



Case Study

Frequent Users Systems Engagement (FUUSE):

Denver Supportive Housing Social Impact Bond Initiative (Denver SIB)

Project Overview

Brief Background/Project History

Persons experiencing homelessness and chronic homelessness often cycle through public systems such as hospitals, behavioral health facilities, justice and law enforcement systems, in addition to accessing outreach and shelter services. Persons with multiple and intensive system engagements often have co-occurring mental,

behavioral and physical health conditions that are only exacerbated by the uncoordinated frequent system interactions; such frequency of use is often expensive and inefficient in providing the long-term supports necessary to address housing stability, health, and justice barriers.

To address the twin problems of systems failing people and the lack of housing, the Denver Supportive Housing Social Impact Bond Initiative (Denver SIB) started in 2016 as a joint venture by the City and County of Denver. A social impact bond is a kind of “pay-for-success” or “performance-based contracting” program that uses private funding from investors to pay for upfront operations of social programs. Government funders agree to pay back those costs based on the performance of the social program. The Denver SIB’s “pay-for-success” (PFS) model used roughly \$8.6 million in upfront funding from a combination of private sources from both non-profit and for-profit entities, to pay for supportive services in the program. For the housing component of the program, the Denver SIB used a combination of U.S. Department of Housing and Urban Development (HUD) housing choice vouchers (HCVs), Continuum of Care (CoC) scattered-site subsidies, and CO state housing vouchers.

Pay for Success¹ is a type of impact investment that ties the achievement of social outcomes to funding. Although models vary, most PFS transactions combine a performance-based contract with upfront

funding provided by impact investors. Investors are repaid, with the potential for a modest return, based on overall project success. With support from the Harvard Kennedy School Government Performance Lab, the Denver SIB contracted with the City of Denver to create the process by which public sources from the City and County would pay back investors' funding as long as the program met certain outcomes for participants obtaining and retaining housing and reducing time in jail. The program concluded in December 2020 and has outstanding results that demonstrate the power of supportive housing to reduce frequent interaction with public systems and improve housing stability for people experiencing homelessness.

Denver SIB's population of focus were people who had experiences of homelessness, had significant justice system involvement through numerous arrests and jail stays. While not a program eligibility requirement, many participants also had experience with either the substance use treatment or behavioral health systems. A data match conducted before program launch identified 724 individuals who met the mentioned criteria. The program used a randomized control trial (RCT) approach, which meant that service interventions were randomly selected for participants to create a treatment and control group for further evaluation of the program's efficacy in improving housing stability and reducing justice system interactions. Participants were provided supportive housing for the treatment group (363 individuals) or received mainstream services through the housing and other systems of care in the control group (361 individuals).

While not adopting formally a Frequent Users System Engagement (FUSE) approach, the elements of FUSE: data matching, cross-systems population, supportive housing, reductions in systems interactions are essential components. An argument could be made that this program operated very similarly to a FUSE program and the elements highlighted in this case study could serve as outstanding templates for other communities and programs seeking to deploy a FUSE program in their own communities.

Health Center Highlight

The Mental Health Center of Denver (MHCD) and the Colorado Coalition for the Homeless (CCH), were the primary service providers for the Denver SIB. MHCD is a community behavioral health and Medicaid managed care provider, as well as a U.S. Department of Health and Human Services (HHS), Substance Abuse and Mental Health Services Administration (SAMHSA) grantee. Among other services, MHCD provides substance use and mental health treatment services to the community. CCH is a federally qualified health center (FQHC) and a health care for the homeless (HCH) provider, operating in three locations across Denver.

CCH and MHCD are Medicaid billers with different Medicaid reimbursement structures which lead to reimbursement of \$2,150 per unit at CCH and \$15,637 per unit at MHCD.

As health centers they took up a number of roles both in providing supportive services to residents, but also in terms of building cross-system connections. They leveraged additional funding through Medicaid and built relationships with other systems partners, for example judges, attorney, police, and hospitals. Advocacy on behalf of the residents was a cornerstone of their approach. Staff routinely accompanied residents to court and in appointments with probation and parole.



OPPORTUNITIES

- + Interest from public and private partners to invest in solutions at adequate scale.
- + Establishment of the co-responder program partnering police officers with mental health professionals to respond to mental health crisis and divert people from jail to appropriate behavioral health services.
- + Implementation during COVID-19 meant readjusting services from referral to interim to permanent to allow for social distancing, isolation, and critical care for those most at-risk or who contracted the virus.
- + Randomized control trial (RCT) recognized as “gold standard” to show evidence of program efficacy.
- + Coordinated outreach in communities to reduce location time of participant once housing is available and assigned.



