8.1 Health funders cut their own costs by commissioning substance misuse treatment

Findings Treating substance misuse problems saves health service costs by reducing the need for future inpatient stays and emergency department visits. For health funders, commissioning this treatment can be considered 'spending to save'.

Over 1000 patients enrolled in a comprehensive private US health plan were admitted to two eight-week outpatient addiction treatment programmes. Most were dependent on alcohol and many also used stimulants or cannabis. The health plan's records were used to track medical care costs for the 18 months before treatment and the same period after it was due to have ended.

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Due to a reduction in hospital admissions/stays and emergency departments visits, post-treatment costs for the substance use patients fell significantly more than for other health plan members of the same age and gender. Inpatient and emergency costs both fell by just over a third, but, because in $ terms these were much greater, the fall in inpatient costs accounted for most of the savings. Non-emergency outpatient visits and associated costs remained stable.

In context The study adds to a substantial body of evidence that addiction treatment in general, and outpatient alcohol treatment in particular, creates cost savings for society. Its significance is that it shows these savings also benefit the service (ie, the health service) which funds the treatment. A full accounting taking in outcomes such as reduced third-party injuries would almost certainly record even greater savings for the funder. For drug addicts, too, regular outpatient treatment reduces the need for hospitalisation to deal with alcohol, psychiatric or physical problems.

The data derived from a study comparing intensive day hospital against routine outpatient care (visits three times a week), both supplemented by up to 10 months of aftercare. Across the treatments abstinence outcomes differed little, suggesting that the savings can be set against the costs of the cheaper option. On this basis the health plan would have recouped treatment costs within four to five months and then started to accrue net savings. In this study and in an earlier one of other units in the same health plan, alcohol treatment reduced the need for 'crisis' care (hospitalisation and emergency visits) but patients maintained outpatient contact, a pattern which should help prevent problems escalating and create greater long-term savings. However, part of the savings could have been due to the resolution of a climax in the patient's substance use which would have occurred without treatment.

Most patients had been randomised to the two treatments. A more rational allocation might have increased savings. Though they cost more, for the most problematic patients extensive/intensive treatments create greater savings than routine care. For the remainder, short-term inpatient or routine outpatient care is most cost-beneficial. Encouraging use of self-help aftercare groups might also have cut costs. In one US study this greatly reduced mental health care costs without affecting substance use and other outcomes.

Practice implications As an incentive to invest in substance misuse treatment, evidence that the authority which funds the treatment reaps some of the savings is likely to be more persuasive than savings less close to home. Such evidence is now emerging from comprehensive US health providers. The margin for error is so great that savings are likely also to be seen in Britain. If so, health authorities can be encouraged to provide addiction treatment as a means of reducing costs or releasing funds for other patients, as well as for the direct benefits to the patients and to society from outcomes such as reduced crime and restored productivity. Funders should budget for at least a temporary increase in aftercare costs, but this does not outweigh savings elsewhere and probably helps reduce long-term costs by preventing relapse. Encouraging participation in self-help groups can reduce aftercare costs with no loss of benefit.

Featured studies Parthasarathy S. *et al*. "Association of outpatient alcohol and drug treatment with health care utilization and cost: revisiting the offset hypothesis." *Journal of Studies on Alcohol*: 2001, 62, p. 89–97. Copies: apply Alcohol Concern.

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