

Pay for Success

Introduction

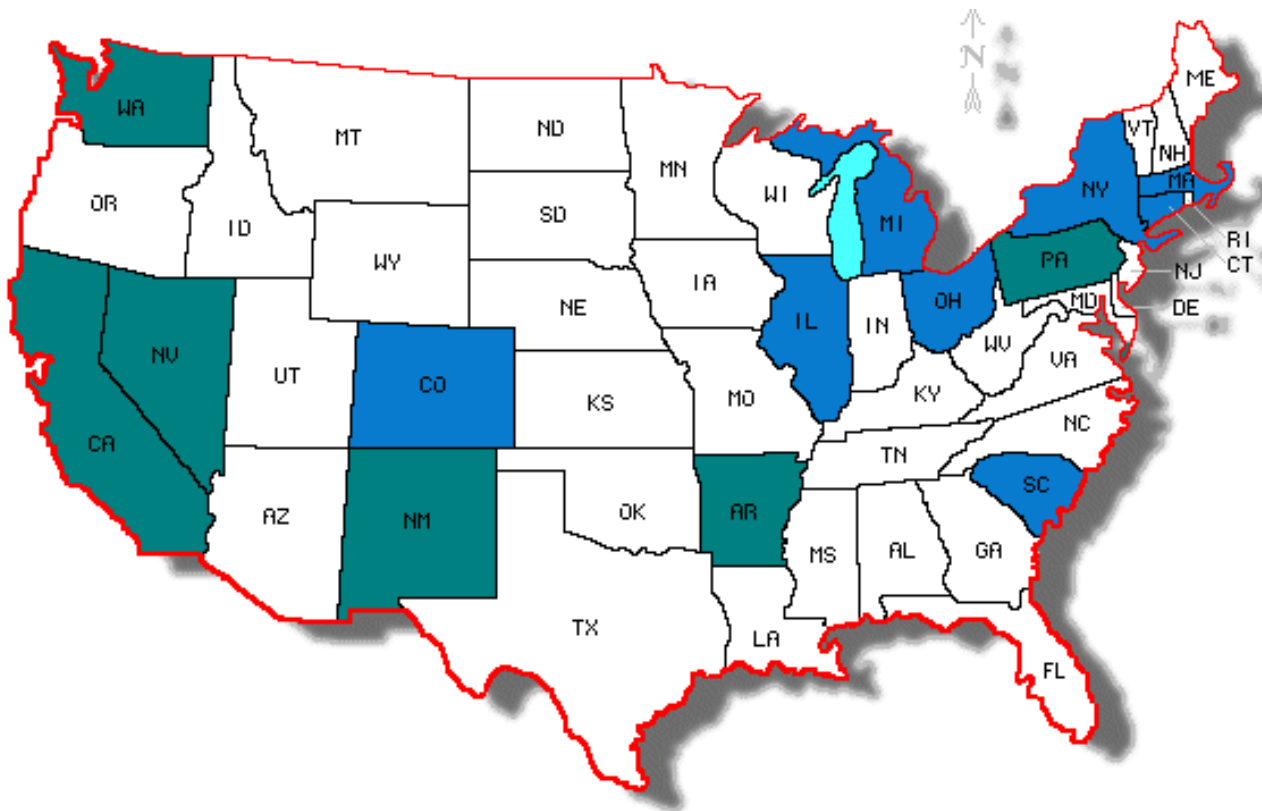
HARVARD KENNEDY SCHOOL

SIB LAB

SIB LAB

SIB Lab Locations

We have provides pro-bono on-the-ground technical assistance to 11 states and cities, adding 7 more with SIF funding



Existing Governments

- Ohio
- Michigan
- South Carolina
- Colorado
- Denver
- Chicago
- Illinois
- Connecticut
- Massachusetts
- New York

New Governments

- Arkansas
- New Mexico
- Nevada
- Pennsylvania
- San Francisco
- Washington
- Washington DC

