COMMONWEALTH of VIRGINIA

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November 1, 2022

To: The Honorable Janet D. Howell, Chair, Senate Finance & Appropriations Committee
The Honorable Barry D. Knight, Chair, House Appropriations Committee

Fr: Nelson Smith, Commissioner, Department of Behavioral Health and Developmental Services (DBHDS)

Item 313.Z.2 of the 2022 Appropriations Act directs the Department of Behavioral Health and Developmental Services (DBHDS) to report on Permanent Supportive Housing funds for adults with serious mental illness. The language states:

> *The Department of Behavioral Health and Developmental Services shall report on the number of individuals who are discharged from state behavioral health hospitals who receive supportive housing services, the number of individuals who are on the hospitals' extraordinary barrier list who could receive supportive housing services, and the number of individuals in the community who receive supportive housing services and whether they are at risk of institutionalization. In addition, the department shall report on the average length of stay in permanent supportive housing for individuals receiving such services and report how the funding is reinvested when individuals discontinue receiving such services. The report shall be provided to the Chairmen of the House Appropriations and Senate Finance Committee by November 1 of each year.*

In accordance with this item, please find the enclosed report for Item 313.Z.2. Staff are available should you wish to discuss this report.

cc: Secretary John Littel

Virginia Department of Behavioral Health & Developmental Services

Permanent Supportive Housing: Outcomes and Impact (Item 313 Z.2)

November 1, 2022

DBHDS Vision: A Life of Possibilities for All Virginians

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Preface

This report responds to Item 313 Z.2 of the 2021 Virginia Acts of Assembly requiring the Department of Behavioral Health and Developmental Services (DBHDS) to submit a report on Permanent Supportive Housing funds for adults with serious mental illness.

> *The Department of Behavioral Health and Developmental Services shall report on the number of individuals who are discharged from state behavioral health hospitals who receive supportive housing services, the number of individuals who are on the hospitals' extraordinary barrier list who could receive supportive housing services, and the number of individuals in the community who receive supportive housing services and whether they are at risk of institutionalization. In addition, the department shall report on the average length of stay in permanent supportive housing for individuals receiving such services and report how the funding is reinvested when individuals discontinue receiving such services. The report shall be provided to the Chairmen of the House Appropriations and Senate Finance Committee by November 1 of each year.*

Item 313 Z.2 Permanent Supportive Housing

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Executive Summary

Permanent supportive housing (PSH) is an evidence-based practice for adults with serious mental illness (SMI) that has been implemented, refined, and studied for more than three decades. A notable subset of individuals with SMI are unstably housed or are homeless and, as a result, have poor behavioral health outcomes and are high utilizers of costly treatment and criminal justice resources. Multiple peer-reviewed research studies, including eight randomized controlled trials, have found that PSH is particularly effective in improving participants' housing stability and reducing their emergency department and inpatient hospital utilization.[1]

The two core components of the PSH model are (1) affordable rental housing and (2) community-based supportive services designed to assist individuals with improving behavioral health conditions and maintaining housing. PSH is widely endorsed as a critical resource to prevent unnecessary institutional stays and facilitate discharges from institutions for persons with disabilities as required by the Americans with Disabilities Act, as interpreted by the U.S. Supreme Court's Olmstead decision.

In state fiscal year 2022, the Virginia General Assembly appropriated more than $34 million to the Department of Behavioral Health and Developmental Services (DBHDS) to fund permanent supportive housing for very low-income individuals with SMI. DBHDS adopted evidence-based practice standards for Permanent Supportive Housing from the federal Substance Abuse and Mental Health Services Administration (SAMHSA) to define the program model, operating standards, and evaluation framework for Virginia's PSH program. This report describes key characteristics of the program and its participants as well as statewide outcomes for the 1,430 individuals who were housed between February 6, 2016 and June 30, 2022.

Findings in this report support the value of investment in PSH for this population:

- Nearly half (49.1 percent) of PSH participants were hospitalized in a state psychiatric facility at some point in their lifetimes.
- 272 individuals were discharged from a state psychiatric hospital into DBHDS PSH, and overall, 359 individuals in PSH for at least twelve months had a state hospital admission in the year before move-in.
- 91 percent of individuals served in PSH remained stably housed for at least one year.
- Only nine percent of those served have been discharged to an institutional setting or higher level of care.
- State hospital utilization decreased by 76 percent the year after PSH move-in, resulting in avoided costs of $27.6 million.

