Cost Savings Created by Housing Initiatives for Older Adults: Fact Sheet

May 2023

Nick Marcone, Research Assistant for the Homelessness Policy Research Institute and
Nick Weinmeister, Project Specialist

The merits of permanent supportive housing (PSH) initiatives as a first resort have been evaluated in a multitude of modern studies and reviews. Various outcomes, including housing stability and cost savings, have been tested and analyzed. Cost savings literature for PSH has shown mixed results over status quo services and supports; however, when targeted toward particularly high-needs groups and older adults, PSH programs indicate the potential for significant public savings.

In addition to cost savings, a renewed focus on PSH for older adults is timely and beneficial. When compared to individuals under 55 years of age, older adults are less likely to be awarded PSH units even though they consume a higher amount of the public healthcare expenditure. Data indicates that the population of unhoused older adults is steadily growing through at least 2030, and PSH selection is marked by racial disparities.

Though the literature for PSH is the most robust, there are alternative pathways to transition unhoused and housing-insecure older adults into secure housing. The diverse needs of this population require a diverse array of housing models to remain stably housed. This array includes rapid rehousing, housing vouchers, rental subsidies, and geriatric training in case management. Relative to the growth of the older adult population, however, the scale of these models is lacking.[17]

KEY TAKEAWAYS:

1. Most studies from major cities in the United States found PSH programs targeted to unhoused individuals specifically categorized as older adults (55+) or high-needs showed minor to significant costs savings, generally ranging between $6,000 to $36,931 per participant annually.
2. Cost savings emerge from statistically-proven decreased utilization of Medicare and Medicaid services when housed in a PSH unit as opposed to an alternative nursing home or shelter. When individuals are high-needs, consistent utilizers of the healthcare system, comprehensive on-site case management further decreases utilization.
3. The benefits of PSH extend beyond minimization of healthcare utilization. Individuals remain housed for significantly longer periods, and the potential for public cost offsets also exist in the judicial and incarceration sectors.
4. Even when the housing is not PSH, older adults who receive some form of housing combined with case management or care coordination typically have lower healthcare costs and are less likely to use acute care facilities.

PSH PROGRAMMING IN AMERICAN CITIES AND STATES, INCLUDING ASSOCIATED COST ANALYSIS

- **Los Angeles:** RAND analysis shows that the Housing for Health Program, placing unhoused individuals into PSH units, decreased public service utilization costs by $22,799 per participant. This represented a 20% net cost savings after accounting for PSH costs.[1]
- **Los Angeles:** The 10th Decile Project connected 235 unhoused individuals within the top 10% highest-cost, highest needs group to PSH. After two years, net avoidance of hospital costs averaged $36,931 per participant (ER costs declined 67% and Inpatient costs declined 85%).[2]
- **San Francisco:** The Direct Access to Housing program, moving unhoused and housing-insecure seniors from Medicaid-supported nursing homes to PSH, saved $109,524 per participant to Medicare and Medicaid.[3]
- **Chicago:** Various 18-month randomized studies of high needs unhoused Chicagoans found that participants offered PSH decreased their reliance on public healthcare. One study reported 23% fewer hospital days, 33% fewer ER visits, and 42% fewer nursing home days per year for PSH participants, resulting in an estimated cost savings of over $6,000 per participant annually.[4]
- **New York City:** Savings across medical and judicial sectors covered 95% of the costs accumulated by funding New York's PSH programming.[5]
- **Arizona:** The Arizona Long Term Care System has decreased the state's Medicaid expenditures by 16% and lowered the growth rate of these expenditures by relying on Home and Community Based Services.[6]
- **United States:** States with robust utilization of the federal Money Follows the Person program, transitioning patients from Medicaid-funded long term service systems into community settings, reduced nursing home occupancy and institutional spending.[16]

