollars from the Temporary Assistance for Needy Families (TANF) reserves to establish a pilot in two counties for homeless families eligible for the Minnesota Family Investment Program

(MFIP). The 2001 Legislature appropriated two million dollars in 2002-2003 and two million dollars in 2004-2005 to expand the program to include single adults.

Target Population

The statewide homeless survey conducted by the Wilder Research Center found over 21,000 homeless people in Minnesota, including over 7,500 people on the street, in shelter or in transitional housing. (See *Homeless Adults and Children in Minnesota*, August 2001, Wilder Research Center.) Not only are there more homeless people in Minnesota than ten years ago, but there is a subset with longer histories of homelessness and multiple barriers to stable housing. For example, fourteen percent of surveyed adults reported a co-occurring mental illness and chemical dependency problem.

This demonstration project focuses on the chronically homeless, families and single adults with long histories of homelessness, who suffer from mental illness and chemical dependency, violence and abuse, and who have higher rates of HIV infection and other chronic health conditions. To be eligible for the project, families must meet the MFIP income requirements and single adults meet the Group Residential Housing (GRH) income requirements. Both families and single adults must be homeless or at risk of homelessness, and have a history of mental illness, chemical dependency or HIV/AIDS. in the demonstration project's intent is to enroll people into the pilot who have been high-end and repeat users of government safety net services, like the Regional Treatment Centers and other inpatient treatment, detox, out-of-home placement, shelters, mental health and chemical dependency case management, jails and emergency rooms.

Key Strategies

This demonstration project tests the hypothesis that for people who have been chronically homeless, an intensive and well-coordinated intervention, linked to housing, will produce better outcomes. Additionally, coordination among service providers will support increased cost efficiency of services. The pilot's financing allows for flexibility to target expenditures to individual needs. The capped rate promotes accountability for results.

Public - Private Partnership

DHS, counties and Hearth Connection work together on the pilot. The state is active in the financing and oversight of the project, as well as the evaluation and information required for that purpose. The counties also have active oversight through contract management, funding, participant eligibility, service coordination and the evaluation and information components. Hearth Connection has 4.5 staff, supported by privately-raised funds, focused on the administration and evaluation of the pilot.

Hearth Connection

Hearth Connection manages relationships among service providers, builds interest within community organizations for support teams, orchestrates the linkages between human

services and housing, involves stakeholders in the evaluation, and preserves the core vision of the project as articulated by the stakeholders involved in the original design.

Hearth Connection contracts with local service organizations to act as **primary providers**. These agencies work directly with participants. They actively find or develop housing, perform intensive case management, provide a flexible range of supportive services, and coordinate with other organizations and government through participant **support teams**.

Primary Providers and Support Teams

Primary providers operate within a budget based on a per household rate. Primary providers employ front-line staff from different disciplines. They use funding to fill gaps between existing programs to help participants make progress towards their goals.

Primary providers and participants identify agencies and case workers, as well as family and others to be involved in a support team. Examples include a county financial worker, a job counselor, a mental health professional, a child protection worker, a school counselor, a probation officer, a landlord, or a sibling. Any professionals, family or friends that would benefit from working together and promoting a shared plan can be a part of this support team. The primary provider is responsible for convening and leading this team, through face-to-face meetings or other communications.

The project will identify the competing interests and economic incentives of providers, and work to realign those incentives to promote efficiency for the service organizations and improved outcomes for participants.

Managed Care

A distinctive component of the pilot is the commitment among **managed care** plans to help participants navigate the health and behavioral health care system. Medical Assistance recipients were enrolled in managed care in Ramsey County in 1993. Although Blue Earth is currently still operating under fee-for-service, a conversion to prepaid medical assistance is scheduled for 2002.

The health plans are interested in reducing the repeated use of emergency and in-patient services, while investing in an intervention that has the potential to improve the health of participants. When participants are not enrolled in health plans, the project will work directly with health care providers and coordinate with government health care programs.

Supportive Housing

Another important element of the pilot is **supportive housing**. The premise of supportive housing is that access to housing and access to services need to be partnered in such a way that people have the supportive services necessary to succeed in housing, and the housing necessary to benefit from service delivery. Housing and services, however, are distinguished so that a participant's right to retain housing is not predicated on service

requirements, and the service model is not dependent on the participant's ability to retain housing.

Supportive housing has many forms. The project promotes participant choice. A participant may live in an apartment that is simply a part of a privately-owned apartment building. There can be a block of units within a larger building occupied by participants. A whole building could be a community of participants. There can be shared homes or single-family homes.