CHALLENGES

- + Housing affordability and rising rates of homelessness and chronic homelessness in the community (scale of need vs. scarcity of resources).
- + Increased interactions with police with people experiencing homelessness, coupled with need for action from the public to address and reduce these interactions.

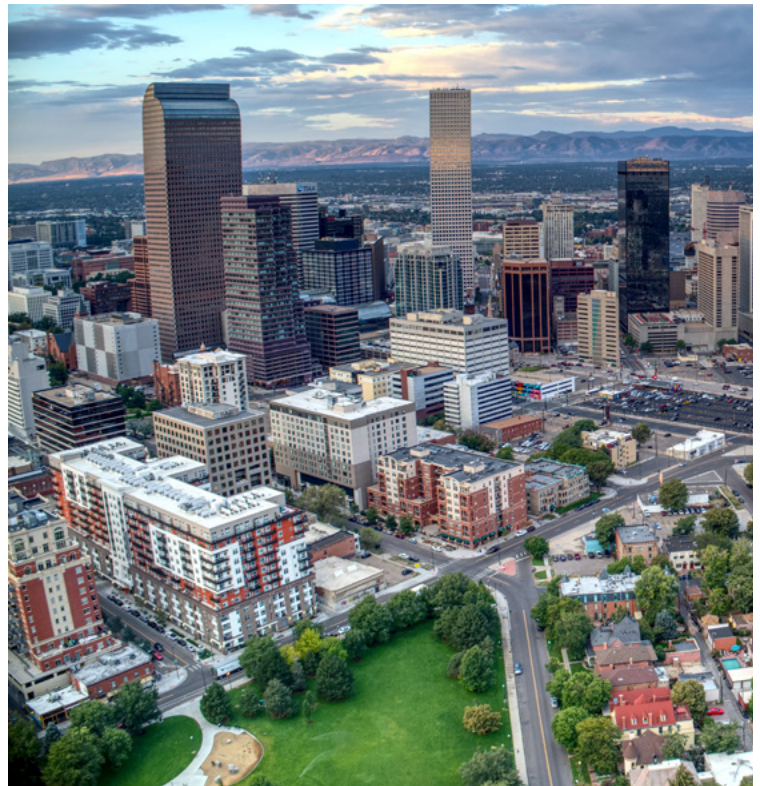


Photo by Acton Crawford on Unsplash.

Key Features and Innovations

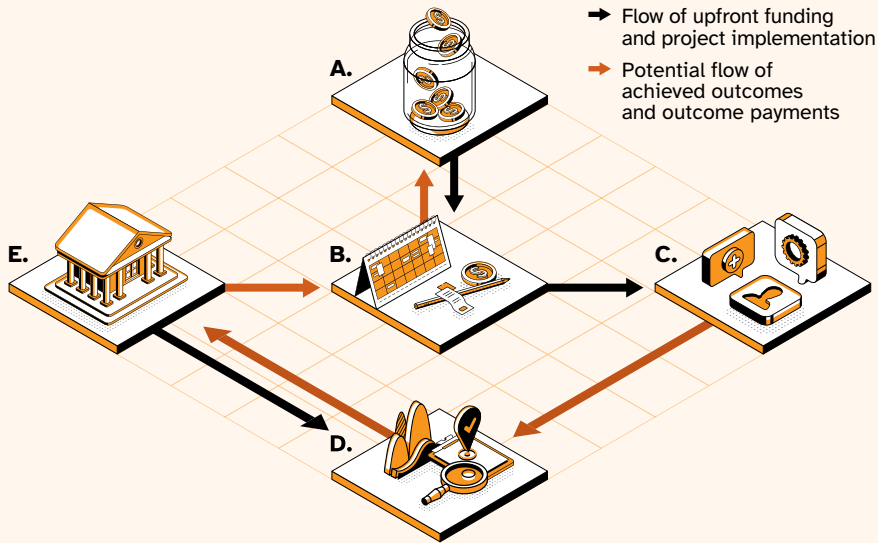
The Denver SIB applied a ***Housing First approach***² along with a modified ***Assertive Community Treatment (ACT) model***³. This model included pre-tenancy and tenancy support services, crisis intervention, substance use and mental health services and treatment, peer supports, skill building, and connections to and assistance with primary and preventative health care.

Approach

Partnerships and Roles

While each FUSE project is oriented differently, certain roles and their interactions with each other remain consistent across implementations. Leveraging a pay for success program model adds an additional level of engagement with investors that may not be as active as in implementations with one funder or public funding streams.