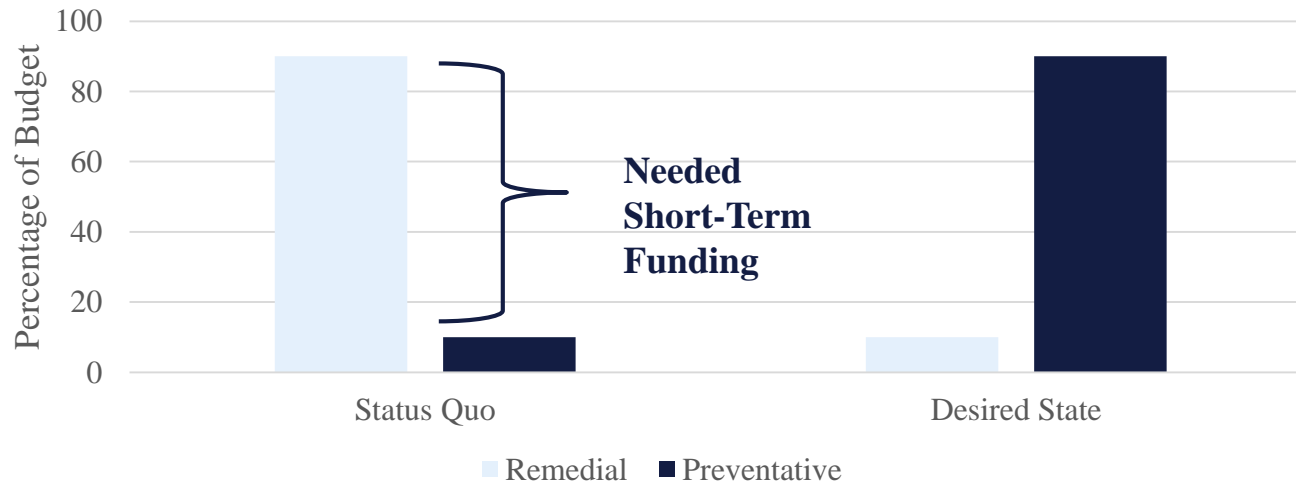
Progress to Date

SIB Lab	RFI	RFP	Negotiations	Launched
MASSACHUSETTS—Youth recidivism				Launched January '14
MASSACHUSETTS—Homelessness				Launched December '14
MASSACHUSETTS—Adult Basic Education				RFP February '14
NEW YORK STATE—Recidivism				Launched December '13
NEW YORK STATE—Birth outcomes, early childhood				Partners Announced March '14
NEW YORK STATE—Diversion alternatives for high-risk youth				Partners Announced March '14
CHICAGO—Early childhood				Launched October '14
ILLINOIS—Youth recidivism/child welfare				Partners Announced May '14
SOUTH CAROLINA—Birth outcomes, early childhood				RFI September '13
CONNECTICUT—Child welfare				Partners announced June '14
DENVER—Supportive housing				Partners announced June '14
MICHIGAN—Birth outcomes, early childhood				RFP August '14
MICHIGAN—Human services				RFI September '13
COLORADO— Early child., youth, supp. housing				RFI September '13

Pay for Success

PFS financing provides additional needed funding for a government to make an important transition

- Pay for new programs and services while we move to long-term preventative solutions.
- We can add dollars to existing resources and tools to make them more effective.



Overarching Motivation For SIBs

We are not making rapid enough progress in solving social problems (Early Childhood Education, Recidivism, Homelessness, etc.)

Problems SIBS are Attempting to Address

- **Funding for service providers is inconsistent.**

Solution: Private investors provide upfront capital for the duration of the contract.

- **Given fiscal constraints, preventative programs are rarely supported.**

Solution: Governments pay based only on outcomes and discernible savings/benefits from those outcomes.

