

Helping Chronically Homeless People Avoid High-Cost Health Care

Policymakers seeking strategies to manage health care costs often look at ways to reduce unnecessary emergency room visits and hospital stays. Frequently overlooked in this approach are community-based solutions that offset health care costs associated with homelessness.

The national estimate of people who were homeless in the United States on a given night in 2010 is 649,917. Roughly 17 percent of that number- or 109,802 individuals - are considered “chronically homeless.”ⁱ Chronically homeless individuals are homeless repeatedly - four or more times in the past three years - or for long periods of time.ⁱⁱ They suffer from serious mental illnesses, substance abuse disorders, and physically disabling conditions. Typically uninsured, they frequently use (and may overuse) emergency room services to address complicated health needs exacerbated by living on the streets or in shelters.ⁱⁱⁱ As a result, hospitals are among the safety net providers most affected when chronically homeless people lack access to primary care. Unnecessary costs and the lost opportunities to promote public health are borne by the entire health care system, particularly Medicaid and other public programs.

One policy alternative that is proven effective in reducing chronic homelessness, as well as public health care costs, is *permanent supportive housing*. *Permanent supportive housing* programs provide affordable housing accompanied by supportive on-site or community-based services such as mental health and substance abuse treatment, health care, and other ongoing supports. Housing placement and supportive services stabilize people experiencing chronic homelessness, so they can access care and preventive measures more appropriately, reducing the need for emergency room care and resulting public costs.

A number of states and cities have implemented permanent supportive housing strategies and have documented relative costs offset by this public intervention. Portland, Maine, reduced emergency room annual expenditures by \$1,296 per chronically homeless individual given permanent supportive housing.^{iv} Similarly San Francisco found a 56 percent decrease in emergency department visits by its chronically homeless population after providing them with permanent supportive housing.^v A mounting number of studies and documented success stories definitively find not only the cost effectiveness of permanent housing interventions in reducing emergency room costs, but marked success in reducing chronic homelessness.^{vi}

For health policy, the implications are clear: Initiatives to reduce unnecessary hospital costs should enable local safety net systems to target appropriate interventions toward chronically homeless people. Appropriate interventions include health care and supportive services, such as those that Medicaid provides, that enhance the effectiveness of permanent housing solutions.

REFERENCES

ⁱ U.S. Department of Housing and Urban Development, *Annual Homeless Assessment Report, 2011*, Washington, D.C.

ⁱⁱ U.S. Department of Housing and Urban Development. *SuperNOFA for Continuum of Care Programs: Fiscal Year 2010*. Washington, D.C.

ⁱⁱⁱ This subset of the homeless population often uses inpatient hospital and emergency room services more than once a year. Common Ground. *Vulnerable Homeless Individuals and Medicaid Eligibility*. New York, NY. 2010.

^{iv} Mondello, M., Gass, A. B., McLaughlin, T., Shore, N. *Cost of Homelessness: Cost Analysis of Permanent Supportive Housing*. September, 2007.

^v Martinez, T.E., Burt, M.R. “Impact of Supportive Housing on the Use of Acute Care Health Services by Homeless Adults.” *Psychiatric Services*, 57(7), 992-999. 2006. As cited in Common Ground.

^{vi} National Alliance to End Homelessness. 2010 *Cost Savings with Permanent Supportive Housing*. Available <http://www.endhomelessness.org/content/article/detail/2666>.