

Expected Savings from Statewide Implementation of Laura's Law is \$19 million

Summary: Taking Laura's Law statewide will cost a maximum of \$19 million and generate a minimum of \$38 million in savings to taxpayers for net savings of at least \$19 million. The savings come from primarily from decreased hospitalization and incarceration costs.

California counties calculate between 1500¹ to 3,800² Californians would be eligible for Laura's Law.

These individuals—even without being enrolled in Laura's Law are seriously mentally ill and therefore qualify for federal, state and county funded mental health services like Full Service Partnerships (FSP) counties provide the seriously mentally ill.³ However, individuals eligible for Laura's Law are so sick they do not recognize they are sick (anosognosia) and do not access treatment voluntarily. They require the addition of a Laura's Law court order to enable them to access the services counties provide.⁴ So the cost of the court order would be an incremental cost to counties.

The court and program administration costs associated with Laura's Law (ie components not currently funded) are at most \$5,000 per person in the first year and go down after that.⁵

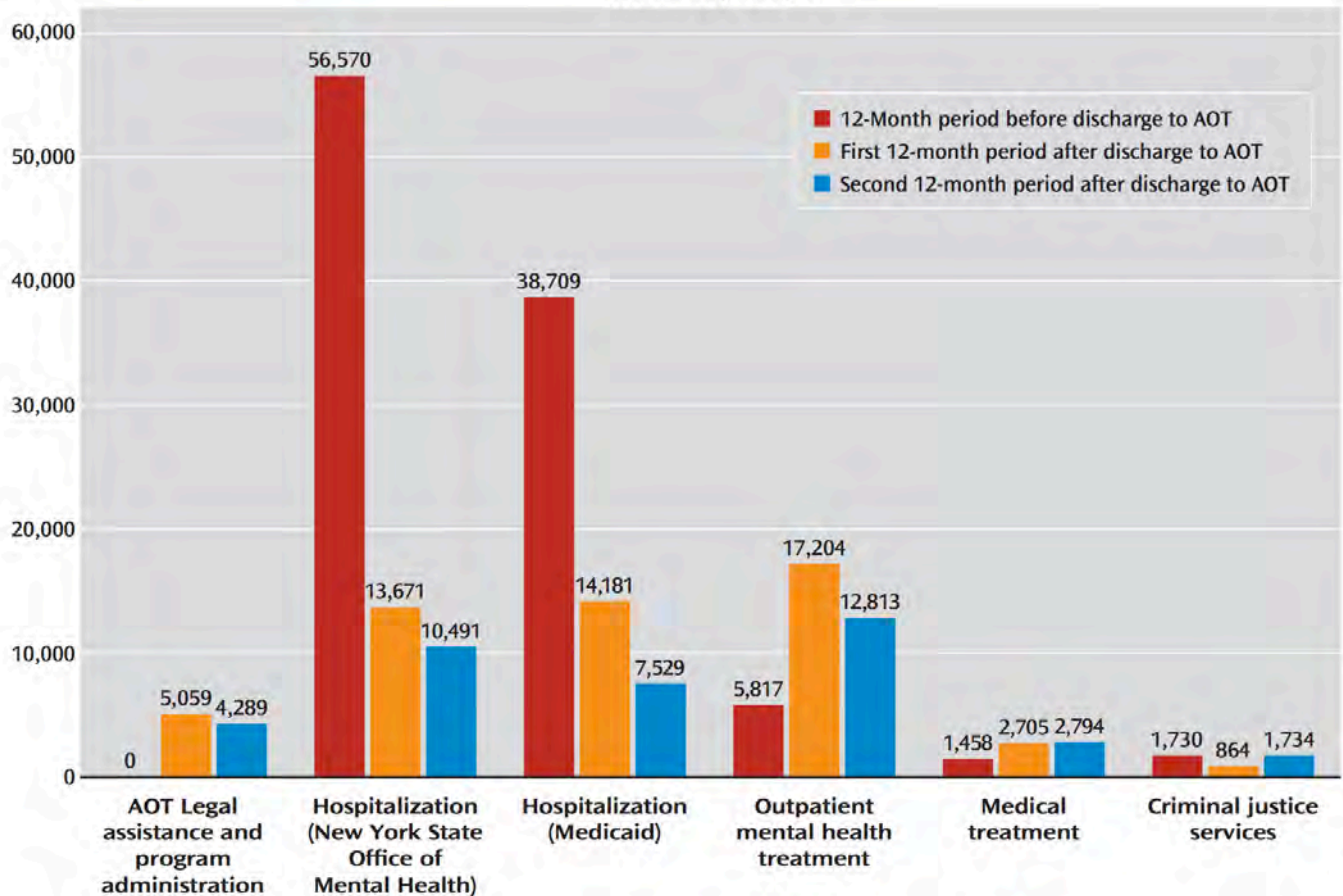
Therefore the incremental cost of implementing Laura's Law, the costs to secure the court order, are \$19 million (\$5,000 X 3800) assuming high estimates are used and everyone who is eligible is enrolled. These are offset by \$38 million in savings as follows.

