



Treatment Advocacy Center Backgrounder

Assisted Outpatient Treatment Saves Money

SUMMARY: Forty-four states permit the use of assisted outpatient treatment” (AOT), also called “outpatient commitment.” AOT is court-ordered treatment for individuals who have a history of treatment nonadherence as a condition of their remaining in the community. Studies and data from states using AOT show that it can reduce mental health system and criminal justice system costs. Additionally, research and experience indicate that states with existing resources can implement AOT without new funding.

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AOT produced 50% cost savings in the first year of AOT participation in New York. Contrary to the expectation of increased costs, recent evidence has demonstrated improved clinical outcomes and substantial net cost savings associated with Kendra’s Law. A 2012 cost-impact study reviewed expenses for AOT program administration, legal and court services, mental health and other medical treatment, and criminal justice involvement. Researchers “compared costs for selected participants in New York City for the year before and two years after AOT initiation and found that participation produced net cost savings of 50% in the first year and an additional 13% in the second year; in five other counties, savings of 62% in the first year and an additional 27% in the second year were noted.”¹

AOT resulted in cost savings of 40% in North Carolina and programs were implemented without additional funding. A recent analysis examined mental health services and criminal justice involvement costs for county-based AOT programs in North Carolina that were operated within existing state and county allocations and revenue sources. The study compared costs for persons receiving AOT to a similar population without it and found that “[o]utpatient commitment of six months or more, combined with provision of outpatient services, appeared to result in cost savings of 40%.” Most of the cost-savings came from the effectiveness of AOT in reducing rehospitalization rates. The researchers noted that their findings “suggest that states with adequate services to provide consumers on outpatient commitment may implement a program without new funding.”²

AOT saved \$1.81 for every dollar spent in Nevada County, California. The county program implemented AOT using California Mental Health Services Act (MHSA) funds. The program received national recognition in July 2011 with an Achievement Award in Health from

the National Association of Counties for innovation that “modernizes county government and increase(s) its services.” In the first 30 months of its AOT program, Nevada County estimates that it saved \$1.81 for every dollar spent, for a total savings of over \$500,000.³

AOT significantly reduced hospitalization and incarceration costs in Seminole County, Florida. After the state passed an AOT law in 2004, Seminole County implemented an AOT program using existing services and funding allocations. As a result, between June 1, 2005, and November 30, 2006, 36 people received AOT through Seminole Behavioral Healthcare. In the year prior to receiving AOT, participants averaged 117 days of hospitalization and 23 days of incarceration. After placement in the program, the participants experienced significant reductions in both hospitalization days (43 percent, for a cumulative savings of \$303,728) and incarceration days (72 percent, for a cumulative savings of \$14,455).⁴

ENDNOTES

¹ Swartz MS, Swanson JW, Steadman HJ, et al: New York State Assisted Outpatient Treatment Program Evaluation. Duke University School of Medicine, Durham, NC, June, 2009. Available at http://www.omh.ny.gov/omhweb/resources/publications/aot_program_evaluation/ Accessed on January 9, 2013; Assisted Outpatient Treatment for Persons with Severe Mental Illness: the Data and the Controversy. Presented at the annual meeting of the American Psychiatric Association, Philadelphia, May 5-9, 2012.

² Swartz MS, Swanson JW: Can States Implement Involuntary Outpatient Commitment Within Existing State Budgets? *Psychiatric Services* 64: 7-9, 2013

³ Anderson, Tom. 2012. Testimony supporting AB 1569 before the California State Assembly Committee on Health, March 29, 2012; Report to the Nevada County Grand Jury: Laura’s Law in Nevada County, A Model for Action – Saving Money and Lives, 2011-2012.

⁴ Esposito RE, Westhead VA, Berko J: Outpatient Commitment Law: Effective but Underused. *Psychiatric Services* 59: 328, 2008