



Austin Public Health



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MEMORANDUM

TO: Mayor and City Council
FROM: Stephanie Hayden, LMSW, Director *Off for Stephanie Hayden*
DATE: August 17, 2018
SUBJECT: Permanent Supportive Housing (PSH) Pay for Success (PFS) Recommendations

Per City Council Resolution 20170126-043, the City Manager was asked to work with City departments to develop a PFS Action Plan for PSH in which the City would be an end-payor. This memo provides an update and a summary of the various aspects associated with implementing this new approach and model.

The following partners were a part of this comprehensive process:

- City of Austin Departments: Austin Public Health, City Legal, Downtown Austin Community Court, Financial Services/Budget, Neighborhood Housing, Office of Performance Management, and Purchasing
- Ending Community Homelessness Coalition (ECHO)
- Central Health
- Corporation for Supportive Housing
- Social Finance, Inc.
- Travis County

Proposed PFS Action Plan:

The PFS Action Plan focuses on the wrap-around services connected to an intensive PSH Strategy: case management, health care, mental health services, substance use treatment, supported employment services, etc. The work group developed key elements of the PFS Action Plan outlined below.

Eligibility Criteria

The work group has agreed upon eligibility criteria that ensures a large pool of eligible individuals while still targeting high users of health care and criminal justice systems. Eligible applicants will show the following patterns:

- A pattern of correctional facility stays:
 - Minimum of 1-day jail/booking in the past year
 - Minimum of 2 jail days/bookings in the past 3 years
- Urgent health care utilizations:
 - Minimum of 1 encounter in the past year
 - Minimum of 9 health care encounters in the last 4 years



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- Emergency room visits
- Inpatient admissions
- EMS
- 911
- Psychiatric evaluations
- A pattern of homelessness: individual must meet the U.S. Department of Housing and Urban Development's (HUD) definition of "chronically homeless."

Using these criteria, approximately 1,000 individuals would be eligible in Austin/Travis County. In addition to the above criteria, the target population will be further defined by a health care benefits provider. At a minimum, approximately 66% of project's enrolled individuals will be uninsured, MAP participants, or on a sliding scale. Medicaid and VA patients will be capped at approximately 33%.

Outcome Metrics

Social Finance Inc. worked with each of the end-payers to create the following outcome metrics for the project:

Outcome	Housing Stability	Health Care
Definition	Number of consecutive 30-day periods (months) that a participant maintains a lease, sublease, or occupancy agreement	Estimated program impact on emergency room visits and hospitalizations per participant measured as total number of encounters (vs. length of stay)
Payment linked?	Yes	Yes
Payment points and structure	<ul style="list-style-type: none">• Minimum of 6 months housing stability• Prices are per participant per month<ul style="list-style-type: none">○ 6 months - \$○ Months 7-12 - \$\$○ Months 13 -18 - \$\$\$• Prices TBD	<ul style="list-style-type: none">• Proposed observation period of 18-24 months based on the literature and other PFS projects• Prices TBD
Data sources	<ul style="list-style-type: none">• Service provider data• HMIS	<ul style="list-style-type: none">• Service provider data• Integrated Care Collaboration (ICC)• Other – i.e. jail health care, other health care provider systems



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Evaluation Design

ECHO issued a Request for Qualifications which included proposals for evaluation design in June, with the intent to make a final selection in July. Due to low number of responses, ECHO and Social Finance, Inc. are strategizing on next steps. Once the evaluator selection has been finalized, end-payers will reconvene to confirm timing and outcome measurement methods, after which the evaluator will begin to craft an evaluation plan. The estimated timeline for completion is mid-September.

Payment Schedule/Economic Design

The development of the economic design and specifics remain unresolved because Social Finance, Inc. requires clarification from Travis County regarding payment metrics. Social Finance, Inc. will make recommendations to the Commissioner's Court sub-committee upon resolution of outstanding contracting questions.

Contract/Legal Issues

At this time, based on assertions by Social Finance, Inc., there are no legal issues preventing the City from entering into a potential PFS agreement with Social Finance, Inc. The terms are still being negotiated to ensure the execution of a legally binding document that only includes legally recoverable damages in an early termination situation and does not improperly bind future City Council decisions related to appropriations.

Summary

Since 2010, the City has committed to PSH as a community intervention to address homelessness. Since that time, successful efforts have been achieved in PSH unit development and growth throughout the community. In addition, positive impacts have been reported in the areas of housing stability, health care, and the criminal justice systems.

These successes are demonstrated in the report published by ECHO in 2014 entitled *Permanent Supportive Housing in Austin Texas: Success, Challenges, and Future Implications for the City's 2010 Permanent Supportive Housing Strategy*.

http://www.austintexas.gov/sites/default/files/files/Housing/PSH/PSH_Evaluation_by_ECHO_2014.pdf.

The PFS Plan will allow the City the opportunity to leverage other public and private funding of \$8 to \$9 million over a five-year period for a City investment of \$6 million, to help scale up current efforts to provide PSH services.

Financial Liability

The PFS program requires a five-year financial commitment. Failure for Council to appropriate funds in future years will trigger early termination of payments to investors. Failure of other end-payers to appropriate funding will also impact scope, size, and continuation of the project, as well as the effectiveness of the City's investment.

Sustainability

There is a lack of community data on the sustainability of PFS programs, so there is no way to assess the project's sustainability after the initial five-year period or whether the long-term impacts to be achieved will differ from those of the current PSH program.



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Unidentified PSH Units

One of the proposed roles of ECHO in this partnership is to identify the 250 housing units. To date, there has been little to no information on strategy of how this will be accomplished. An effective strategy will require a balance of services and housing units.

Costs, Benefits and Options

One major benefit of the PFS Model is that governmental entities only pay for outcomes achieved.

One cost of the PFS Model are payments in addition to those for direct services, including interest paid to investors, and costs for services from the intermediary and evaluator. Currently, 100% of the City's investments for PSH support direct services, so the PFS Model includes costs beyond those historically paid by the City.

In lieu of the PFS Model, another potential option would be for the three end-payers, the City of Austin, Travis County and Central Health, to enter into a traditional Interlocal Agreement. This would minimize financial liability for all parties and eliminate the need and cost of interest paid to investors and the cost of services for the intermediary and evaluator, all while achieving the same results. There would a loss of non-City funds already committed to the project, including \$1.3 million in grant funds from HUD/Department of Justice and Non-profit Finance Fund and additional philanthropic funding.

Currently \$1.2 million is available in a City reserve fund for the PFS project. As the FY2019 budget process moves forward, Council may want to consider setting aside additional funding this year to cover the remaining future financial commitments.

If you have any questions, please do not hesitate to contact me at 512-972-5010.