

IN THE CITIES AND COUNTIES: COST ANALYSIS DRIVES POLITICAL WILL AND SEARCH FOR SOLUTIONS TO HOMELESSNESS

LOUISVILLE, KENTUCKY. Exactly three years ago, noted business thinker and writer Malcolm Gladwell published his landmark "Million Dollar Murray" profile in *The New Yorker* magazine. Aptly subtitled "Why problems like homelessness may be easier to solve than to manage," the article documented the analysis that "enormous sums of money are already being spent" on people experiencing chronic homelessness, driving home the point that is at the heart of the policy goal of ending chronic homelessness through new strategies and solutions.

As Gladwell stated in a subsequent NPR interview about the article, "The thing that's driving this strategy towards homelessness is the notion that we have a very limited amount of money, a very limited amount of political will. And what are we going to do with that? Well, we're going to concentrate it on the worst part of the problem in the place where we can save the most money in the short term." Gladwell had pursued the cost issue after hearing U.S. Interagency Council on Homelessness Executive Director Philip Mangano at one of the Council's city focus groups for 10 Year Plan leaders tell the results of cost analysis in San Diego, where 15 people tracked for 18 months showed \$3 million in use of public systems in the city and county.

Three years later, more than 65 cost studies of the same population have been undertaken coast to coast in communities of all sizes to document the economic insight that has driven political will towards a new standard of expectation on homelessness and away from a view of chronic homelessness as an intractable part of the nation's social landscape.

The inaugural convening of the Executive Committee of the Kentucky Interagency Council on Homelessness (shown here) last week included a presentation on a new cost study from Louisville, the state's largest city. The Kent School of Social Work at the University of Louisville prepared the publicly-funded study for the Louisville Coalition for the Homeless, represented at the Council meeting by Executive Director Marlene Gordon.

A [multi- faceted research project](#) looked at 7,180 individuals over a 2-year period. About 25-30% of residential homeless clients used either jail or corrections services, and about 20% percent of residential homeless clients used community based mental health services. 12-13% use the Healing Place detox services, and about 4% use Central State Hospital. About 50% of residential homeless clients used the Phoenix Health Center for primary health care and about 40% used University Hospital. The data showed 97% of hospital mental health services costs was related to homeless clients with SMI/co- occurring conditions and substance abuse.

Of the 626 SMI/CC clients who received emergency shelter, 107 were "high-cost" clients whose multi- service system cost exceeded \$50,000 per year (average per client cost of \$53,596). Of the 792 SMI/CC clients who received transitional shelter, 167 were "high-cost" clients with an average multi-service system per client cost of \$54,945 per year. In comparison, the 34 SMI/CC clients who lived in permanent housing had an average multi-service system per client cost of only \$27,450 per

year. Providing permanent housing for the high-cost SMI/CC clients in emergency and transitional shelter could have saved \$7.4 million per year.

The next step in Louisville's analysis is to focus on high cost institutional care to identify high cost cases that could be served more effectively by alternative community based services. The first target group is the seriously mentally illness/co-occurring condition homeless cases that used emergency or transitional services. This group consumed 57% (\$50,482,948) of all 2004 and 2005 multi-system service costs.

To obtain their data, individual records were obtained by the researchers from homeless services providers. All homeless cases were merged onto a single, master electronic data file with a Social Security Number as the main identifier. The research team then assigned a random identification number to each homeless person. The research team identified the following agencies for sharing data: Louisville Metro Jails; Kentucky Department of Corrections; Seven Counties Services (including JADAC); Healing Place; Central State Hospital, and UofL's University Hospital. After getting approval for the proposed electronic, data merging process from the University of Louisville's Institutional Review Board, each agency was contacted to participate in the study. Each institution required approval from its own IRB and HIPAA review group for the administrative data study.

In 2008, the Coalition for The Homeless and Louisville Metro Office On Homelessness published an update to the region's 10 Year Plan, in which they also reported on an extensive prevention pilot project for discharge planning. According to the report, the Kentucky Cabinet for Health and Family Services/Department for Metal Health and Mental Retardation Services in collaboration with The Coalition for the Homeless of Louisville, Families and Children First, and the Lake Cumberland MHMR Board, Inc. developed and implemented a homelessness prevention pilot program. The project was designed to offer institutional discharge planning on a voluntary basis to persons exiting state operated prisons, mental health facilities, and the foster care system. The project was conducted from June 2005 through June 2007.

The pilot project - implemented in just two communities - demonstrated that the State of Kentucky and the shelter system could save \$1,788,865 per year if a reintegration program was used. The average daily savings for the State of Kentucky for each day when project clients were housed is \$4,901. This shows it would only take 41 days for the state to recoup the costs of this program.

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