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REPORT TO THE LEGISLATURE

**The Supportive Housing and Managed Care Pilot
Year 5**

December 2005

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EXECUTIVE SUMMARY

This is the fifth annual report to the Minnesota Legislature pursuant to Laws of Minnesota 2001, Article 10, Section 55 (Minnesota Statutes Section 256K.25, subdivision 6).

The Supportive Housing and Managed Care Pilot is a demonstration project evaluating whether it is possible to help families and single adults who have long histories of homelessness achieve increased levels of stability and health, in a way that is cost effective for government compared to the expenses associated with homelessness. The project also offers insight into systemic changes needed to organize supportive housing interventions in partnership with the health and human services sector.

The Department of Human Services contracts with Blue Earth County and Ramsey County, which in turn contract with Hearth Connection, a non-profit that is responsible for this demonstration project. Families started enrolling in Blue Earth County in March 2001, and in Ramsey County in May 2001. Single adults began participating in both counties in August 2002. As of June 30, 2005, there were 58 families enrolled, including 186 children, and 86 single adults enrolled, for a total of 345 participants. Since inception, 616 people have participated. The Legislature has funded the demonstration project through June 2007.

This report provides an update on the pilot after four years of operation. It gives a status report on the independent evaluation. It discusses the use of public funds, as well as leveraging of other public and private monies.

This demonstration project continues to move forward as planned, and the mechanisms are in place to deliver information on long-term homelessness, housing and service interventions needed to break the cycle of homelessness, and the cost implications for government. Preliminary results indicate that the project is accomplishing its objectives.

1. Families have stayed in the pilot an average of 2.1 years (780 days) and single adults have been enrolled an average of 2.3 years (833 days). Retention in the program continues to be good at 83% annually.
2. The pilot continues to demonstrate a strong track record of helping participants access and retain permanent housing. As adults coming into the pilot, the average length of time spent homeless is 23 months for heads of family households and 89 months for single adults. 75% of households obtain permanent housing within the first six months, and 92% by 18 months.
3. Overall functional assessment scores improve with time. The largest improvement is in the area of housing.
4. The independent evaluation being conducted by the National Center on Family Homelessness has four components, all of which are proceeding on schedule:

- The fourth annual qualitative study report will be available in January 2006. Based on advance information from the evaluator:

[T]he service approach has in many ways hit its stride. Housing continues to anchor the success of participants.... Staff members continue to develop and maintain supportive, trusting relationships with participants. These relationships hold the service approach together and provide a bridge to long-term stability in the community for participants who may previously have been dismissed as permanently homeless.... Many single adults and families in the pilot have achieved sufficient levels of stability to advance the process of addressing underlying issues and skills deficits more aggressively.

- The evaluator released a report on changes in participant outcomes for the first of two nine-month intervals. There is a fivefold increase in the days participants have spent in their own homes. Participants report a decrease in mental health symptoms and reduced drug and alcohol use. A report on participant outcomes at 18 months will be available in 2006.
 - The methodology for evaluating cost impacts of the pilot on government-funded services has been tested across multiple DHS data systems. The evaluator is quantifying the cost of homelessness for the two-year period prior to participants' enrollment in the pilot. A comparison group is being constructed that matches characteristics of pilot participants. Everything is on course to complete the two-year pre-enrollment/post-enrollment analysis by the 2007 Legislative Session.
 - The Family Housing Fund funded a supplement to the evaluation on the impact of the pilot on children. Initial interviews with children and parents took place in the summer of 2005. A second set of interviews will be conducted in the summer of 2006, with a final report available by the 2007 Legislative Session.
5. Three-quarters of pilot participants who need rental assistance (92% of all pilot households) receive it through MHFA and HUD grants managed by Hearth Connection, reflecting the continued shortage of affordable housing and mainstream Section 8 Housing Choice vouchers.
 6. The total cost per participating household per month of \$1,489 has gone up 8% from last year, but is still well below the costs in the first two years of operation. In State Fiscal Year 2005, the pilot used the \$1.5 million state appropriation. This last fiscal year, each dollar of the state appropriation has drawn \$0.37 of federal Medicaid and \$0.27 of directly managed rental assistance.
 7. Foundations have continued to invest in Hearth Connection to manage and evaluate the pilot. Total funds raised surpassed \$4.5 million, with major investments both to complete the demonstration project and to create the infrastructure and organizational capacity needed to expand and replicate the program. In SFY05, each dollar of state appropriation leveraged \$0.44 of foundation support.

OVERVIEW

In 1999, the Minnesota Legislature authorized the Department of Human Services (DHS) to establish a Supportive Housing and Managed Care Pilot. The Legislature appropriated funds for the pilot in 2000 to work with families, and in 2001, to expand the pilot to singles. The 2003 and 2005 Legislature appropriated \$1.5 million per year to continue the program until the pilot sunsets in June 2007.