Problems SIBS are Attempting to Address

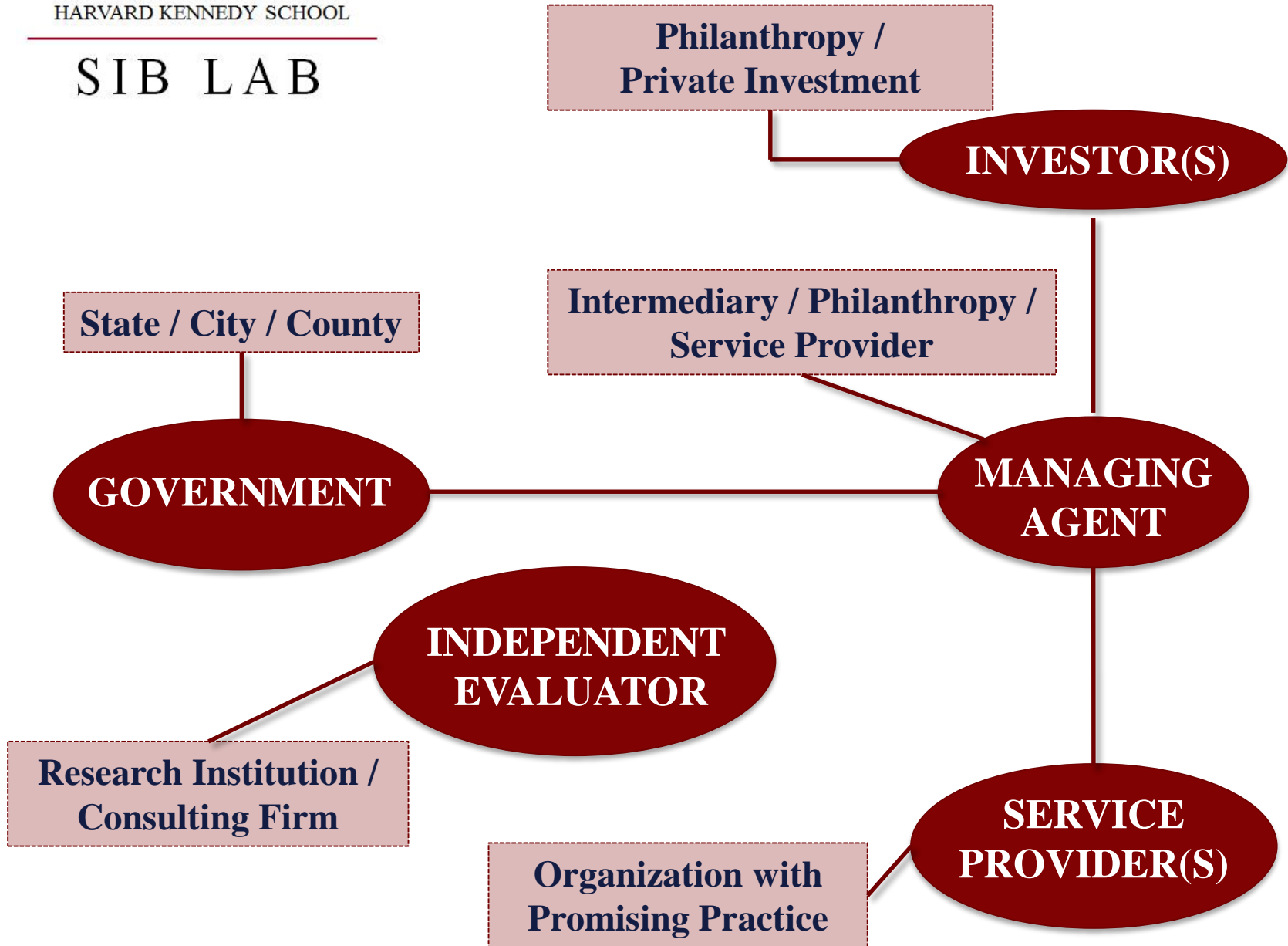
- **We don't measure outcomes regularly enough to produce ongoing learning about what works.**

Solution: Independent evaluation provides the evidence needed to verify and understand program success.

