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How Hospitals Can Save Millions Helping Homeless

***Cheryl Clark, for HealthLeaders Media* , December 29, 2011**

The 22-bed Reno Motel seems an unlikely way for hospitals to avoid $1,000 fines for "dumping" discharged homeless patients onto LA's Skid Row, in violation of a 2008 city ordinance.

But on a small scale, this tiny mid-city housing project is a solution. About 33 hospitals are embracing it, and at the same time improving care for thousands of homeless people. In fact, the recuperative care projects in Southern California are saving hospitals millions—on average $2,279 per patient day— that they'd otherwise incur keeping these repeating patients in acute care beds when appropriate housing to discharge them to isn't available.

When a homeless patient is ready for discharge, the hospital refers him to the non-profit National Health Foundation. It runs two programs, and pays $200 per day for about 11 days of recuperative care, including meals, medical care and social services that patients would otherwise go without.

"This way, they have medical oversight while they're recuperating," says Eugene Grigsby, NHF president and CEO. "If they didn't have this, they'd be back on the street," and much more likely to be readmitted, or turn up with an avoidable visit to the ED, he says.

"We've made the business case that this kind of program can work," says Jim Lott, executive vice president of the Hospital Association of Southern California, an advocacy group for 165 hospitals in six counties, including 93 in Los Angeles.

"I think it's absolutely something that should be replicated throughout the country in areas with high rates of homelessness," he says.

Kelly Bruno, NHF's vice president for programs, says that in the 14 months since the Reno Motel project started, it has admitted more than 309 discharged patients referred by Los Angeles hospitals, saving them at least $2.1 million.

Another NHF project that takes patients discharged from Orange County hospitals began Jan. 1, 2010. For 11 months in 2011, it cared for 385 homeless patients, saving those hospitals $2.87 million. NHF contracts with the non-profit Illumination Foundation to manage both programs.

Two other programs operated by a different group, the JWCH Institute, elsewhere in LA, and third in Santa Monica, also take in homeless persons discharged from hospitals. .

These patients—mostly single, uninsured men too frail to recover from their illnesses on the streets, but not sick enough to stay in the hospital—receive meals, help from nurses, home health and social services professionals. A large number received acute care for cellulitis, fractures, and trauma, uncontrolled diabetes, chest pain, or alcohol withdrawal and are taught how to manage their conditions.

They also receive transportation to physician or clinic appointments or to a pharmacy to get their medications. As a bonus, they also get some job counseling. The project houses 22 patients at a time in 12 double-occupancy rooms, and is quickly reaching capacity.

Perhaps equally important, Bruno says, the effort works hard to find these patients permanent housing in a setting where they can stay much healthier than they would sleeping on the street. So far, about 50% of the discharged patients have found permanent housing, although the long-term success is unclear.

In Los Angeles, the issue of hospitals discharging homeless patients became a political lightning rod several years ago when the City Attorney's office filed civil and criminal actions against several hospitals for "dumping" patients.

The city then passed an ordinance which set a $1,000 fine for each homeless patient a hospital is caught "dumping."

"Placing discharged patients, perceived to be homeless, on the streets of Skid Row is not only unsafe and a risk to their well-being and recovery, but a clear indication that institutions are placing concerns for financial performance above humanitarian concerns," the ordinance reads.

The situation "also poses a significant public health risk to the community" and though "well documented in court proceedings and publicized extensively by the print and electronic media, some institutions persist in the practice."

As the ordinance was debated and the city attorney was negotiating with the hospitals to stop the practice, hospitals reached a settlement in which they agreed to finance recuperative care projects.

Lott takes issue with the ordinance, which he believes unjustly passes on to hospitals what should be the government's responsibility for the homeless patient's non-acute care needs.

"What the government has chosen to do, instead of trying to solve the homeless healthcare problem, [is to] put a big stick on top of the hospitals' head and say 'if you don't do it we'll whack you,' leaving the hospitals holding the bag," he says.

But the law is the law. Lott acknowledges that long term, the solution is a "win-win-win" and that patients will have fewer bad outcomes.

"The reason you have frequent fliers coming back to the emergency room is because they don't have aftercare education for giving themselves medication, so they do come back and their conditions or worse and they have to be treated again," Lott says.

Caring for the homeless is particularly tough in LA, which Bruno says has the highest number of homeless in the country, estimated between 43,000 and 77,000. A large percentage of them need acute care.

The Reno Motel program picked up where another cooperative venture with a shelter in the nearby city of Bell fell short, Bruno and Grigsby say. That shelter's managers weren't finding permanent housing for these discharged patients, whose stays ended up lasting a month or more, they say. That was frustrating and costly for hospitals, which waited days for an answer on placement, they say.

The new program gives hospitals an answer about whether it can accept a patient within four hours, and often admits the patient the same day, Bruno says.

According to an April policy brief prepared by the National Health Care for the Homeless Council, pilot medical respite programs around the country like the NHF's reduce by nearly one-third the number of inpatient days and cut ED visits almost in half. They do result in a slight increase in less-expensive outpatient clinic visits.

"Homelessness exacerbates health problems, complicates treatment, and disrupts continuity of care" for discharged patients, the brief says, adding that programs in eight cities where hospitals partner with medical respite efforts have saved them more than $30 million, with the largest amount, $11.2 million saved over two years, in Richmond, VA.

Three hospitals in Cincinnati have saved $6.2 million, and in Salt Lake City, hospitals are saving $5.5 million a year, according to the council's policy brief.

Grigsby and Lott say that they want to expand the program to include Long Beach and the San Fernando Valley in ways that take advantage of economies of scale.

"We did the math, and we decided it just makes sense to go this route," Lott says. "This is really the best thing since sliced bread. The hospital industry got together and solved a problem."

Let's hope there are many more healthcare solutions like this to write about in 2012.

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