



CENTRAL CITY CONCERN

**ESTIMATED COST SAVINGS
FOLLOWING ENROLLMENT IN THE COMMUNITY
ENGAGEMENT PROGRAM**

**FINDINGS FROM A PILOT STUDY OF HOMELESS DUALY
DIAGNOSED ADULTS**

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Abstract

This report discusses the estimated cost-benefits of providing community based therapeutic care and case management to adults experiencing chronic homelessness and multiple disabling conditions. The treatment approach used was adapted from the empirically tested Assertive Community Treatment (ACT) model and is locally referred to as the Community Engagement Program (CEP). This model of treatment has demonstrated good successes in a variety of settings across the country dating back to the early 1970's.

The estimated pre-enrollment costs associated with physical health care, incarceration, and treatment for mental health and addiction issues were based on the self-report of 35 volunteer clients of the three teams (CEP II, III and IV) comprising the Community Engagement Program (CEP). They participated in a series of rigorous interviews designed to reconstruct the past five years of their service utilization in six key domains. Average costs for these services were then estimated based on existing databanks and expert opinion. A detailed review of client records was undertaken to determine the service utilization/cost in the six domains during the first year following enrollment in CEP. The investment in treatment and housing during this time period was calculated based on actual funding amounts.

The estimated pre-enrollment annual cost for health care and incarcerations per client was \$42,075. For the first year following enrollment in services these costs were reduced to an estimated \$17,199. The investment in services and housing during the first year of enrollment was averaged to approximately \$9,870. Combining the investment in services with other health care utilization, the total per client expenditure for the first year of enrollment was \$27,069. This represents a 35.7% (\$15,006 per person) annual cost saving for the first year following enrollment in CEP. Extrapolating this savings to the approximate number of clients served each year (n=293) the estimated cost savings would amount to \$4,396,758 per year. Of course, another way to look at this from a pessimistic perspective would suggest that the cost to the community would be approximately \$12,327,975 if there were no CEPs.

Experience suggests that the first year of treatment is the most expensive. Based on this, it is highly recommended that further studies, over a greater period of time, be undertaken to demonstrate the on-going cost savings of the CEP approach as clients remain stabilized in the community over multiple years.