The Supportive Housing and Managed Care Pilot operates through a collaboration between DHS, Ramsey and Blue Earth counties, Hearth Connection, the Amherst H. Wilder Foundation, Mental Health Resources and Guild Incorporated.

The project works with families and single adults with long histories of homelessness, compounded by substance use, mental illness, trauma, violence and chronic health problems. The pilot combines a direct supportive service model linked to housing, and a service coordination mechanism – at both participant and agency levels – that promotes efficiency across multiple sectors and disciplines.

The pilot's premise is that housing stability will in turn promote improvements in health and self-reliance. Children will have safe and stable environments that support the attainment of health, developmental and educational goals. Further, when people have stable housing and the opportunity to improve their health and well-being, there will be a reduction in the use of costly, government-funded crisis and institutional services.

If the evaluation of the pilot documents better outcomes for participants and for government, there would be a credible cost justification for increasing investments in supportive housing to impact, and possibly even to end, long-term homelessness.

This report describes what is happening with the pilot, the status of the independent evaluation, the use of public funds and the leveraging of public and private monies.

Characteristics of Participants

A total of 616 people from 245 households have enrolled in the pilot since it began operating in 2001. As of June 30, 2005, 345 people were enrolled, including 186 children from 58 families and 86 single adults. Table 1 presents new participants and exits by state fiscal year, as well as enrollment totals. The project has continued to grow incrementally allowing the project to enroll more people beyond initial enrollment of families and single adults as other sources of funds have augmented the State appropriation.

**Table 1.
Enrollment Summary**

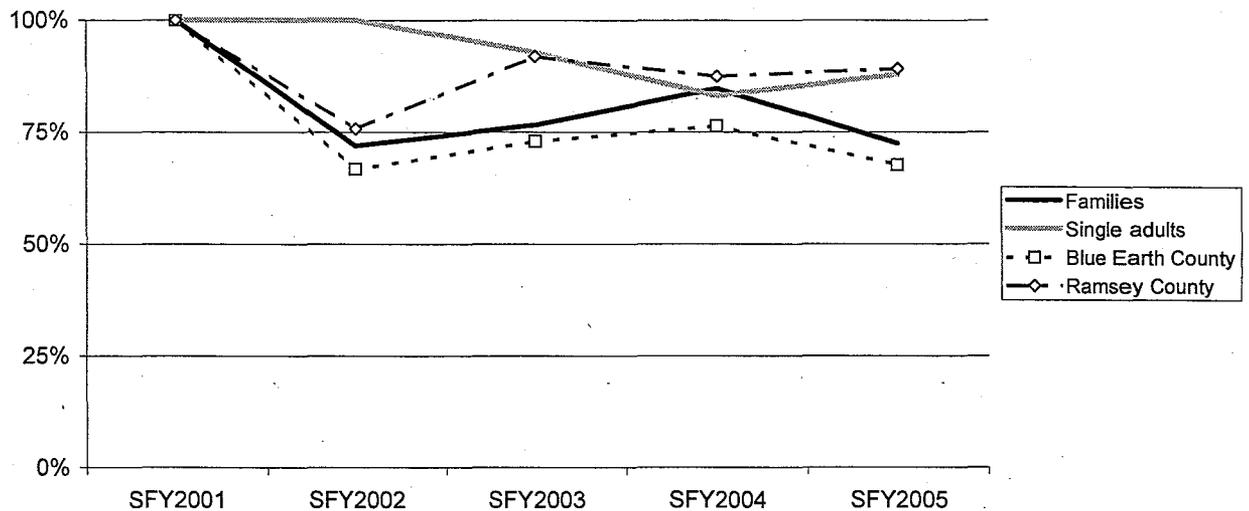
	SFY2001	SFY2002	SFY2003	SFY2004	SFY2005	Total
New Participants*						
<i>Households</i>	20	44	101	41	39	245
<i>Families</i>	20	44	18	17	24	123
Children	54	131	50	39	62	336
Adults	27	55	22	24	30	158
<i>Single adults</i>	0	0	83	24	15	122
Total New Participants	81	186	155	87	107	616
Exited Participants						
<i>Households</i>	0	18	21	27	34	100
<i>Families</i>	0	18	15	10	22	65
Children	0	48	34	21	47	150
Adults	0	24	17	14	30	85
<i>Single adults</i>	0	0	6	17	12	35
Total Exited Participants	0	72	57	52	89	270
June 30 Enrollment						
<i>Households</i>	20	46	126	140	145	
<i>Families</i>	20	46	49	56	58	
Children	54	137	153	171	186	
Adults	27	58	63	73	73	
<i>Single Adults</i>	0	0	77	83	86	
Total Participants	81	195	293	327	345	

*Does not include changes in family composition during enrollment or transitions between providers.

On average, families consist of 4.5 people, with 1.5 adults who average age 34, and 3.0 children who average 8.5 years of age. As of December 1, families have stayed in the program an average of 2.1 years (780 days). Single adults, averaging 43 years of age, have been enrolled an average of 2.3 years (833 days).