[1] Center for Budget and Policy Priorities. (2016). Supportive Housing Helps Vulnerable People Live and Thrive in the Community. Retrieved from http://www.cbpp.org/research/housing/supportive-housing-helps-vulnerable-people-live-and-thrive-in-the-community#_ftn27

Permanent Supportive Housing Program Characteristics

Housing and Supportive Services Components
DBHDS uses a scattered-site approach where individuals choose their own rental unit from those available on the private market that meet HUD-established affordability standards for the community of residence. The majority of PSH funds are spent on rental subsidies. Individuals contribute approximately thirty percent of their income to rent, as well. Other eligible housing costs include security deposits, application fees, and items such as furnishings needed to establish a household.

PSH funds also support the costs of housing stabilization services, related operational costs, and local program administration. PSH housing specialists assist individuals with locating and moving into housing; understanding the rights and responsibilities of tenancy; establishing and following a budget; communicating effectively with landlords and neighbors; utilizing community resources and supports; and improving household management skills. Housing specialists also coordinate with participants' behavioral health service providers to ensure their emerging needs are addressed proactively in order to promote housing stability, recovery, and quality of life, thereby reducing the over-utilization of costly institutional care.

Community behavioral health services received by PSH participants are provided by CSBs and private providers and are funded through other mechanisms including Medicaid, Medicare, and other federal, state, and local behavioral health funds. A key feature of the PSH model is that participants have access to a range of community-based behavioral health services that may change over time based on each individual's evolving needs, interests, and preferences. The type and intensity of behavioral health services provided varies, accordingly, by participant. Among the services accessed by PSH participants are Assertive Community Treatment (ACT), case management, peer support, mental health skill building, psychosocial rehabilitation, psychiatry, supported employment, and outpatient therapy.

Target Population

DBHDS PSH is deeply targeted to address two pressing issues faced by individuals with SMI in Virginia: institutionalization and homelessness. Eligible sub-populations of individuals with SMI include:

- Individuals being discharged from state psychiatric hospitals;
- Individuals leaving supervised residential settings;
- Individuals who meet HUD's definition of chronic homelessness or who are homeless and at-risk of chronic homelessness; and
- Individuals who are unstably housed and frequently using hospitals, crisis services, and/or criminal justice interventions.

Individuals being discharged from state hospitals are prioritized over other applicants.

PSH Providers and Slot Allocations

In state fiscal year 2022, DBHDS contracted with 25 CSBs and one non-profit to provide PSH. Slot allocations in Table 1 reflect FY2022 funding obligations. Additionally, DBHDS monitors providers of Virginia's Auxiliary Grant in Supportive Housing (AGSH) setting, and those slots create additional PSH capacity as also indicated in Table 1. Several communities have also successfully partnered with their public housing authority to secure a commitment, or

"leveraged", vouchers to provide PSH to individuals with SMI. Each type of slot is operated according to best practice standards for PSH, using the staffing structure funded.

Table 1: PSH Slot Allocation by Provider (FY 2022)

PSH Provider (CSB unless indicated by *)	DBHDS PSH Slots	AGSH Slots	Leveraged Vouchers	Total Slots
Region 1	**362**	**0**	**45**	**407**
Harrisonburg-Rockingham	20	0	25	45
Horizon	30	0	0	30
Northwestern	67	0	0	67
Rappahannock - Rapidan	40	0	20	60
Rappahannock Area	50	0	0	50
Region Ten	95	0	0	95
Valley	60	0	0	60
Region 2	**270**	**0**	**0**	**270**
Arlington	70	0	0	70
Pathway Homes* (Alexandria, Fairfax, Prince William)	200	0	0	200
Region 3	**273**	**120**	**4**	**397**
Blue Ridge	115	40	0	155
Danville-Pittsylvania	42	0	0	42
Highlands	15	15	0	30
Mt Rogers	60	45	4	109
New River Valley	25	5	0	30
Piedmont	3	8	0	11
Southside	13	7	0	20
Region 4	**287**	**0**	**0**	**287**
Chesterfield	30	0	0	30
District 19	60	0	0	60
Henrico	45	0	0	45
Richmond Behavioral Health	152	0	0	152
Region 5	**456**	**0**	**20**	**476**
Chesapeake	15	0	10	25
Hampton-Newport News	134	0	0	134
Norfolk	161	0	10	171
Virginia Beach	122	0	0	122
Western Tidewater	24	0	0	24
Total	**1,648**	**120**	**69**	**1,837**

