

## Fiscal Implications of Establishing a Public Guardianship Agency in Massachusetts: Evidence from Four State Studies

**Background.** The Guardian Community Trust (GCT), a non-profit organization in Massachusetts, advocates the creation of a public guardianship agency in the state. The goal of the agency would be to provide guardianship services for individuals who lack either appropriate family members or friends to fulfill that role, or the financial resources to hire a private guardian, or both. A recent study found that thousands of adults in Massachusetts may meet these criteria yet lack guardians, and that three state agencies currently fund public guardianship services for about 900 clients (Moye et al., 2016).

Two primary reasons are typically offered for providing public guardians. First, they improve the quality of life of vulnerable individuals, such as by connecting them with needed services, improving their social connections, and providing emotional supports. Second, they reduce costs incurred by public agencies, such as by arranging for transfers to less expensive residential settings, helping clients to live at home rather than in institutions, and preventing financial exploitation that results in accelerated need for public resources.

GCT hired the University of Massachusetts Donahue Institute (UMDI) to develop evidence regarding the second claim—that a public guardianship agency

would yield a net reduction in public costs, for state government in particular. This research brief presents findings from an initial stage of that work. It summarizes and draws conclusions from four studies that investigated net savings of public guardianship programs in Florida, New York, Virginia, and Washington state. A literature review did not identify additional cost-benefit studies of public guardianship programs. The four studies are summarized in the table below.

**Findings.** Annual costs per client varied widely by program, with the New York program costing the most but also reportedly providing the highest level of services. Prices are not fully comparable across studies, because they span a 12-year period and are not adjusted for inflation, changes in health care spending policies over time, or differences in service costs by location.

Savings also varied substantially by program. The Virginia, Florida, and New York studies all reported net savings of millions of dollars per year. Moreover, these programs served only a fraction of the individuals needing guardians in their states, which suggests that meeting a higher level of need would result in additional savings.

Cost-Benefit Studies of Public Guardianship from Four States		
Study	Expenditures	Savings
<b>Virginia:</b> Teaster & Roberto (2003). Studied 239 clients in 10 state-funded programs.	The annual average cost per client was \$2,955.	Net savings of \$5.2 million were realized in two years. Nearly two-thirds of the savings were due to discharging clients from psychiatric wards.
<b>Florida:</b> Teaster et al. (2009). Studied 2,208 clients in 15 state-funded programs.	The annual average cost per client was \$2,648.	Net savings of \$1.8 million were realized in one year. 958 clients moved to less expensive residential settings in a 6-month period.
<b>Washington:</b> Burley (2011). Studied 49 clients in a state-funded program.	The average cost per client over 2 ½ years was \$7,907.	Net savings of \$224 per client were realized over a 30-month period due to moves to less expensive residential settings.
<b>New York:</b> Vera Institute (2015). Assessed 166 clients in a demonstration project.	The annual average cost per client was \$10,096.	Net savings of \$2.6 million were realized over a 15-month period. Savings were based on maintaining clients in non-institutional settings, delaying Medicaid spend-down, and paying Medicaid liens.

The Washington study reported lower savings—just \$224 per client in residential costs over a 30-month period. This was also the most rigorous study, because it included a comparison group and considered moves to more restrictive as well as less restrictive settings. Total savings were apparently underestimated, however, because costs related to substantially reduced utilization of home care services—29 hours less per month for public guardianship clients than for comparison clients—were not incorporated into the fiscal model (Schmidt, 2013).

Across the four studies, most of the reported savings were attributed to guardians transferring clients to less expensive residential settings or arranging for them to live at home with supports. Additional savings were attributed to delaying Medicaid spend-downs, paying Medicaid liens, reducing home care costs, arranging for pre-paid funerals, recovering assets, and finding alternative guardians (which reduced program caseloads).

**Conclusions.** All studies showed a net savings for public guardianship programs. However, these studies are not sufficient to determine the extent of costs or savings that would be realized in Massachusetts. Further investigation would also be required to determine how much of the reported savings would benefit the state budget in particular, because some of the savings accrue to federal programs such as Medicaid. Estimates of impacts on the state budget could support advocacy efforts for the creation of a state guardianship agency.

Currently, obstacles to carrying out additional research in Massachusetts include the quality of existing data systems and the availability of extant data to researchers. The most rigorous cost savings estimates will require accurate, comprehensive, and well-maintained statewide databases that gather information regarding relevant cost and savings points for program participants. Sources of public data for comparison groups of non-participants will also be essential.

With regard to data access, it is notable that three of the four state studies report that their research was commissioned or mandated by state agencies. The Washington legislature directed a research group to “analyze the costs and off-setting savings to the state from the delivery of public guardianship

services” (Burley, p. 1). The Virginia study quotes legislation mandating an evaluation of the state’s public guardianship programs, proposed by a state senator and funded by the state’s General Assembly.

Similar mandates in Massachusetts could lead to improved data access in the short term and improved data systems in the long term. Advocacy for such mandates could accelerate progress toward fulfilling unmet need for guardianship services.

While advocating for improvements to data systems and access, the Guardian Community Trust is working with the UMass Donahue Institute to identify partners and develop methods that will use existing data sources to produce estimates of the fiscal implications of creating a public guardianship agency in Massachusetts.

## References

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