Retention remains high across the program, although the number of exits has increased from year to year. Chart 1 shows annual retention rates. The pilot has an average annualized household retention of 83%. As in previous years, annual retention is significantly higher in Ramsey County (88%) than in Blue Earth County (72%). Annual retention for single adults (88%) is also higher than for families (78%).

Chart 1.
Annualized Household Retention
 Households that remained enrolled at the end of each State Fiscal Year (SFY), as a percentage of all households enrolled during the same period.



Most exits from the pilot continue to be voluntary and negotiated between participants and providers (68%), including a growing number of participants who graduate from the program because they no longer need support. Since inception, four households were terminated from the pilot due to safety concerns for staff, nine households were terminated for consistently failing to cooperate – which is a condition only used very judiciously by the teams in extreme situations. Nineteen did not use services for more than 60 days – which in some cases means the person’s whereabouts are unknown.

Housing Stability

The pilot continues to demonstrate a strong track record of helping participants access permanent housing, with 75% of households obtaining permanent housing within the first six months, and 92% by 18 months. Some households do not obtain permanent housing quickly, reflecting the persistent housing challenges that some participants face.

The majority of participants live in private market, scattered-site housing, although some live in site-based supportive housing. The pilot follows participants through changes in housing, even if someone is evicted from their home.

Chart 2 depicts the percentage of households that have moved into permanent housing, by month of enrollment. The analysis is limited to households with complete housing histories (as noted in previous reports, there was incomplete housing data the first year).