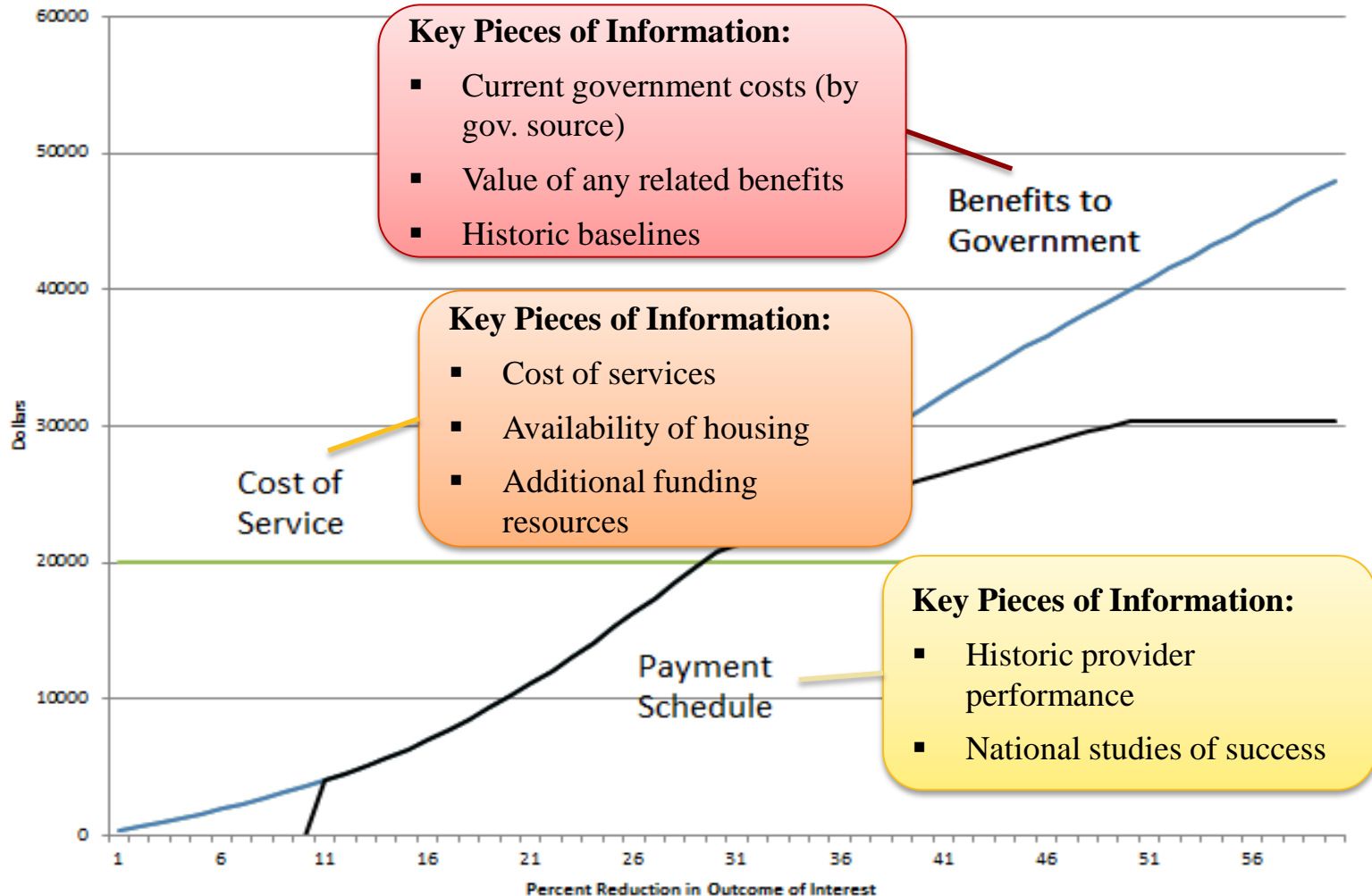
- **No systematic way for government to scale up successful innovations.**

Solution: Direct connection to government allows for rapid expansion of successful programs.

SIB LAB



Our Collective Goal



Example: Denver

On a given year, the High Utilizers can touch multiple systems at extremely high rates ...

Average Usage Per High Utilizers (2013)

	Top 100	Top 150	Top 200
Arrests			
Cite & Release	5.2	5.2	4.9
Custodial	4	3.7	3.2
Justice System			
Jail Days	144	104	79
Court Dates	4.6	4.5	4
Medical Expenses*			
Detox Visits	8.2	8.2	8.2
ER Visits	2.1	2.1	2.1
Other Medical Visits	1.8	1.8	1.8

High Utilizers may have high and low years, but they have high multi-year averages ...