SPECIFIC PSH TARGETING IS KEY

- An extensive literature review of PSH cost effectiveness across the nation determined that policymakers should not expect net cost savings, but also clarified that studies targeting high utilizers of emergency services did consistently identify savings.[7]
- Unhoused individuals are not a monolith, and some subgroups account for more public costs than others. In Philadelphia, 20% of the participant pool of disabled people experiencing homelessness accounted for 60% of the public cost.[8]
- Targeting seniors exiting nursing homes for permanent housing programs has the ability to develop the greatest cost reductions in public healthcare.[9]

OTHER TYPES OF INTERVENTIONS

- Conservative estimation of a combination of housing (usually in rental support), supportive services, and health services targeted for older adults could save up to $2,200 per person per year in Los Angeles.[18]
- The Support and Services at Home (SASH) program in Vermont utilized an onsite service coordinator and part-time wellness nurse to support high-risk older adults. Those participants had $1,536 lower annual Medicare costs between 2011 and 2014, relative to their non-SASH peers.[19]
- When care coordination, advance planning, medication management, and health care outreach were provided to low-income seniors in 11 publicly-subsidized high rises, program participants saw lower likelihood for costly interventions like unscheduled hospital stays, nursing home transfers, ER use, and inpatient use.[20]
- Older adults who have been connected to housing or enrolled in community-based programs that support aging in place (AIP) have exhibited cost savings for Medicare and Medicaid over nursing home options. Participants demonstrated improved cognition and less instances of depression, while enrollment in these housing programs significantly delayed nursing home admission.[22, 21]

FACTS TO CONSIDER

- Offsets from the cost of PSH primarily result from reductions in public healthcare expenditures and reductions in nursing home stay.[10]
- The cost saving benefits of PSH have the potential to spread beyond the healthcare sector. Cost savings estimates across the public sector could lead to partnerships between healthcare, criminal justice, and prison systems, but inadequate data integration prevents holistic cross-sector studies.[11]
- The number of unhoused individuals over 65 years of age in Los Angeles County has steadily grown since 2011 and is projected to reach 13,900 individuals by 2030.[12]
- Unhoused Black older adults are underrepresented in exiting homelessness though PSH, comprising 48.6% of the total population yet 40.1% of PSH assignments. Conversely, unhoused White older adults represent 35.9% of the total population and 53.7% of PSH assignments.[13]
- Unhoused Individuals face extreme health and aging risks due to the conditions of living without adequate shelter. Individuals placed in PSH in their forties may exhibit physiological challenges of individuals in their sixties. The cost of stabilizing healthcare may be initially expensive yet PSH delays the onset of more severe diagnoses likely to emerge if homelessness persists.[14]

- Because of this accelerated aging risk, unhoused older adults face a constellation of complex health challenges, including early diagnosis of age-related conditions, prevalence of chronic medical conditions, and difficulty completing basic daily tasks. Social workers or homeless services workers with gerontological training are uniquely qualified to assist older adults and advocate on their behalf.[23, 24]
- Data from the Canadian At Home/Chez Soi (AHCS) program showed 74% of participants with high support needs who received PSH were in stable housing at 24 months compared to 41% from the usual services group. Additionally, PSH participants exhibited a larger decrease in emergency department visits.[15]

REFERENCES

1. Hunter, Sarah, et al. "Evaluation of Housing for Health Permanent Supportive Housing Program." *RAND Corporation*, 2017, doi:10.7249/rr1694.

2. "10th Decile Project." *Corporation for Supportive Housing*, Sept. 2015, www.csh.org/wp-content/uploads/2015/10/Frequent-User-Initiative-Profile-Booklet-10th-Decile-Project-Final.pdf.

3. Bamberger, Joshua, and Sarah Dobbins. "A Research Note: Long-Term Cost Effectiveness of Placing Homeless Seniors in Permanent Supportive Housing." *Cityscape*, vol. 17, no. 2, 2015, pp. 269–278., doi:http://www.jstor.org/stable/26326949.