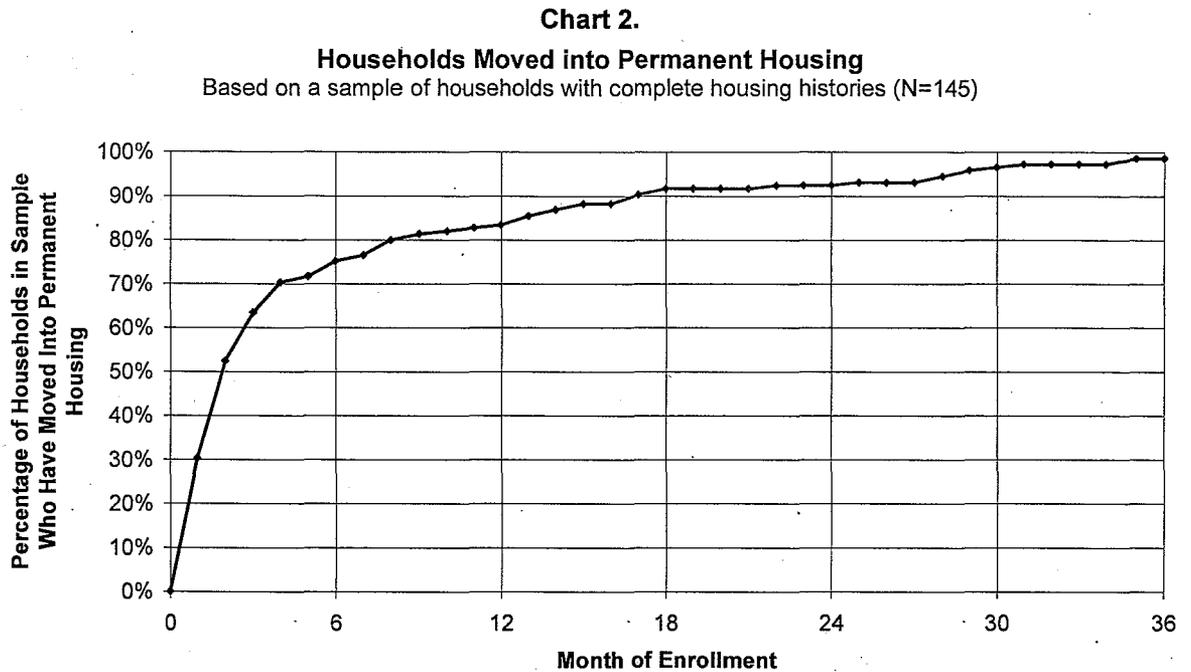
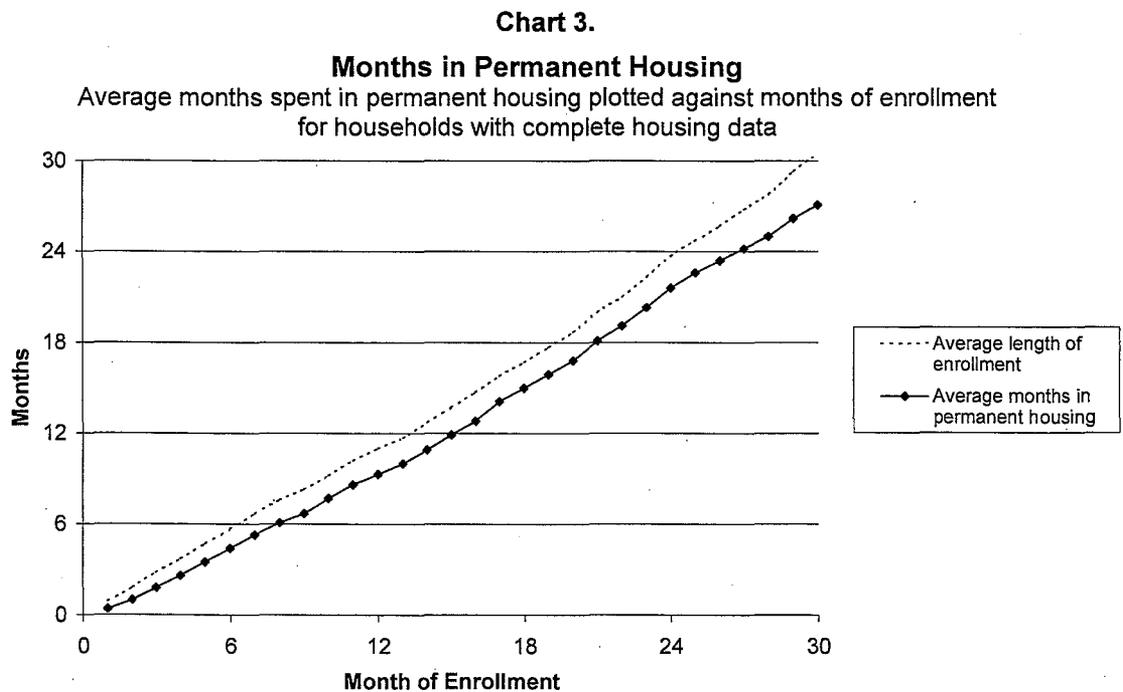
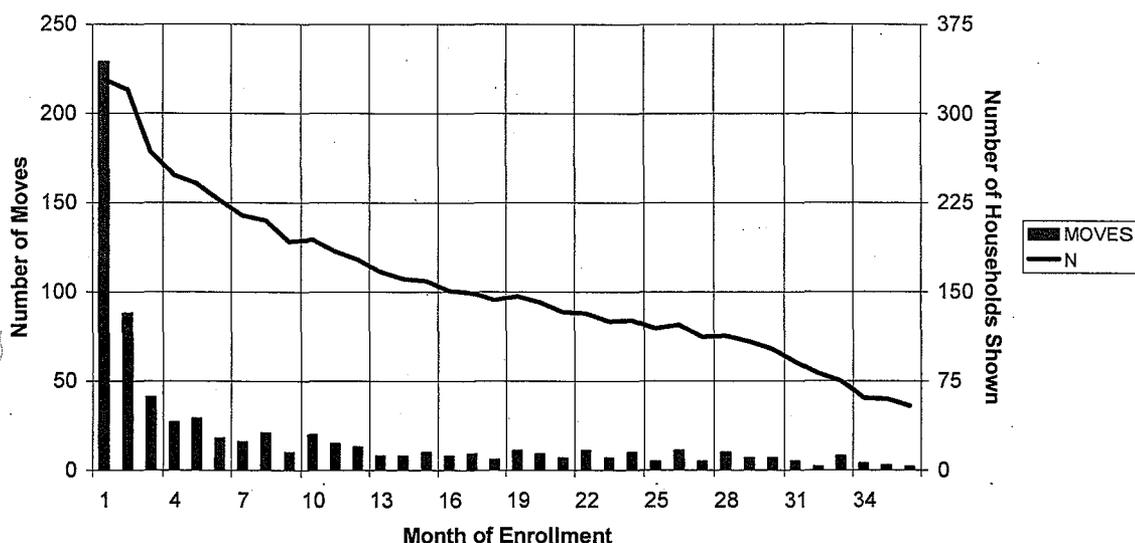


Chart 3 shows a strong linear relationship between tenure in the program and tenure in housing. Housing tenure increases the longer someone is enrolled. For participants with complete housing histories, the slope of the line suggests that for every 100 days a participant spends in the program, they will be in permanent housing for 87 of those days.



The pilot tracks participant movement from place to place. The first move for most participants is from homelessness into housing. Chart 4 shows that more than half (54%) of moves occur during the first four months of enrollment, representing transitions from homelessness to housing.

Chart 4.
Household Moves by Month of Enrollment



Note that if every household moved every month, the bars would touch the line, as it is in the first month of enrollment, when moves actually exceeded the number of households since some households moved more than once. Thereafter, however, the bars drop rapidly, suggesting housing stability. (The line also drops over time since there are fewer participants who have been in the program as the total number of months of enrollment increases.)

Supportive Services

There are five *primary provider* teams working with participants. In Blue Earth County, the human services department has two teams: Journey Home and STEP work with families and individuals respectively. In Ramsey County, Amherst H. Wilder Foundation operates Project Quest for families. For single adults, Mental Health Resources, Inc. has Project Homeward, and Guild Incorporated has Delancey Street.