The current housing market limits the actual housing choices available. Pilot participants have poor rental histories, multiple evictions, felony histories, and little or no money to leverage in this expensive and extremely tight housing market. The presence of the primary provider does, however, improve the likelihood of participants being able to secure housing.

The pilot's payment structure budgets for assistance in damage deposits, and has limited rent subsidy funding. Hearth Connection intends to maximize the use of the federal Section 8 housing subsidy program. The ability to bring together funding for housing and human services, and to fill gaps between categorical housing and support programs, is a critical feature of the pilot for being able to deliver a comprehensive and intensive "housing plus services" intervention.

Summary

The Supportive Housing and Managed Care Pilot focuses on the integration of housing, health care and social services. Adults will have improved stability in housing, which will in turn promote the attainment of goals related to health and self-reliance. Children will have safe and stable environments that support the attainment of health, developmental and educational goals.

Implementation

In August 2000, DHS issued an RFP to establish the pilot in two counties, one metropolitan county and one in Greater Minnesota. Blue Earth County and Ramsey County responded. Both of these counties had been active in the development of the pilot. Each county either has or has had other initiatives underway to explore new models for employing a managed care model for working with targeted population groups.

Blue Earth County entered into a contract with Hearth Connection and began enrolling homeless families in March 2001. Ramsey County contracted with Hearth Connection to manage the pilot and opened enrollment in May 2001.

Blue Earth County Structure and Enrollment

Hearth Connection has a contract with Blue Earth County to be the primary provider. Blue Earth County employs three staff with experience working with children and homeless families. Eligible families are identified through existing county programs and case workers. Enrollment has been paced to match the hiring and training of the primary provider staff. Table 1 shows Blue Earth County Enrollment. Table 2 shows some characteristics of the participants.

Table 1. Blue Earth County Enrollment - 2001

Month	New Families	Disenrollments	Total Families	Children	Participants
March	5	0	5	15	23
April	1	0	6	16	25
May	0	0	6	16	25
June	2	0	8	24	36
July	0	0	8	24	36
August	1	0	9	28	41
September	1	0	10	33	47
October	3	0	13	42	60
November	2	0	15	46	67

Table 2. Blue Earth County Participant Profile

Characteristics	N=15
Average family size	4.5
Average age of adults	32
Average age of children	7.5
Average MFIP months remaining	36
Average years of county residence	7.8
Employed parent(s)	14
Families with member receiving disability	8
Families with active child protection case	3

Ramsey County Structure and Enrollment

In Ramsey County, Hearth Connection has a primary provider contract with the Community Social Services division of the Amherst H. Wilder Foundation. Wilder employs five direct service staff with backgrounds working with children, and in adult mental health, chemical dependency treatment and housing. Additionally, Wilder has housing specialists that locate apartments for participating families.

Ramsey County and Hearth Connection worked with local organizations that serve homeless families to find families who met program criteria. Workers from these programs met with families. Families interested in enrolling filled out applications. The County reviewed applications to confirm that the families met the eligibility criteria and then forwarded

applications to Hearth Connection. Primary providers met with the families and reviewed the program. Families agreeing to participate signed an agreement and were thereby enrolled.

There are slots for thirty families budgeted. The program filled very quickly, with many more families interested in applying than there was space available. (69 applications were submitted before Hearth Connection was able to announce that no more families could be enrolled.)

Five families have disenrolled from the project. One entered an extended residential treatment program. One family already lived in a supportive housing program. Two left the state. One family decided they did not want to participate. Table 3 shows the Ramsey County Enrollment, and Table 4 shows a profile of these participants.

Table 3. Ramsey County Enrollment - 2001

Month	New Families	Disenrollments	Total Families	Children	Participants
June	8	0	8	22	31
July	16	0	24	71	98
August	7	1	30	89	122
September	2	4	28	79	110
October	0	0	28	79	110
November	2	0	30	84	117

Table 4. Ramsey County Participant Profile

Characteristics	N=35
Average family size	3.9
Average age of adults	33
Average age of children	9.1
Average MFIP months remaining*	27
Average years of county residence	15.7
Families with employed parent(s)	5
Families with member receiving disability	4
Families with active child protection case	11

*Families need at least 12 months of MFIP remaining to be eligible. This criterion will be evaluated now that families are eligible for extensions under certain conditions defined by the Legislature.

Financial Methodology

Blue Earth has a budget for sixteen families with an upper payment limit based on a per family per month service rate, plus a damage deposit and six months of rent subsidy. The subsidy is based on the Section 8 payment standards.

Ramsey County pays Hearth Connection a capitated per family per month rate for services, as well as money to cover a damage deposit and six months of rent subsidy.

This creates a budget within which the primary provider operates, pays damage deposits and subsidizes rents for families.