4. Dohler, Ehren, et al. "Supportive Housing Helps Vulnerable People Live and Thrive in the Community." *Center on Budget and Policy Priorities*, 31 May 2016, https://www.cbpp.org/research/housing/supportive-housing-helps-vulnerable-people-live-and-thrive-in-the-community

5. Dohler, Ehren, et al. "Supportive Housing Helps Vulnerable People Live and Thrive in the Community." *Center on Budget and Policy Priorities*, 31 May 2016, https://www.cbpp.org/research/housing/supportive-housing-helps-vulnerable-people-live-and-thrive-in-the-community

6. "Measuring the Costs and Savings of Aging in Place: HUD USER." *Measuring the Costs and Savings of Aging in Place* | HUD USER, 2013, www.huduser.gov/portal/periodicals/em/fall13/highlight2.html.

7. National Academies of Sciences, Engineering, and Medicine; Health and Medicine Division; Board on Population Health and Public Health Practice; Policy and Global Affairs; Science and Technology for Sustainability Program; Committee on an Evaluation of Permanent Supportive Housing Programs for Homeless Individuals. Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness. Washington (DC): National Academies Press (US); 2018 Jul 11. Available from: https://pubmed.ncbi.nlm.nih.gov/30148580/

8. Dohler, Ehren, et al. "Supportive Housing Helps Vulnerable People Live and Thrive in the Community." *Center on Budget and Policy Priorities*, 31 May 2016, https://www.cbpp.org/research/housing/supportive-housing-helps-vulnerable-people-live-and-thrive-in-the-community

9. Bamberger, Joshua, and Sarah Dobbins. "A Research Note: Long-Term Cost Effectiveness of Placing Homeless Seniors in Permanent Supportive Housing." *Cityscape*, vol. 17, no. 2, 2015, pp. 269–278., doi:http://www.jstor.org/stable/26326949.

10. National Academies of Sciences, Engineering, and Medicine; Health and Medicine Division; Board on Population Health and Public Health Practice; Policy and Global Affairs; Science and Technology for Sustainability Program; Committee on an Evaluation of Permanent Supportive Housing Programs for Homeless Individuals. Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness. Washington (DC): National Academies Press (US); 2018 Jul 11. Available from: https://pubmed.ncbi.nlm.nih.gov/30148580/

11. *Supportive Housing & Healthcare Utilization Outcomes State of the Literature*. The Corporation for Supportive Housing. (2018). Retrieved January 24, 2023, from https://www.csh.org/wp-content/uploads/2018/07/CSH-supportive-housing-outcomes-healthcare_Final.pdf

12. Culhane, Dennis, et al. "The Emerging Crisis of Aged Homelessness: Could Housing Solutions Be Funded from Avoidance of Excess Shelter, Hospital and Nursing Home Costs?" *University of Pennsylvania*, 20 Jan. 2019, works.bepress.com/dennis_culhane/223/.

13. Hall, Andrew, and Joy Moses. "Connecting Older Adults to Housing: Examining Disparities." *National Alliance to End Homelessness*, 31 Jan. 2023, endhomelessness.org/resource/connecting-older-adults-to-housing-examining-disparities/

14. *Supportive Housing & Healthcare Utilization Outcomes State of the Literature*. The Corporation for Supportive Housing. (2018). Retrieved January 24, 2023, from https://www.csh.org/wp-content/uploads/2018/07/CSH-supportive-housing-outcomes-healthcare_Final.pdf

15. Aubry, Tim, et al. "Effectiveness of Permanent Supportive Housing and Income Assistance Interventions for Homeless Individuals in High-Income Countries: A Systematic Review." *The Lancet Public Health*, vol. 5, no. 6, 2020, pp. 342–360., doi:10.1016/S2468-2667(20)30055-4.

16. Kaye, Stephen. "Evidence for the Impact of the Money Follows the Person Program." *Community Living Policy Center*, 1 July 2019, clpc.ucsf.edu/publications/evidence-impact-money-follows-person-program.

