

## BEHAVIORAL HEALTH

# A win-win for those who need it most

Supportive housing saves money and improves health outcomes for those with mental illness.

By Katharine Dobbins  
and Carey Addison

Wellspring has long believed supportive housing to be the key for many people with severe and persistent mental illness to begin re-building their lives. Established in 1982, Wellspring sought to fill the unmet need for supportive housing in our community. While mental illness is common in the U.S., the heaviest burden of illness is concentrated in the much smaller sub-population of persons with severe and persistent mental illness which affects about one in 17 people (six percent of the population). These individuals have a major mental illness diagnosis, are more disabled by their illnesses and have endured their illness for an extended period of time. Many have experienced homelessness, have co-occurring substance abuse and die 25 years earlier than the norm.

Taking all of these costs into account, there was an ultimate savings of nearly \$18,000 per client during their first year of housing for an aggregate cost savings of \$2.4 million for clients who received services at KentuckyOne Health.

Wellspring provides permanent supportive housing (PSH) to about 200 adults with severe and persistent mental illness annually and is on pace to serve nearly 500 people in our psychiatric crisis units this year. We are a Seven Counties Services affiliate agency, a member agency of the Coalition for the Homeless and Metro United Way. Our experience over the past 34 years, indicated that PSH reduced our clients' use of hospitals and emergency room services, reduced homelessness and in-

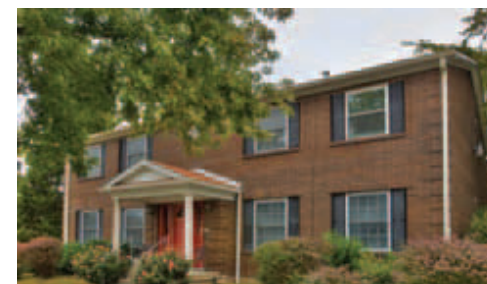
carceration rates and opened the door to community membership.

## Commitment to Our Community

Passport Health Plan presented an opportunity for us to delve deeper into the data and produce hard numbers to back up our supposition that PSH is a cost effective and critical component of the system of care. Their Improved Health Outcomes Program (iHOP) is an example of their commitment to our community. Passport's Board sets aside funds each year for research and development of programs that "improve quality, access, efficiency and cost of healthcare" for Medicaid recipients. Since almost all of Wellspring's clients are Medicaid beneficiaries, we jumped at the chance to apply for this grant to test our theory.

Upon being selected as an iHOP recipient, we immediately hired a qualified researcher. Carey Addison, who works full time at another of our partner agencies, Family Health Center's Phoenix (FHC-Phoenix) Healthcare for the Homeless program, has a PhD in urban studies, and considerable research experience in the area of homelessness. With Addison at the helm, we set out to test our hypothesis that "PSH services facilitate an exit from homelessness, increase use of outpatient mental health services and reduce demand on more-costly services."

We identified KentuckyOne Health (University of Louisville Hospital & Emergency Psychiatric Services), Metro Corrections and Central State Hospital as the providers whose data we thought would be most relevant. Without their help, this study would have not been possible. Since Wellspring and FHC-Phoenix have partnered on several projects, we included clients from our collaboration in the study. We recruited 128 participants from Wellspring's and FHC-Phoenix's



PSH programs.

The study took close to two years to complete, largely because of the challenges associated with collecting data across service systems. Due to various data issues, we ultimately ended up including 110 participants in the study. Once all data had been obtained, we compared service utilization for the year before the client's entry into PSH with the year after their entering PSH. Costs were aggregated to represent each participant's use of services for the year prior to their entering PSH with the following year. The cost of housing and services were also added to year two service costs.

## Promising Results

We found that in the one-year span

prior to entering PSH, the aggregate cost of inpatient care for the clients at KentuckyOne was in excess of \$2.5 million. In the following year, we saw a reduction of more than 52 percent (decreasing to \$1.2 million). Emergency room costs also decreased by nearly 50 percent (\$1.6 million to \$780,000). And, as we assumed, outpatient care went up (38 percent). Taking all of these costs into account, there was an ultimate savings of nearly \$18,000 per client during their first year of housing for an aggregate cost savings of \$2.4 million for clients who received services at KentuckyOne Health.

Metro Corrections data showed a 40 percent decrease in utilization costs over the two years but this is an un-

Continued from page 14

derestimate of the full savings. At least 24 clients received costly treatments (psychiatric, substance abuse, physical health) which would have quadrupled their daily cost. However, because we did not have complete data identifying the dates of these services, we utilized the base daily rate of \$65 (vs. \$250). The aggregate savings was \$23,500 using the lower number but could balloon to more than \$100,000 with the higher rates. The savings for clients admitted to Central State Hospital in the year prior to coming into the program also decreased by a total of \$162,000. The total gross savings per client were \$19,700 with an aggregate savings of \$2.2 million across the 110 participants. When we added the cost of housing and support services

## PROMISING RESULTS

<b>Cost of inpatient care for the clients at Kentucky One</b>	<b>Decreased more than 52 percent from \$2.5 million to \$1.2 million</b>
<b>Emergency room costs</b>	<b>Decreased nearly 60 percent from \$1.6 million to \$780,000</b>
<b>Outpatient care</b>	<b>Increased 38 percent</b>
<b>Ultimate savings</b>	<b>\$18,000 per client during first year of housing</b>
<b>Metro Corrections</b>	<b>Utilization costs decreased 40 percent from \$250 to \$65 for base daily rate</b>
<b>Total gross savings per client</b>	<b>\$19,700</b>
<b>Aggregate savings</b>	<b>\$2.2 million</b>

after entering PSH, the total savings were \$628,000.

The study highlights the importance of collaborative research that brings together data across the larger system. PSH provides important opportunities for not only housing but a means for achieving personal independence, dignity, and a higher quality of life while at the same time, significantly reducing utilization of costly services. The study demonstrates what we have long suspected: PSH is a win-win for all concerned.

— Katharine Dobbins is Chief Executive Officer at Wellspring in Louisville, Ky.

- Business Law
- Government Access
- Healthcare Regulation
- Real Estate
- Litigation

201 East Main Street, Suite 900  
 Lexington, Kentucky 40507  
 (859) 231-8780 | [www.mmlk.com](http://www.mmlk.com)

THIS IS AN ADVERTISEMENT

WHEN IT COMES TO HEALTHCARE LAW,  
 DOES YOUR LAW FIRM EVEN HAVE A PULSE?