Housing and Services

The primary provider establishes a relationship with a participating family, putting together a thorough and coherent picture of the challenges and barriers a family faces, as well as the strengths upon which they can build. Together, they create a plan.

Once participants begin to address the factors that led to evictions in the past, primary providers are able to negotiate with landlords. Landlords frequently state that the reason they are willing to consider renting to families with such poor rental histories is the presence of the primary provider.

Implementation in Blue Earth County has been well-timed with a local supportive housing project for families. River Town Homes is an eight-unit, three- and four-bedroom apartment building in Mankato. Partners for Affordable Housing purchased the building using a combination of capital funding from HUD, MHFA's Minnesota Families Affordable Rental Investment Fund Program (MARIF) and local foundations. Eight participating families live there.

Partners for Affordable Housing is planning to add service space to the building, partnering with the county to allow the primary provider staff to be located on site. This should be advantageous in terms of engaging families, frequent check-ins, monitoring progress towards goals, and intervening when things do not go as planned.

Four other families reside in apartments or houses located around the Mankato area. One family is temporarily living in substandard housing. One lives in a motel. There is one family whose whereabouts is currently unknown.

Blue Earth County, Hearth Connection and the Corporation for Supportive Housing (CSH) have had discussions with the Mankato Economic Development Authority to determine how best to maximize utilization of the Section 8 program.

In Ramsey County, all the housing accessed by the primary provider is private market, also known as scattered-site housing. CSH assisted in finding appropriate housing for each family. CSH also worked with the two housing authorities that administer the Section 8 program in Ramsey County: the Metropolitan Council Housing and Redevelopment Authority (Metro HRA) and the St. Paul Public Housing Authority (St. Paul PHA).

The Metro HRA, which has jurisdiction over suburban Ramsey County, has created a preference for families participating in the pilot. That means that families in the pilot move up the waiting list and can receive vouchers sooner. The St. Paul PHA has helped the primary provider understand the application and appeal process, and is helping to

identify whether participating families are eligible for any special vouchers, including those dedicated to family unification.

Finding housing has been a challenge in Ramsey County. When the County Board approved this demonstration project, they expressed concerns about adding to the concentration of poverty and had reservations about congregate housing. Additionally, the market is very tight, and the rental histories of participating families make them the least appealing to landlords. As of the writing of this report, there were 25 families in apartments. Three are doubled-up with family or friends. One is in a halfway house. There is one family whose whereabouts is currently unknown.

Support Teams

After the immediate housing needs of a family have been addressed, the primary provider and the family identify other county staff and people from other agencies who are working with the family. Primary providers convene a support team meeting. This is an opportunity to share a fuller understanding of participant histories, strengths and challenges, as well as to begin coordinating service plans.

The engagement of other service providers with the family is a work in progress. Families do not always show up. Many distrust their service providers. They have survived by conforming their stories to the requirements of different programs. Oftentimes people who have multiple service providers have plans that have conflicting requirements. For families with children, this can become exponentially complicated.

The sheer size of Ramsey County—reflected in the number of social service agencies, school districts and health care providers—makes the task of developing support teams challenging. Sometimes the primary provider needs time to build trust with the participant. It takes time to identify and make contact with other agencies that are working with these families. Hearth Connection supports this process by fostering organizational commitment to the support team model with decision-makers at many of these organizations.

This process of building support teams is one of the unique areas of focus for the pilot over the long-term. The goal is to develop one plan for each participant that represents the interests of all support team members, including the participant's own interests and concerns. Ongoing communication and group problem-solving will help bring the myriad of government and community resources together in a more coordinated effort to create a lasting outcome for the family.

Expansion

Blue Earth County is planning to expand its pilot to enroll sixteen single adults as a result of the most recent state appropriation. It is expected that these will be individuals who are chronic public inebriates, have serious mental illness, or both. The County will continue to be the primary provider for this new group.

Ramsey County is also planning to expand its pilot to approximately eighty single adults. The focus will be on chronically homeless individuals with mental health problems exacerbated by substance abuse.

PROGRESS TOWARDS DEMONSTRATION PROJECT GOALS

The statute directs DHS to report on the following:

- The demonstration project's use of public resources;
- The leveraging of other funds; and
- The feasibility of financing the project through other programs

The statute also requires an evaluation that measures the pilot's effectiveness in achieving the following goals:

- Improving participant outcomes, including increasing employment and improving the housing status of participants;
- Increasing accountability for outcomes;
- Improving coordination among service providers; and
- Proving the cost-effectiveness of the model.

