



Treatment Advocacy Center Backgrounder

The Cost of Assisted Outpatient Treatment: Can It Save States Money?

Jeffrey W. Swanson, Ph.D.
Richard Van Dorn, Ph.D.
Marvin S. Swartz, M.D.
Pamela Clark Robbins, B.A.
Henry J. Steadman, Ph.D.
Thomas G. McGuire, Ph.D.
John T. Monahan, Ph.D.

OBJECTIVE: The authors assessed a state's net costs for assisted outpatient treatment, a controversial court-ordered program of community-based mental health services designed to improve outcomes for persons with serious mental illness and a history of repeated hospitalizations attributable to nonadherence with outpatient treatment.

METHOD: A comprehensive cost analysis was conducted using 36 months of observational data for 634 assisted outpatient treatment participants and 255 voluntary recipients of intensive community-based treatment in New York City and in five counties elsewhere in New York State. Administrative, budgetary, and service claims data were used to calculate and summarize costs for program administration, legal and court services, mental health and other medical treatment, and criminal justice involvement. Adjusted effects of assisted outpatient treatment and voluntary intensive services on total service costs were examined using multivariate time-series regression analysis.

RESULTS: In the New York City sample, net costs declined 50% in the first year after assisted outpatient treatment began and an additional 13% in the second year. In the five-county sample, costs declined 62% in the first year and an additional 27% in the second year. Psychotropic drug costs increased during the first year after initiation of assisted outpatient treatment, by 40% and 44% in the city and five-county samples, respectively. Regression analyses revealed significant declines in costs associated with both assisted outpatient treatment and voluntary participation in intensive services, although the cost declines associated with assisted outpatient treatment were about twice as large as those seen for voluntary services.

CONCLUSIONS: Assisted outpatient treatment requires a substantial investment of state resources but can reduce overall service costs for persons with serious mental illness. For those who do not qualify for assisted outpatient treatment, voluntary participation in intensive community-based services may also reduce overall service costs over time, depending on characteristics of the target population and local service system.

Published August 2013 in the American Journal of Psychiatry.