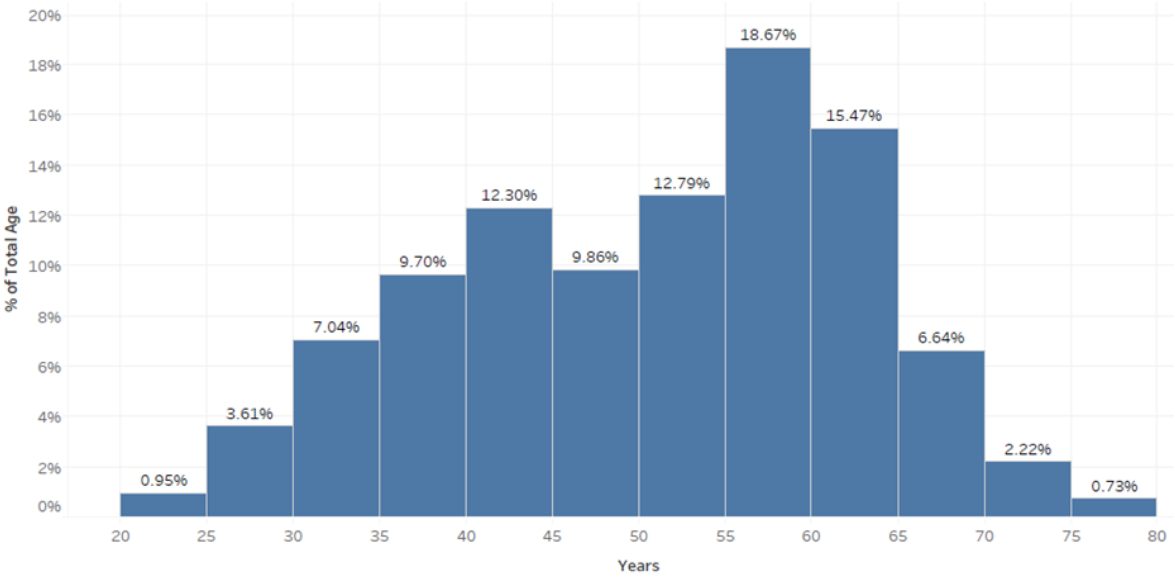
Permanent Supportive Housing Participant Characteristics

Data presented in this report is based on self-reports from structured interview tools and client-level program data from each of the participating sites as well as administrative data from the Community Services Board (CSB) Community Consumer Submission 3 (CCS_3) and AVATAR (state psychiatric hospitals). This report includes outcomes for the 1,578 DBHDS PSH participants who were housed between February 6, 2016 and June 30, 2022.

Demographics

The median age of an individual receiving PSH was 47 years, ranging from 20 to 80 years, as shown below in Figure 1.

Figure 1: Two Age Cohorts[2]



Most (58.9 percent) individuals receiving PSH were male. 46 percent of those served were Black and 44 percent were White. Three percent (3%) of participants identified as Hispanic. Demographics, shown in Table 2, are largely reflective of the population of single individuals experiencing homelessness in Virginia. 60 percent of PSH participants were homeless – living in shelters or on the streets - before move-in.

Table 2: Gender, Race, and Ethnicity of PSH Participants

	Total		Total
N	**1,576**		
Gender		**Race**	
Male	58.85%	Asian	1.27%
Female	38.62%	Black	45.25%
Unknown	3%	Multi-race	3.55%
Ethnicity		Native American	1.14%
Hispanic	2.98%	Native Hawaiian / Pacific Islander	0.13%
Non-Hispanic	90.56%	Unknown	3.23%
Unknown	6.46%	White	45.44%

[2] The trend of % of Total Age for Age (bin). The data is filtered on Move In Date, Source, IsActive (Program Enrollment) and Age (bin). The Move In Date filter ranges from 1/1/2015 12:00:00 AM to 6/30/2021 12:00:00 AM. The Source filter keeps DBHDS SMI. The IsActive (ProgramEngrollment) filter keeps True. The Age (bin) filter excludes 0.85 and 120. Percents are based on each row of the table.