Primary providers are responsible for supporting participants in finding and maintaining housing, and they also directly provide or coordinate a full continuum of services.

The service model is designed to meet the needs of the participants. Participants are not required to agree to seek or participate in any particular course of care or treatment in order to enroll or remain in the project. The primary providers strive to engage participants with flexibility and creativity, to establish trust and effective working relationships over time, and to provide services where and when they are needed.

The flexible financing structure promotes stewardship while targeting resources to where each individual needs them most. Most *flexible fund* expenditures fall into three categories: 1) basic needs and household goods, like food clothing and furniture; 2) housing-related expenses, including hotels and motels, damage deposits and application fees; and 3) participant transportation, e.g., bus passes or gasoline for a car.

The service model brings together best practices and promising approaches from multiple disciplines. For example:

- ***Housing First*** means getting people into permanent housing right away, instead of an approach where people receive treatment first or transitional programs where they have a temporary housing arrangement before moving into permanent housing;
- ***Harm Reduction*** entails working with people who may be using drugs or alcohol, or engaging in other harmful behaviors, to reduce the harm associated with those behaviors, and, using motivational interviewing techniques and the stages of change model, helping people modify their behaviors over time;
- ***Trauma-Informed Services*** train providers to be aware that participants' traumatic histories greatly influence their decision-making and actions. Participants may choose never to disclose traumatic experiences, but providers recognize the high likelihood that they have occurred and are sensitive to their impact.

Improvements in Participant Functioning

Functional assessments are completed every six months using the *Minnesota Family Assessment of Needs and Strengths* for families and the *Ramsey County/Blue Earth County MI/CD Functional Assessment* for single adults. The assessments document gradual improvements in participants' functioning across a wide range of areas. Since this data is collected every six months as long as participants stay in the pilot, trends can be watched over time.

Percentile scores (i.e., the ratio of the points received to the total points possible for any given component of the assessment, or for an assessment as a whole) allow comparisons of single adult and family assessments, despite the differences in the instruments used.

Overall assessment scores improve with time, suggesting that participant functioning also improves with time. The overall trend over time is statistically significant.

The largest improvements are in the area of housing. From the first to the eighth assessment, families improved by 33% on their housing score. Most (94%) of this change occurs in the first six months. Qualitatively, this change corresponds to moving from "some problems" or "serious problems" to between "some problems" and "basic needs [met adequately]." Single adults improved by 24% between the first and sixth assessments. For single adults, that change corresponds to moving from a "moderate" or "severe problem" to a "slight" or "moderate problem." Unlike families, where housing stability is attained early on and

remains consistent thereafter, single adults show slower but continued improvements in housing over time.

Other improvements are also reported, but these improvements are less than half the improvements made in housing. Improvements for families occur in the following areas, in order of decreasing magnitude: family relationships; income and financial assistance; chemical health; life skills; mental health; and access to services. For single adults, improvements are reported in the areas of employment, life skills and education.

A few areas show functioning decreasing with time. For families, these areas include (in order of largest decrease to smallest decrease): children's needs and characteristics; physical health; and parenting skills.

The largest decline of 10% in "children's characteristics" corresponds to a question that asks whether the children are "age-appropriate [with] no problems," "[have] minor problems," "one child has severe/chronic problems" or "children have severe/chronic problems." In other words, this trend could correspond with better knowledge on the part of primary providers about the children they serve, and/or worse functioning on the part of children.

Family assessments also show a 7.5% drop in physical health functioning. The last declining issue is a drop of 2.3% in parenting skills.

For single adults, the largest decline is in physical health, corresponding to a 9% drop in percentile score from first to sixth assessment. The other decreases for single adults occur in social functioning, chemical health and transportation, but these changes are small (<5%).

EVALUATION

Under contract with Hearth Connection, the National Center on Family Homelessness is conducting a multifaceted evaluation of the pilot's effectiveness.

Qualitative Study

A qualitative study looks at how the pilot works and its effectiveness by gathering information from many different stakeholders through interviews, focus groups and case studies. The third report was published in January 2005.

The fourth report will be published in January 2006. A preview from the evaluator focuses on four areas:

- ***With regard to Participants:*** Participants' struggles often began in childhood, as did their residential stability. Although housing stability is a considerable outcome given their long histories of homelessness, once housed, single adults experience great loneliness, and families are challenged by the needs of the children.
- ***With regard to Housing:*** Participants' residential stability is an ongoing challenge, especially for a small subgroup.
- ***With regard to Services:*** The service model continues to mature. Providers are testing team case management approaches. Strong support structures are needed to retain front line staff. There is difficulty accessing employment, mental health care, trauma-specific services and co-occurring mental health – chemical dependency services.
- ***With regard to Administration and Management:*** There are key lessons being learned along the way. Systems are beginning to respond to the pilot's principles. Having a third party administer the pilot helps maintain quality, focus and sustainability.

