Requiring some patients to get mental health treatment saves money

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Mandating outpatient treatment for certain people with severe mental illness, while controversial, results in substantial cost savings by cutting hospitalizations and increasing outpatient care, according to a financial analysis led by researchers at Duke Medicine.

The finding – focusing on a program in New York termed Assisted Outpatient Commitment, or "Kendra's Law" - provides a key piece of information in the ongoing policy debate about appropriate treatment approaches for people with serious mental illness. The issue has been particularly heated in light of recent mass shootings by gunmen who have had mental health diagnoses.

Appearing July 30, 2013, in the *American Journal of Psychiatry*, the study found that treatment costs for a group of frequently hospitalized patients declined 50 percent in New York City after the first year of an outpatient commitment program, and dropped another 13 percent the second year. Even larger cost savings were reported in five other New York counties that were also part of the analysis.

All but a handful of states have some form of involuntary outpatient commitment program, which requires certain high-risk patients to participate in community-based treatments. But the programs have only been used sporadically in most states. Impediments include concerns about costs, potential coercion of vulnerable people and liability for patients who harm themselves or others.

"At least from a cost standpoint, our evidence shows that outpatient commitment programs could be an effective policy," said lead author Jeffrey W. Swanson, PhD., M.A., a professor in psychiatry and behavioral sciences at Duke University. "In many cases, people who are opposed to outpatient commitment programs say they're going to waste money by spending public resources on a few people with court-ordered treatment, at the expense of people who want treatment and can't get it. It's part of the problem of the fragmented, underfunded mental health system."

Swanson and colleagues conducted a comprehensive cost analysis of New York's assisted outpatient treatment program, which mandates community-based care for severely mentally ill patients who have a history of revolving-door admissions to psychiatric hospitals. Such admissions are the most expensive component of mental health services.

The researchers analyzed services used by 634 patients under court order to participate in community care, including 520 patients in New York City and 114 from other counties.

Psychiatric hospitalization rates fell steeply among participants in the program. During the year before mandated community treatment, 180 of the 520 New York City participants were admitted to a state psychiatric hospital, and 373 were admitted to a psychiatric unit at other hospitals. In the year after starting the program, 70 were admitted to a state psychiatric hospital and 245 were admitted at other hospitals. Similar declines occurred in counties outside of New York City.

"These are people who are extraordinarily ill, and for whom long periods of hospitalization have previously been the only solution," said co-author Marvin S. Swartz, M.D., professor of psychiatry and behavioral sciences and head of the division of Social and Community Psychiatry at Duke. "This shows that these patients can be successfully treated in the

community with intensive programs and a court mandate."

As hospitalizations fell, so did costs. People selected for the program had incurred, on average, more than $104,000 in mental health service costs during the preceding year. These costs declined to $59,924 per patient in New York City, and $53,683 among the other county participants, in the first year of the program. In the second year of the program, costs continued to decline, to $52,386 for the New York City participants and $39,142 for those in the counties.

The savings were realized even as expenses for outpatient services more than doubled, with patients increasingly using case management support and transportation services, making clinical visits, seeking addiction treatments and refilling prescriptions for medications.

"You wind up preventing the crises by keeping people in community treatment, and that's much less expensive," Swanson said. "You don't have to prevent that many hospitalizations to have a big cost offset, because hospitalizations are so expensive compared to outpatient treatments and services."

While patients in the mandatory program used more mental health services, the program had a mixed impact on criminal justice system involvement, which affects many people with untreated serious mental illness. Fewer of the study participants were arrested and jailed after initiating mandatory outpatient treatment, but the costs associated with their incarcerations were roughly the same.

"Outpatient commitment is not designed to reduce the risk of violence; rather, it's designed to make sure someone who has been in and out of a psychiatric hospital a number of times gets treatment that can help them," Swanson said. "At the same time, the laws that create these programs are often passed in response to a violent incident involving a

person with mental illness."

Swartz said the research adds context to policy debates about how to care for people with severe mental illness, particularly in times of tight public budgets, and suggests that involuntary outpatient treatment programs might serve as an alternative to high-cost involuntary hospital admissions.

"If applied to the right targeted population, mandatory outpatient treatment can have a dramatic impact on the cost of mental health services," Swartz said.

Provided by Duke University Medical Center