IN THE CITIES: NEW SAN DIEGO COST DATA EXPANDS UNDERSTANDING OF HOUSING AND MENTAL HEALTH INTERVENTION

SAN DIEGO, CALIFORNIA. Any discussion of cost benefit analysis regarding homelessness and frequent users of public systems inevitably includes the well-known story of 15 chronic inebriates from the streets of San Diego who were tracked for 18 months in their services use to reveal a cost of $3 million to the taxpayers of San Diego City and County.

This San Diego data will now be amplified by a study published last week in *Psychiatric Services*, the journal of the American Psychiatric Association, which examined mental health service utilization and costs associated with California's AB 2034 Housing First program in San Diego County. Called Reaching Out and Engaging to Achieve Consumer Health (REACH), the program tracked 177 REACH clients and a control group for the study, looking at a 2-year period before and after housing placement.

Overall, when comparing the REACH clients and a control group, case management costs increased by $6,403, and inpatient and emergency costs declined by $6,103. Criminal justice system costs declined by $570. The study found no significant differences in outpatient or total costs for the groups. The net cost of services after considering the cost offsets was just $417 over two years, substantially lower than the $20,241 total cost of services.

Included in the data were mental health services costs for case management, outpatient services, inpatient and emergency services, criminal justice system services, for 2 years before and after housing placement. Data showed that participation in REACH was associated with substantial increases in the use of outpatient services as well as decreases in inpatient and emergency services and criminal justice system services. The new study, funded by the National Institute of Mental Health, finds that "the increased costs of case management and outpatient services were essentially entirely offset by reduced expenditures on inpatient and emergency services and mental health services provided in criminal justice system settings."

While the study did not consider county or federal costs of housing, income, and supplemental support, or other costs such as incarceration costs beyond mental health services provided in jail, the researchers propose that the more limited scope of their focus on analysis of mental health services costs provides a very detailed analysis of the majority of program resources. REACH participants are recruited from shelters and through a homeless outreach team, and community-based mental health programs. The program relies on 100 Section 8 vouchers.

REACH was established in 2000 in response to concerns that homeless people with serious mental illness were being displaced by a new sports stadium in downtown San Diego. The California legislature in 1999 provided $10 million for pilot programs offering integrated housing, mental heath, and supportive services. On the basis of

early success in these counties, the legislature passed AB2034 in 1999, which provided the resources to expand the program statewide. In November 2004, voters approved Proposition 63, the Mental Health Services Act (MHSA) which applied a 1% tax on incomes over $1 million to fund public mental health services. 28% of MHSA funding was allocated to full-service partnerships, Housing First programs that do "whatever it takes" to sustain housing and improve mental health.

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