Figure 1: The Denver Supportive Housing Social Impact Bond Initiative Framework



→ Flow of upfront funding and project implementation
 → Potential flow of achieved outcomes and outcome payments

- A. Investors—Eight private investors** provided \$8.6 million in loan funding
- B. Intermediary—CSH/Enterprise**
 - + Manages funding to service providers
 - + Works with service providers to oversee day-to-day program implementation
- C. Service Providers—Colorado Coalition for the Homeless, Mental Health Center of Denver**
 - + The providers expect to serve approximately 250 individuals
 - + The project calls for five years of service delivery
- D. Evaluator—Urban Institute and Partners**
 - + Manages referral and randomization process for program enrollment
 - + Determines housing retention of participants and difference in jail days between those in supportive housing and those in usual care
- E. Government—City and County of Denver**
 - + Agrees to repay investors based on outcomes
 - + Denver will pay between \$0 and \$11.42 million in outcome payments
 - + Denver expects to save between \$3 and \$15 million by alleviating the homelessness-jail cycle

Source: Urban Institute. (2021). "Breaking the Homelessness-Jail Cycle with Housing First."

For the above graphic, investors front the costs of the program to an intermediary that manages the finances, payments, communications, and provides guidance to service providers. Service providers conduct the important work of housing and providing supportive services to residents. From the service providers' data, an independent evaluator reviews outcomes and process to report to a government entity, which will then provide reimbursement to the investors based on the performance of the service providers.

SERVICE PROVIDERS

- + Colorado Coalition for the Homeless
- + Mental Health Center of Denver

INVESTORS

- + The Denver Foundation
- + The Pinton Foundation
- + Ben and Lucy Ana Walton Fund of the Walton Family Foundation
- + Laura and John Arnold Foundation
- + Living Cities
- + Nonprofit Finance Fund
- + The Colorado Health Foundation
- + The Northern Trust Company

RENTAL SUPPORTS/ HOUSING FUNDING

- + Federal and state vouchers through the Colorado Division of Housing
- + Vouchers through other private sources

INTERMEDIARY AND CO-INTERMEDIARY

- + CSH
- + Enterprise Community Partners

EVALUATOR

- + Urban Institute

OTHER PARTNERS

- + Harvard Kennedy School Government Performance Lab
- + Colorado Access (Managed Care Organization)

Figure 2: Denver Social Impact Bond Supportive Housing Program Referral Process



Source: Urban Institute. (2021). "Breaking the Homelessness-Jail Cycle with Housing First."

Data Collection and Referrals

The overall flow of data in every FUSE implementation has a few key milestones depending on the kinds of data and the number of systems engaged. In Denver, matching was done using a "lists of lists" approach, where criteria for program eligibility were communicated to partners who extracted data from their systems on persons meeting those criteria, those lists were matched against each other on a person-level to determine how many overlapped. Because Denver used a randomized control trial (RCT) approach, an additional step after eligibility was implemented to determine the service track (either experimental or control).

- + Referrals and eligibility screenings started with using data collected from the Denver Police Department (DPD) to create master eligibility list
- + Master Eligibility List
 - Searched for those with eight or more arrests during a three-year period (consecutive)
 - Denver Police Department (DPD) tracks whether the individual they came into contact with was experiencing homelessness (having either no address or a shelter address); at least three arrests had to be marked with that flag
- + Daily Match
 - Automated report to match daily police arrest data with master list
 - Ensures persons are still interactive with the police and experiencing homelessness
 - Check for serious felonies and open warrants, which may carry long sentences that would prohibit participants from accepting supportive housing
- + Urban Institute conducted lottery to randomly assign treatment and control group

Outcomes/Findings

Anticipated Goals

The Denver SIB's goal, in addition to housing to persons cycling through systems, was to determine if costs are offset or reduced when this population is provided with supportive housing. Supportive housing is an expensive intervention and also proven to end someone's experience of homelessness. Both service providers in the Denver SIB billed Medicaid to further offset supportive services from private and local public sources to more appropriate funding streams and often preventative, rather than emergency services.