In summary,

[T]he service approach has in many ways hit its stride. Housing continues to anchor the success of participants.... Staff members continue to develop and maintain supportive, trusting relationships with participants. These relationships hold the service approach together and provide a bridge to long-term stability in the community for participants who may previously have been dismissed as permanently homeless.... Many single adults and families in the pilot have achieved sufficient levels of stability to advance the process of addressing underlying issues and skills deficits more aggressively.

Outcome Study

Outcome improvements are measured through interviews with participants when they enroll, and after 9 and 18 months. The 2004 legislative report included information obtained from initial interviews with participants, detailing the many severe barriers participants face, including long histories of homelessness and housing instability, multiple physical, mental and chemical health challenges, and patterns of abuse, trauma and violence in people's lives.

An initial look at data covering the first nine-month interval for participants shows major improvements in housing stability, small improvements in mental health, and high levels of satisfaction with the services and housing available in the pilot. Chart 5 shows a fivefold increase in the days participants have spent in their own homes. Participants report a decrease in mental health symptoms equivalent, on average, to the elimination of one major symptom per day, such as having racing thoughts, depression or hearing voices (Chart 6). Participants are also using drugs and alcohol less. For all participants, this is equal to using drugs or using alcohol to intoxication five fewer days in the previous thirty-day period (Chart 7). Looking only at participants who report using at their baseline interviews, there is a reduction of ten days.

Chart 5.
Nights in Housing

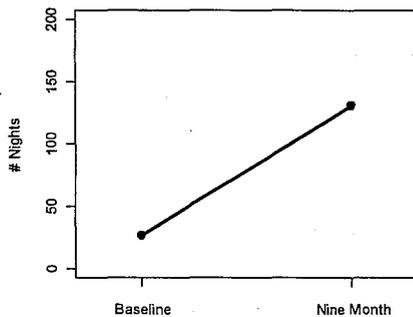


Chart 6.
Mental Health Symptoms

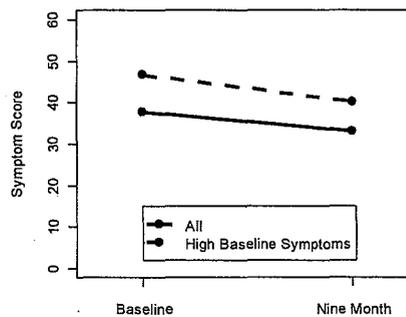
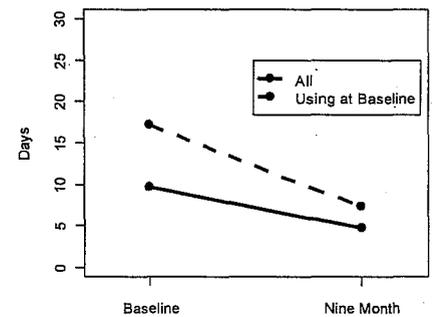


Chart 7.
Drug and Alcohol Use



Cost Study

The impact of the pilot on the cost and utilization of government-funded services is being assessed by aggregating data from many government systems about pilot participants before and after they enroll in the pilot, and in comparison to a similar group that is not enrolled in the pilot. The National Center on Family Homelessness has been working with DHS to integrate data from multiple systems, including the Minnesota Medicaid Information System (MMIS), the Social Services Information System (SSIS) and MAXIS. A sample of data on pilot participants has been analyzed to begin constructing a framework for categorizing service and benefit utilization and associated costs.

DHS is currently assembling data on the complete roster of pilot participants. The evaluator will use this information to document the historical costs associated with participants for the two-year period prior to their enrollment in the pilot. The characteristics of participants are also being used to construct a comparison group in the administrative data.

DHS data will be integrated with corrections, education and county-level data to offer a more complete picture of participants.

A preliminary report on the utilization patterns and costs for participants prior to their enrollment, meant to be representative of the cost of homelessness, will be available in the first part of 2006. The final report on the cost impact of the pilot will be available late in 2006, on schedule, and in advance of the 2007 Legislative Session.

Children's Study

This year, the evaluation has been expanded to look more closely at the impact of the pilot on children. In addition to aggregating information about children from other components of the evaluation, additional data is being collected. Two sets of interviews with children and parents are being conducted one year apart. For every family household, one parent and one child over the age of eight are being interviewed. Interviews cover a range of areas on parenting and the health and well-being of children.

Initial interviews with children and parents took place in the summer of 2005. A second set will be conducted in 2006, with a final report available by the 2007 Legislative Session.

The evaluation continues to move forward as planned. At the end of the demonstration project, the state will have a very comprehensive body of information on long-term homelessness and the impact of supportive housing on participant and government outcomes. All evaluation reports can be found on the National Center on Family Homelessness' website at <http://www.familyhomelessness.org/heartconnection.html>.

USE OF PUBLIC RESOURCES

Rental Assistance

Hearth Connection administers rental assistance through grants from the Minnesota Housing Finance Agency (MHFA) totaling \$1,477,292 and the U.S. Department of Housing and Urban Development (HUD) totaling \$2,364,420. Three-quarters of pilot participants who need rental assistance receive it through the pilot, reflecting the continued lack of availability of affordable housing and mainstream Section 8 Housing Choice vouchers (Table 2).

