

Case Study

Cost-Benefit Analysis of Therapeutic Communities

A study of therapeutic communities provides a clear illustration. A therapeutic community (TC) is an alternative to the traditional correctional response to drug addiction, which is typically incarceration for those convicted of either the possession or trafficking of illegal substances. In therapeutic communities, abusers participate in an intensive, structured living experience with other addicts who are attempting to stay sober. Because the treatment involves residential support as well as other types of services, it can be quite costly. Are those costs worth it?

Stanley Sacks et al. (Sacks, McKendrick, DeLeon, French, & McCollister, 2002) conducted a cost-benefit analysis of a modified TC. A total of 342 homeless, mentally ill chemical abusers were randomly assigned to either a TC or a “treatment-as-usual” comparison group. Employment status, criminal activity, and utilization of health care services were each measured for the three months prior to entering treatment and the three months after treatment. Earnings from employment in each period were adjusted for costs incurred by criminal activity and utilization of health care services.

Was it worth it? The average cost of TC treatment for a client was \$20,361. In comparison, the economic benefit (based on earnings) to the average TC client was \$305,273, which declined to \$273,698 after comparing post- to pre-program earnings, but was still \$253,337 even after adjustment for costs. The resulting benefit-cost ratio was 13:1, although this ratio declined to only 5.2:1 after further adjustments (for cases with extreme values). Nonetheless, the TC program studied seems to have had a substantial benefit relative to its costs.