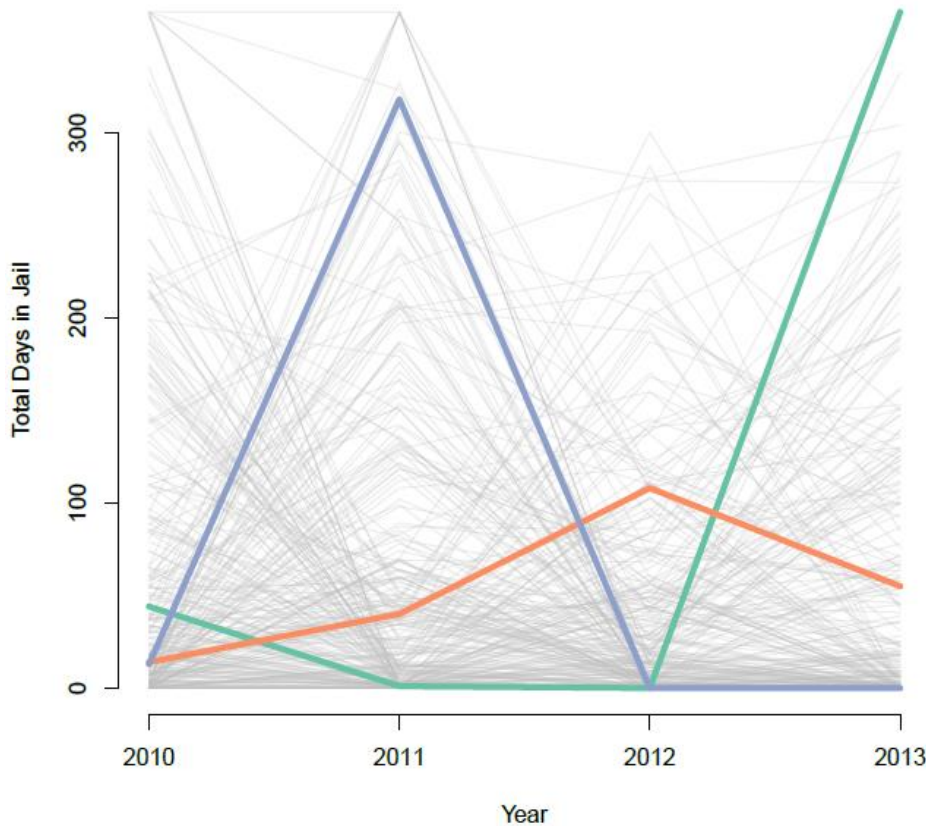
(Target group = those who spent more than 7 days in jail in 2010)

2010 Target Group

Average over 2010-2013	Average Total Bookings	8.08
	Yearly Average Bookings	2.7
	Average Total Jail Days	170
	Yearly Average Jail Days	57

Example: Denver

Jail Days
(with 3 examples highlighted)



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Getting to Current Costs

Cost X Usage = Front-End User Costs

Category	Item	Cost	Usage	Sub-Total	Total
Jail Costs 	Marginal	\$24	56.3 days	\$1,352	\$3,887
	Variable	\$45	56.3 days	\$2,535	
Arrest Costs 	Custodial	\$1,414.04	2.7 arrests	\$3,750	\$7,180
	Cite & Release	\$707.02	5.16 arrests	\$3,430	
Court Costs 	Arrests	\$150.98	2.7 arrests	\$400	\$400
Medical Expenses 	Denver Cares	\$431.88	8.23 visits	\$3,554	\$26,378
	ER Visits	\$4,065.88	2.13 visits	\$8,647	
	Other Medical	\$8,039.91	1.76 visits	\$14,177	

Average Annual Cost **\$37,846**

Projecting Success

Average Reduction Based Upon National Studies of ACT and Housing First

Jail Days	Police Contact	Arrests	Detox	ER Usage
62-95%	68%	53-92%	72%	50-89%

Housing First
 Stable supported housing is the 1st and highest priority even before requiring treatment and abstinence from alcohol and drugs (Reverses the usual treatment continuum)



Housing First Outcomes

- Reduced jail days
- Reduced ER visits
- Reduced detox use
- Reduced alcohol use

[In one Seattle study it reduced health & jail costs more than \$4 million in one year for 95 individuals from average annual cost of \$42,964 per person to \$13,440 per person]

ACT Model

- Team Approach
- Supported Housing
- Substance Abuse & Mental health Treatment
- Small Caseloads (10:1)
- Services 24/7
- Wraparound services
- SAMSHA approved
- Benefits support



ACT Outcomes

- 73% less hospital days (OK)
- 64% less jail days (OK)
- 76% less hospital days (VA)
- 92% had no arrests (VA)
- 83% stable housing (VA)
- 78% decrease in jail days (GA)
- 53% less arrests (GA)
- 89% drop hospital days (GA)

Denver Project Details

Project Goals:

- 1) Demonstrate that housing and intensive case management can improve lives *and* reduce taxpayer costs.
- 2) Add to the City's capacity to house vulnerable populations.
- 3) Develop new mechanisms and funding to pay for case management services that formerly received federal support.

Size:

- 250 to 300 chronically homeless individuals

Duration:

- 5 to 6 years of SIB funding

Services:

- 2-3 new Assertive Community Treatment teams (ratio of ~ 1 case manager to 10 individuals)
- Connection to preventative health

Housing Details:

- Two new housing developments with an anticipated **160 new units** of housing (one MHCD building, one CCH building).
- Provision of additional services and subsidies to new units that are coming online or units that are vacant through turnover.