State Behavioral Health Hospitals and PSH Access

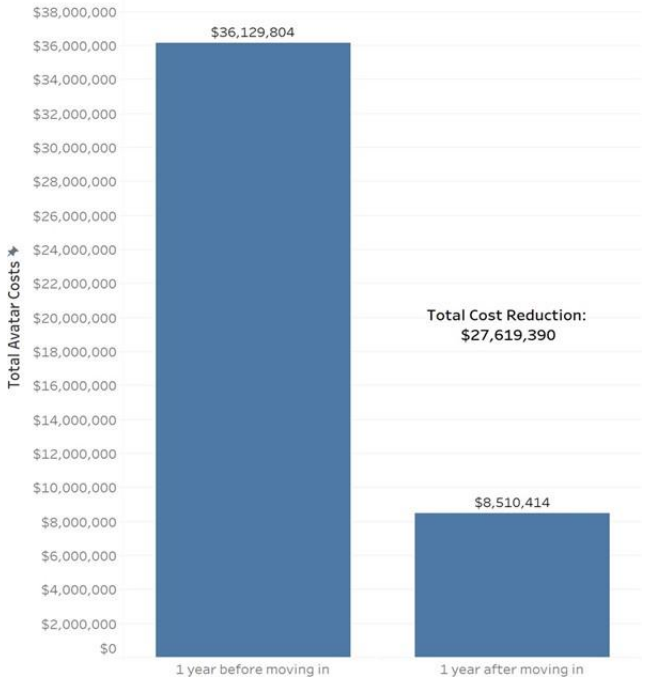
Nearly half, or 48 percent, of individuals served through PSH had an admission to a state psychiatric hospital in their lifetime. Overall, 303 individuals (21 percent) had a stay in a state hospital in the year before PSH enrollment. Through June 2021, 272 individuals (17 percent) were discharged to PSH directly from a state hospital.

Outcomes

State Behavioral Health Hospital Impact

State hospital utilization was examined for a cohort of 1,449 individuals who entered PSH at least one year before June 2022. The cost of state hospital bed days for this group in the year preceding PSH move-in was $36.1 million for 359 hospitalized individuals. The costs for 134 individuals hospitalized in the year after moving into PSH dropped by 76 percent to $8.5 million reflecting state hospital cost reduction of more than $27.6 million for this cohort. (See Figure 2)

Figure 2: State Hospital Cost Impact: One Year Before and After PSH Move-In (n=1,449)



Housing Stability, Length of Stay, and Reinvestment of Funds at Turnover

91 percent of all individuals who moved into PSH before June 2021 remained stably housed for at least one year. The average length of stay for all individuals in PSH was 36 months. Length of stay data skews shorter due to the significant number of new move-ins each year as programs expand due to increased state investment.

PSH maintains active outreach and engagement to referral sources and eligible individuals. When an individual is discharged from PSH, providers identify the next individual who meets the prioritization criteria and assist them with securing housing and supportive services.

Individuals at Risk of Institutionalization

To analyze the risk of institutionalization of PSH participants, prior DBHDS reports examined rates of hospitalization and incarceration before and after PSH move-in, as well as the number of individuals who have been discharged from PSH to a higher level of care or a correctional institution. Individuals in PSH spend fewer days in local and state hospitals and jails than they did in equivalent periods before move-in, and this lower utilization is sustained over time. Individuals are unlikely to be discharged to a higher level of care or to a correctional institution, reflecting low risk of institutionalization for PSH participants.

Of the 1,578 individuals served by a PSH program, 146 (9.3 percent) were discharged from PSH due to their need for a higher level of care. Of those, 26 were discharged to a state hospital and 11 were discharged while in a local hospital. In addition to hospitals, higher levels of care include nursing homes, assisted living facilities, group homes, and residential substance use disorder treatment programs. 31 individuals, or two percent, have been discharged to one of these non-hospital higher levels of care. 81 individuals, or 5.1 percent of PSH participants, were discharged during an incarceration, shown in Table 3. PSH discharges for incarcerated individuals occur when individuals are detained or serving sentences of more than 90 days.

Table 3: PSH Discharges to Institutional Settings

	N	% of Total Served
Treatment Facility	**42**	**2.6%**
Psychiatric Hospital	37	2.2%
Substance Use Disorder Program	5	0.32%
Long Term Care Facility	**26**	**1.65%**
Group Home	4	0.25%
Nursing Home	7	0.44%
Assisted Living Facility	14	0.9%
Intermediate care facility	1	0%
Correctional Institution	**81**	**5.1%**

Conclusion

Overall, individuals who are enrolled in PSH experience dramatic improvements in housing stability and rely less on emergency, crisis, and inpatient care, while increasing their use of community-based behavioral health services. These positive outcomes are achieved while PSH providers are effectively targeting individuals with significant support needs, including those being discharged from state hospitals. Together, these changes reflect improved recovery outcomes and self-sufficiency, reduced public costs, improved community integration, and the value of PSH as a foundational community behavioral health intervention.