Table 2.
Pilot Rental Assistance Utilization

Rental Assistance Type	Pilot Households
Mainstream Programs	
Section 8	29
Public Housing	3
Other	1
Hearth Connection Managed Grants	
MHFA Housing Trust Fund	44
MHFA Ending Long-Term Homelessness Initiative	33
HUD Shelter Plus Care	24
TOTAL	134

Each dollar of the state appropriation leveraged \$0.27 of rental assistance directly managed by Hearth Connection, not including Section 8 and other mainstream assistance with which the pilot coordinates, up from \$0.15 the previous year.

State Pilot Appropriation and Federal Medicaid Targeted Case Management

In 2005, the Minnesota Legislature appropriated \$1.5 million per year for the pilot. The Blue Earth County pilot budget included \$389,000 from DHS, supplemented by federal Medicaid Targeted Case Management (TCM) funds totaling \$114,814. The Ramsey County budget included \$1,111,000 from DHS, \$1,108,105 of which was expended. The Ramsey pilot leveraged \$439,590 from TCM. (See Table 3.) TCM revenue averaged \$447 per family and \$231 per single adult per month. Each dollar of the state appropriation leveraged \$0.37 of federal Medicaid. Only \$2,895 of the appropriation was not encumbered in fiscal year 2005.

Table 3.
Financial Summary of DHS Pilot Revenue (July 2004 - June 2005)

	Ramsey	Blue Earth	TOTAL
DHS pilot revenue	\$1,108,105	\$389,000	\$1,497,105
MA-Targeted Case Management	\$439,590	\$114,814	\$554,404
TOTAL REVENUE	\$1,547,695	\$503,814	\$2,051,509

Additional revenue came from Hearth Connection contracts with the MHFA for Housing Trust Fund and Ending Long-Term Homelessness Initiative rental assistance (\$292,879), and Ramsey County – Hearth Connection contracts with HUD for Shelter Plus Care (\$116,995).

Table 4 shows expenses for families compared to three previous years. (Three months of SFY01 are rolled in with SFY02.) These figures are calculated differently this year to include new funds and to show comparisons. Based on 704 months of family enrollment, the average monthly cost per family (per household per month (PHPM)) was \$1,569: \$1,336 for services and \$233 for rental assistance (including \$170 from MHFA), up 4% from last year. (Please note that in the next three tables, rounding creates a small discrepancy between subtotals and totals.)

Table 4.
Financial Summary of Pilot Expenses for Families (April 2001 - June 2005)

	SFY02	SFY03	SFY04	SFY05
Months of Participation	552	634	675	704
Primary Providers				
Flexible Participant Supports	\$113,410	\$105,966	\$66,150	\$59,712
	\$205 PHPM	\$167 PHPM	\$98 PHPM	\$85 PHPM
Supportive Services	\$682,942	\$826,798	\$793,963	\$880,972
	\$1,237 PHPM	\$1,304 PHPM	\$1,176 PHPM	\$1,251 PHPM
Housing				
Pilot Housing	\$232,688	\$84,327	\$48,928	\$44,506
	\$422 PHPM	\$133 PHPM	\$72 PHPM	\$63 PHPM
Housing Trust Fund and Ending Long-Term Homelessness Fund	\$0	\$132,787	\$106,115	\$119,634
		\$209 PHPM	\$157 PHPM	\$170 PHPM
TOTAL	\$1,029,040	\$1,149,878	\$1,015,156	\$1,104,824
	\$1,864 PHPM	\$1,814 PHPM	\$1,504 PHPM	\$1,569 PHPM

Table 5 shows expenses for single adult participants. Based on 1,038 months of single adult enrollment, the cost per person per month is \$1,299: \$970 for services and \$330 for rental assistance (including \$90 from MHFA and \$113 from HUD), up 7% from last year.

Table 5.
Financial Summary of Pilot Expenses for Single Adults (August 2002 - June 2005)

	SFY03	SFY04	SFY05
Months of Participation	457	1,013	1,038
Primary Providers			
Flexible Participant Supports	\$27,116	\$50,650	\$52,108
	\$59 PHPM	\$50 PHPM	\$50 PHPM
Supportive Services	\$512,680	\$914,885	\$954,658
	\$1,122 PHPM	\$903 PHPM	\$920 PHPM
Housing			
Pilot Housing	\$134,937	\$141,812	\$131,600
	\$295 PHPM	\$140 PHPM	\$127 PHPM
Housing Trust Fund and Ending Long-Term Homelessness Fund	\$30,272	\$76,425	\$93,085
	\$66 PHPM	\$75 PHPM	\$90 PHPM
Shelter Plus Care	\$0	\$49,299	\$116,995
		\$49 PHPM	\$113 PHPM
TOTAL	\$705,005	\$1,233,071	\$1,348,446
	\$1,543 PHPM	\$1,217 PHPM	\$1,299 PHPM

Table 6 shows other expenses, including county administrative fees (no longer charged against the appropriation since SFY04), Hearth Connection's management fee, and a housing assistance risk management reserve. The total cost per participating household per month of \$1,489 has gone up 8% from last year, but is still well below the costs in the first two years of operation. The cost of supporting participants in SFY05 exceeded available revenue by \$252,240, made up by a contribution by Blue Earth County and losses by some Ramsey County primary providers.