PARTICIPANT AND PROGRAM GOALS

- + **Housing stability** – Assisting participants obtain and retain supportive housing long-term
- + **Interactions with law enforcement** – Participants experiencing unsheltered homelessness may commit crimes associated with that experience, such as trespassing, panhandling, and loitering, that if they had housing and support services may not otherwise commit

PARTICIPANT AND PROGRAM GOALS (CONTINUED)

+ Health care access – Assisting participants through supportive services to connections to other appropriate or specialist health care services, along with application to mainstream benefits such as Medicaid coverage leading to appropriate costs and continuity of care

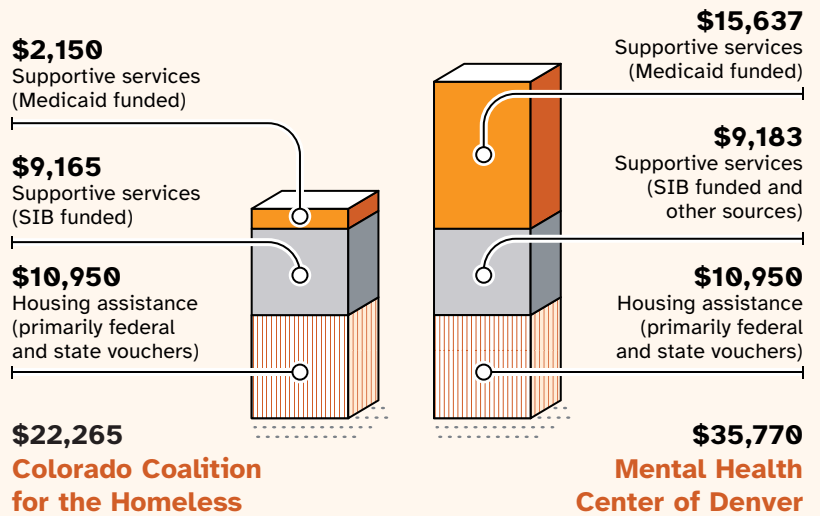
COMMUNITY GOALS

- + Justice system involvement** – Fewer instances of arrests for individuals and diversion to appropriate health and housing services
- + Appropriate health care services**
 - Reduction in emergency services and avoidable hospital visits and increase in preventative care
 - Increase in Medicaid coverage
 - Improved mental health and physical health outcomes on community scale
 - Costs savings and cost shift to more appropriate funding streams

Program Financials

The PFS model in brief requires an upfront investment from any combination of public, private, and non-profit sources to pay service provider program costs such as rent, supportive services, operations, and program administration. Based on the performance of the service provider to meet contractual obligations such as participant housing stability and reduced instances of arrest a public funder will pay back the investors for every outcome meeting the performance threshold. The better the provider performance, the more the investment is repaid.

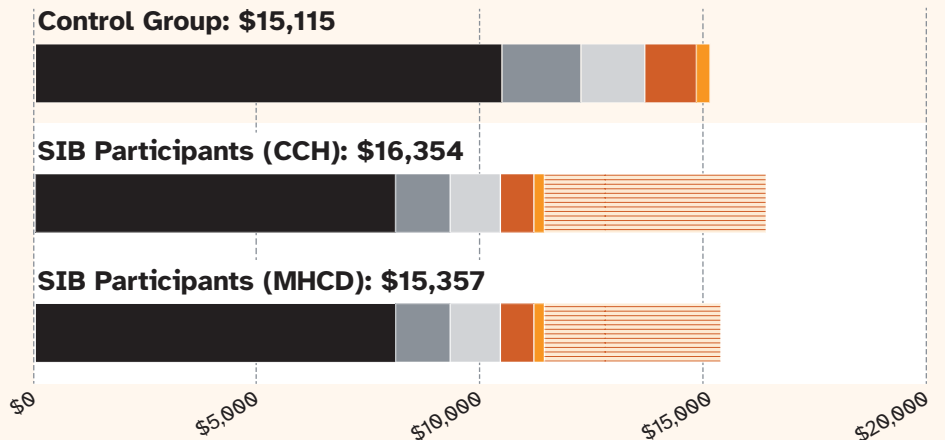
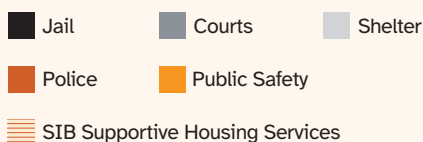
Figure 3: Denver SIB Supportive Housing Cost, by Provider and Funding Source—Annual Per Unit Cost



Source: Urban Institute. (2021). "Analyzing the Costs and Offsets of Denver's Supportive Housing Program."

Figure 4: Most of Denver's Supportive Housing Costs Were Offset by Reductions in Costs for Other Local Services—

Average Annual Per Person Costs for the City and County of Denver



Source: Urban Institute. (2021). "Analyzing the Costs and Offsets of Denver's Supportive Housing Program."

