

Housing for People with Mental Illness: DSHS Exceptional Item Request #8

The Department of State Health Services' (DSHS) Exceptional Item #8 requests funding for basic and enhanced supportive housing projects for people with serious mental illness. Supportive housing is a cost-effective, evidence-based practice that combines stable and affordable living arrangements with flexible health and human services designed to promote recovery for people with behavioral health conditions.¹

On any given night, more than 36,000 Texans experience homelessness.² An estimated 26.2% of these individuals are living with serious mental illness.³ When people with serious mental illness do not have stable living arrangements they often cycle in and out of homelessness, emergency rooms and jails. Treatment is much more expensive in these settings.

The average cost per day for a bed in a state psychiatric hospital is \$401. A jail bed costs approximately \$137 per day for an inmate with mental illness. The average emergency room visit costs \$986.⁴ Cost estimates for supportive housing programs vary between \$20 and \$52 per day depending on where the program is located and the services offered.⁵

Providing affordable housing and coordinated services is an effective way to promote recovery from mental illness at a much lower cost than institutional treatment.

DSHS Exceptional Item Request #8	
Short-term and long-term rental assistance funds for people with serious mental illness at-risk for continued use of services in the most costly settings.	# of individuals served in FY2014: 707 # of individuals served in FY2015: 977
Medicaid Section 1915(i) State Plan Amendment (<i>see below</i>) targeted for individuals with extended stays in state psychiatric hospitals.	Funds will be used to purchase residential support services, supported employment, peer support and other services that help individuals establish stable and independent lives in their communities.
Total Investment	\$24.8 million
Total Return on Investment	\$39.2 million

What is a Medicaid 1915(i) State Plan Amendment?

Medicaid is a jointly funded state/federal program that provides health care to certain individuals and families with low incomes and resources. It was created in 1965 by amendments to the Social Security Act. State Medicaid programs must offer certain mandatory benefits to certain mandatory populations as required by the federal government. States sometimes, however, find it beneficial to offer more comprehensive and intensive service packages to discrete populations who may require more long-term services and supports.

Section 1915(i) of the Social Security Act provides flexibility for states that want to restructure their Medicaid programs to provide home and community-based services to narrowly defined populations with histories of using more expensive institutional services. **The Senate Committee on Health and Human Services recommends pursuing a 1915(i) State Plan Amendment to provide supportive housing to individuals with serious mental illness who have had multiple or extended stays in state hospitals.**

What will DSHS's 1915(i) State Plan Amendment do for Texas?

A 1915(i) State Plan Amendment is included in DSHS Exceptional Item Request #8. The State Plan Amendment will permit the provision of Medicaid services in a supportive housing setting to people with serious mental illness. DSHS will use these funds to purchase less expensive community-based services such as residential support services, supported employment, peer support, and other services that help individuals establish stable and independent lives in their communities.

Who will be eligible for services under the 1915(i) State Plan Amendment?

Services under the 1915(i) State Plan Amendment will be limited to individuals with extended stays in state psychiatric hospitals who are at-risk for homelessness and utilization of more expensive services in emergency rooms and in the criminal justice system.

How much will Texas save by pursuing a 1915(i) State Plan Amendment?

The total return on investment, or projected savings less the cost of pursuing the exceptional items related to supportive housing for people with mental illness is \$39.2 million for the upcoming biennium.

¹ U.S. Interagency Council on Homelessness (June 2010). *Supplemental Document to the Federal Strategic Plan to Prevent and End Homelessness*. Retrieved January 11, 2013 from USCIH at http://www.usich.gov/resources/uploads/asset_library/BkgrdPap_ChronicHomelessness.pdf.

² U.S. Department of Housing and Urban Development (December 13, 2011). *HUD's 2011 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations*. Retrieved October 11, 2012 from HUD at <http://www.hudhre.info/index.cfm?do=viewHomelessRpts>.

³ Substance Abuse and Mental Health Services Administration (July 2011). *Current Statistics on the Prevalence and Characteristics of People Experiencing Homelessness in the United States*. Retrieved September 27, 2012 from SAMHSA at http://www.nrchmi.samhsa.gov/ResourceFiles/hrc_factsheet.pdf.

⁴ Health Management Associates (March 2011). *Impact of Proposed Budget Cuts to Community-Based Mental Health Services*. Retrieved July 18, 2012 from HMA at <http://www.ttbh.org/Documents/BudgetCutsCommunity.pdf>.

⁵ The Lewin Group (November 19, 2004). *Costs of Serving Homeless Individuals in Nine Cities*. Retrieved from the Corporation for Supportive Housing at http://documents.csh.org/documents/ke/csh_lewin2004.PDF.