Table 6.
Financial Summary of Other Pilot Expenses (April 2001 - June 2005)

	SFY02	SFY03	SFY04	SFY05
Months of Participation	552	1,091	1,688	1,742
County Administration	\$36,489 \$66 PHPM	\$32,041 \$29 PHPM	\$0	\$0
Hearth Connection	\$62,186 \$113 PHPM	\$156,266 \$143 PHPM	\$67,518 \$40 PHPM	\$118,531 \$68 PHPM
Housing Assistance Risk Management Reserve	\$20,388 \$37 PHPM	\$245,884 \$225 PHPM	\$22,196 \$13 PHPM	\$22,592 \$13 PHPM
Subtotal	\$119,063 \$216 PHPM	\$434,191 \$398 PHPM	\$89,714 \$53 PHPM	\$141,123 \$81 PHPM
Support	\$796,352 \$1,443 PHPM	\$1,472,560 \$1,350 PHPM	\$1,825,648 \$1,082 PHPM	\$1,947,450 \$1,118 PHPM
Housing	\$232,688 \$422 PHPM	\$382,323 \$350 PHPM	\$422,579 \$250 PHPM	\$505,820 \$290 PHPM
Subtotal	\$1,029,040 \$1,864 PHPM	\$1,854,883 \$1,700 PHPM	\$2,248,227 \$1,332 PHPM	\$2,453,270 \$1,408 PHPM
TOTAL	\$1,148,103 \$2,080 PHPM	\$2,289,074 \$2,098 PHPM	\$2,337,941 \$1,385 PHPM	\$2,594,393 \$1,489 PHPM

LEVERAGING PRIVATE FUNDS

Private philanthropic grants to Hearth Connection cover the costs of Hearth Connection staff who support and administer the pilot, as well as the cost of the evaluation. Since last year's report, new contributions totaled over \$1.2 million:

- Blue Cross Blue Shield of Minnesota Foundation (fourth award)
- Family Housing Fund (third award)
- The McKnight Foundation
- The Northwest Area Foundation (second award)
- The Robert Wood Johnson Foundation (second award)
- University Bank

They join previous investors, totaling \$4.5 million in private investment since 1999:

- Allina Foundation
- Katherine B. Andersen Fund of the St. Paul Foundation
- Anonymous
- F.R. Bigelow Foundation
- Blue Cross Blue Shield of Minnesota Foundation
- Otto Bremer Foundation
- Bush Foundation
- Patrick and Aimee Butler Family Foundation
- Corporation for Supportive Housing
- Family Housing Fund
- Greater Minnesota Housing Fund
- Initiative Fund of Southeast and South Central Minnesota
- John S. and James L. Knight Foundation
- Mankato area health care providers
- Mardag Foundation
- Minneapolis Foundation
- The Jay and Rose Phillips Family Foundation
- Robert Wood Johnson Foundation
- St. Paul Foundation
- Sheltering Arms Foundation

Hearth Connection used \$654,400 of foundation grants during SFY2005. Last year, each dollar of the state appropriation leveraged \$0.44 of foundation support.

CONCLUSION

Hearth Connection's management of the pilot has helped leverage funding from multiple sources, including federal Medicaid dollars, state and federal rental assistance, and philanthropic investments.

The Supportive Housing and Managed Care Pilot has thus far demonstrated considerable success helping people with long histories of homelessness and many other challenges find and retain stable homes in the community. Although there are incremental improvements in health and well-being, participants struggle with loneliness, parenting, connecting to the community, employment, and oftentimes, simply maintaining residential stability. In 2006, the National Center on Family Homelessness will provide a detailed look at participant outcomes after 18 months in the pilot, as well as a focused look at the needs of children and the impact the pilot has on their lives.

In addition to positing that supportive housing would improve participant outcomes, the second key hypothesis of the pilot is a reduction in costly government-funded crisis and institutional services. One might argue that the pilot itself is expensive, but it may turn out to be less expensive, and a better investment of scarce public resources, than the status quo. The Wilder Research Center estimates that there are 3,300 Minnesotans who are experiencing homelessness long-term, based on a survey of people experiencing homelessness conducted every three years. Today, government spends money on shelters, emergency rooms, detox, repeat chemical dependency treatment, lengthy hospitalizations, out-of-home placement of children, jails and prisons without getting any outcome at all. There is a major data integration effort underway to analyze the pilot's impact on service utilization. The Legislature can expect to see the final results of the cost study on schedule at the start of the 2007 Session.