17. Culhane, Dennis, et al. "A Data-Driven Re-Design of Housing Supports and Services for Aging Adults Who Experience Homelessness in New York City." *Actionable Intelligence for Social Policy*, Jan. 2019, https://aisp.upenn.edu/wp-content/uploads/2019/03/NYC-Report.pdf.

18. Culhane, Dennis, et al. "A Data-Driven Re-Design of Housing Supports and Services for Aging Adults Who Experience Homelessness in New York City." *Actionable Intelligence for Social Policy*, Jan. 2019, https://aisp.upenn.edu/wp-content/uploads/2019/03/NYC-Report.pdf.

19. Kandilov, Amy, et al. "Support and Services at Home (SASH) Evaluation: Second Annual Report." *Office of the Assistant Secretary for Planning and Evaluation (ASPE)*, 31 Dec. 2015, https://aspe.hhs.gov/reports/support-services-home-sash-evaluation-second-annual-report-0.

20. Castle, Nicholas, and Neil Resnick. "Service-Enriched Housing: The Staying at Home Progra." *Journal of Applied Gerontology*, vol. 35, no. 8, 9 July 2014, pp. 857–877., https://doi.org/10.1177/0733464814540049.

21. Brown, Rebecca T., et al. "Health Outcomes of Obtaining Housing Among Older Homeless Adults." *American Journal of Public Health*, vol. 105, no. 7, July 2015, pp. 1482–1488., https://doi.org/10.2105/ajph.2014.302539.

22. Kim, Kwang-il, et al. "Digital Technology to Enable Aging in Place." *Experimental Gerontology*, vol. 88, Feb. 2017, pp. 25–31., https://doi.org/10.1016/j.exger.2016.11.013.

23. McCallion, Philip. *Housing for the Elderly : Policy and Practice Issues*. Taylor and Francis, 2013.

24. Gupta Pandit, Sonia, and Rebecca T. Brown. "Mitigating Homelessness Among Older Adults: Adapting the Permanent Supportive Housing Model." *American Society on Aging: Generations*, 2021, https://generations.asaging.org/mitigating-homelessness-among-older-adults.

Homelessness Policy Research Institute

Acknowledgements

This fact sheet was made possible by partial funding from Cedars-Sinai

ABOUT THE HOMELESSNESS POLICY RESEARCH INSTITUTE

Established with support from the Conrad N. Hilton Foundation and the Home For Good Funders Collaborative, the Homelessness Policy Research Institute (HPRI) is a collaborative of over one hundred researchers, policymakers, service providers, and experts with lived experience of homelessness in Los Angeles County by advancing knowledge and fostering transformational partnerships between research, policy and practice.

OUR VALUES

Infuse **equity and cultural humility** into all aspects of HPRI research, conversations and convenings. Uplift **collaboration** both between researchers from different backgrounds and institutions and from the research community to the policy and practice communities.

TEAM ACKNOWLEDGEMENT

HPRI would like to express gratitude to the many partners who contributed to this publications, including:

- Saba Mwine, Managing Director
- Gary Painter, Director
- Nick Weinmeister, Project Specialist
- HPRI Communications Working Group
- Meg Goulding, Head of Strategy and External Relations

LAND ACKNOWLEDGEMENT

HPRI acknowledges the Gabrielino/Tongva peoples as the traditional land caretakers of Tovaangar (the Los Angeles basin and So. Channel Islands), and we acknowledge our presence on the ancestral and unceded territory of the Chumash, Kizh, and Tataviam nations. We recognize and are committed to lifting up their stories, culture, and community. We pay our respects to the Honuukvetam (Ancestors), ʻAhiihirom (Elders), and ʻEyoohiinkem (our relatives/relations) past, present, and emerging.

hpri@usc.edu

socialinnovation.usc.edu/hpri

@HPRI_LA

facebook.com/HomelessnessPolicyResearchInstitute