Use of Public Resources

In 2000, the Minnesota Legislature appropriated three million dollars from the state's Temporary Assistance for Needy Families (TANF) reserves to enroll homeless families in the pilot. One million dollars was made available for each of three state fiscal years, beginning July 1, 2000, and ending June 30, 2003. The 2001 Legislature appropriated an additional one million dollars from the general fund per year in fiscal years '02, '03, '04 and '05, to expand the program to single adults.

The Blue Earth County pilot budget includes \$350,000 per year of TANF, supplemented by Child Welfare Targeted Case Management (CW-TCM) and Mental Health Targeted Case Management (MH-TCM) funds. The County also contributes some funding. Additionally, the project leverages two types of public housing funds, Section 8 and housing capital, including HUD, MARIF and foundation funding for the new family supportive housing building.

The Ramsey County pilot budget includes \$650,000 per year of TANF, supplemented by county funds. The project also leverages Section 8.

The program will maximize use of the federal Section 8 program to provide rental subsidies for participants.

Leveraging Private Funds

Initially, foundations, local service providers, CSH and health plans invested \$600,000 in the design and development of the pilot model. Today, the demonstration project is leveraging an additional \$1.6 million in private, philanthropic grants made to Hearth Connection. These dollars cover the costs of staff who support and administer the pilot, as well as the costs projected for the evaluation. Current contributors include:

- Robert Wood Johnson Foundation
- F.R. Bigelow Foundation
- Mardag Foundation
- St. Paul Foundation
- Katherine B. Andersen Fund (St. Paul Foundation)
- Anonymous (for Blue Earth County)
- Blue Cross Blue Shield of Minnesota
- Patrick and Aimee Butler Family Foundation
- Initiative Fund of Southeast and South Central Minnesota
- John S. and James L. Knight Foundation
- Sheltering Arms Foundation

Long-Term Planning

A work group has been formed including staff from DHS, MHFA, Blue Earth County, Ramsey County and Hearth Connection. The purpose of this group is to review existing health care, mental health, chemical dependency, family and children's funding streams to identify the challenges and opportunities for using existing program dollars to finance this demonstration project.

As of the writing of this report, the group has made progress understanding how the Supportive Housing and Managed Care Pilot uses funding. This breaks out into four general categories:

- Intensive case management;
- Support services;
- Rent subsidy bridge to Section 8; and
- Damage deposits.

In addition, the group has considered some basic funding principles that dictate how categorical funding needs to conform to the objectives of the pilot. Examples include:

- The funding follows the participant.
- Government takes on challenges of integrating funding and eliminating categorical funding barriers of existing programs (who can be served, what services, for how long, where and by whom).
- The payment method can foster accountability and flexibility.

- The payment method could include financial responsibility for some of the costs of crisis and institutional services for pilot participants, utilization of which the pilot aims to reduce.

During the next year, the group will look at different funding streams to understand the following:

- What is the source? (Federal, State and County contributions)
- How do the funds flow?
- Who administers the program?
- Who is the target population?
- What services are covered?
- What gaps exist?
- How large is the existing program?
- Are there licensure and setting requirements?
- Are there time limits?
- What are the reporting requirements?
- What changes would be necessary to use or to redirect existing program funds to help finance this pilot?

Evaluation

The demonstration project evaluation will measure the pilot's effectiveness in achieving the following goals:

- Improved participant outcomes;
- Increased accountability;
- Increased coordination; and
- Cost-effectiveness.

Hearth Connection has a contract with The Better Homes Fund, an independent evaluation firm located in Massachusetts, to design the evaluation. The design will be completed by the end of 2001. DHS and the counties are working with Hearth Connection and The Better Homes Fund on the evaluation design, as well as identifying different data sources to support the evaluation.

The evaluation will contain the following components:

1. A participant satisfaction evaluation, which will use information from interviews with participants regarding their quality of life and satisfaction with services;
2. A cost and utilization study, which will analyze the utilization of services by participants, and their costs, using data from pilot operations and health plans, health care providers, social service organizations, county social service, public health and corrections departments, state agencies, and housing providers;

3. An outcome study, which will track key indicators of participants' well-being, stability in housing and productivity, such as children's school attendance, housing stability, and employment outcomes; and
4. A support team evaluation, which will document changes in the way support team members operate and their satisfaction with the support team model.

The 2002 Report to the Legislature will have more sophisticated findings for each of these goals.

Conclusion

Significant progress has been made since the Legislature appropriated funding for The Supportive Housing and Managed Care Pilot with regards to the implementation, financing, service delivery and evaluation. Early anecdotal evidence suggests that the design will yield increased coordination and improved participant outcomes for homeless families, and soon for homeless single adults. As there is more experience with the pilot, and once there is an evaluation methodology, more information will become available on the costs and cost efficiency of the program.