Evaluation Results

- + Those housed through Denver SIB maintained that housing for the long-term; 80% of participants remained housed after two years
- + Denver SIB participants showed reduced stays in shelter and interim housing; heavy focus on outreach and location for when housing became available
- + Demonstrated reductions of emergency health care; over two years there was a 40% reduction in ED visits
- + Demonstrated reductions of city-funded detoxification facilities; SIB participants experienced a 65% reduction in use of these services that are not funded or able to provide follow-up and ongoing treatment
- + Denver SIB as set up as a pay for success model works as a strategy to scale supportive housing and connect systems-involved persons with long histories of homelessness and justice-involvement with housing and supportive services

Supportive housing is an expensive intervention and also proven to end someone's experience of homelessness.

Additional Resources

FROM THE DENVER SIB

- + **CSH blog post:** [A 5-Year Denver-based Supportive Housing Project Achieves "Remarkable Success" for People Entrenched in Homelessness and Jail Stays⁴](#).
- + **Feature story:** [Housing First Breaks the Homeless-Jail Cycle⁵](#). This includes outcomes across all four outcome reports which were released in July of 2021.
- + **Fact sheet:** [Results from Denver's Five-Year Supportive Housing Program⁶](#). Full project report [here⁷](#).
- + **Fact sheet:** [Final Investor Payments⁸](#). Full payment report [here⁹](#).
- + **Fact sheet:** [Costs and Offsets of the Denver SIB¹⁰](#). Full cost report [here¹¹](#).
- + **Working Paper:** [Denver SIB Health Outcomes¹²](#).

OTHER RESOURCES

- + [Health Center Role in Housing Innovations: Pay for Success Models¹³](#).
- + [Data Integration Best Practices for Health Centers & Homeless Services¹⁴](#).
- + [Homelessness and Health Data Sharing Toolkit¹⁵](#).



Photo by Andy Barbour from Pexels.

Conclusion

The Denver SIB offers a lot to those wishing to know more about FUSE and PFS. The program operations have been reviewed and evaluated independently, were part of an RCT approach, and have been the subject of quite a lot of additional reporting and background (much of it referenced above).

With its focus on data-driven results, analysis and understanding and ending cycles of cross-systems institutionalization, and dedication to supportive housing, it is a prime example of what FUSE program could be. Additionally, its creative approach to funding serves as inspiration to many communities that have limited funding opportunities through traditional, often public, channels that may be unwilling to allocate funding to a new approach.



CSH, the Corporation for Supportive Housing, is the national leader in supportive housing, focusing it on person-centered growth, recovery, and success that contributes to the health and wellbeing of the entire community. Our greatest asset is our team. From our Board of Directors to staff, we work every day to build healthier people and communities. Through our consulting, training, policy, and lending, we advance innovation and help create quality supportive housing. Our hub offices drive initiatives in 48 states and more than 300 communities, where CSH investments create thousands of homes and generate billions of dollars in economic activity.

CSH.ORG

Endnotes

- 1 <https://www.csh.org/wp-content/uploads/2021/09/CSH-Health-Center-Role-in-Housing-Innovations-Sept-2021-WEB.pdf>
- 2 <https://endhomelessness.org/resource/housing-first>
- 3 <https://www.samhsa.gov/resource/ebp/assertive-community-treatment-act-evidence-based-practices-ebp-kit>
- 4 <https://www.csh.org/2021/07/denver-supportive-housing-project-achieves-remarkable-success-for-homelessness-and-jail-stays>
- 5 <https://www.urban.org/features/housing-first-breaks-homelessness-jail-cycle>
- 6 <https://www.urban.org/research/publication/breaking-homelessness-jail-cycle-through-housing-first-approach>
- 7 <https://www.urban.org/research/publication/breaking-homelessness-jail-cycle-housing-first-results-denver-supportive-housing-social-impact-bond-initiative>
- 8 <https://www.urban.org/research/publication/final-investor-payments-denvers-innovative-supportive-housing-program>
- 9 <https://www.urban.org/research/publication/denver-supportive-housing-social-impact-bond-initiative-final-outcome-payments>
- 10 <https://www.urban.org/research/publication/analyzing-costs-and-offsets-denvers-supportive-housing-program>
- 11 <https://www.urban.org/research/publication/costs-and-offsets-providing-supportive-housing-break-homelessness-jail-cycle>
- 12 <https://www.urban.org/research/publication/improving-health-care-through-housing-first>
- 13 <https://www.csh.org/resources/new-health-center-role-in-housing-innovations-pay-for-success-models>
- 14 <https://www.csh.org/resources/data-integration-best-practices-for-health-centers-homeless-services>
- 15 <https://www.hudexchange.info/resource/6145/homelessness-and-health-data-sharing-toolkit>

This publication is supported by the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) as part of an award totaling \$550,000 with 0 percentage financed with non-governmental sources. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement by, HRSA, HHS, or the U.S. Government. For more information, please visit HRSA.gov.