Savings

Extrapolating data on decreased hospitalization and incarceration in Nevada County to the rest of the state indicates a statewide saving of at least \$38 million⁶ and perhaps as much as \$75,796,000⁷

Data from Los Angeles County shows a 40% savings to taxpayers.⁸ As reported in the New York Times⁹, the most comprehensive study (of Kendra's Law in rural and in urban areas) found a 50% savings. Florida¹⁰ and other states using AOT also experienced savings.

Five-County Sample



Savings pre and post AOT in non-NYC counties of NYS (savings in NYC were comparable)

Increased outpatient costs were more than offset by decreased hospitalization and incarceration resulting in savings of 50% to NYS taxpayers

¹ The 1500 number is from calculations done by Contra Costa Health Services and Orange County Health Care Agency. Contra Costa has a population of 1 million. (U.S. Census 2013) Contra Costa Health Services department did a detailed analysis of the records of residents and found 37 would be eligible for Laura’s Law (Contra Costa Health Services 2014). If applied to the population of California, that would be 1407 individuals. Orange County Health Care Agency estimated 1 in 25,000 Orange County residents would be eligible. (Discussion and analysis of AB 1421 for Board of Supervisors 2011). If that rate were applied to California, 1520 Californians would be eligible. San Diego Supervisor Dave estimated 150 San Diegans would be eligible for Laura’s Law. (“Laura’s Law would be a laser not a charm” Logan Jenkins, San Diego UT. 12/9/14) If that ratio were applied to the state, 1850 would be eligible.

² The 3800 number is based on Los Angeles. Los Angeles estimated they need 300 AOT slots for those eligible. Los Angeles has 3 million residents (U.S. Census 2013). If that rate was applied statewide, 3,800 would be eligible.

³ All existing law, regulations, and statements confirm individuals who meet the criteria for Laura’s Law are already entitled access to existing services and funding separate services are not needed. Indeed the purpose of MHSA funds to serve people with serious mental illness and those eligible for Laura’s Law are people with serious mental illness:

For example California Code of Regulations 9 CCR § 3400(b) "Allowable Costs and Expenditures" states "Programs and/or services provided with MHSA funds shall:....(2) Be designed for voluntary participation. No person shall be denied access based solely on his/her voluntary or involuntary legal status." That specifically means that LL eligible individuals may not be excluded from already planned and available services. Any argument that they need additional planning for or funding, denies them the right they have under this reg to access already existing programs.

Disability Rights California (DRC) wrote “There is no language in MHSA that prohibits the use of any funds for Laura’s Law. “There is no language in Proposition 63, itself, that...prohibits...the use of any funds for involuntary services.” (Disability Rights California (“DRC”), “Memo to Interested Persons”, 5/3/2005). (Disability Rights California 2013)

Stephen Mayberg director of the California Department of Mental Health wrote to Nevada County “The Department would like to assure you that those individuals eligible for Mental Health Services Act (MHSA) programs, such as the approved Assertive Community Treatment Team may have voluntary or involuntary legal status. (Stephen Mayberg, Director, California Department of Mental Health to Michael Heggarty, Director, Nevada County Behavioral Health Services, May 22, 2007).

“The author of Proposition 63, Sen. Darrell Steinberg, D-Sacramento, said there is nothing in the measure passed by California voters in November 2004 that prohibits its use on Laura’s Law cases. I’m very clear that it can be..... The services are available to everyone who meets the definition of serious mental illness.” (Care, not Excuses”, San Francisco Chronicle, February 21, 2008. Page B6.)

Rusty Selix, in his capacity as co-author of Proposition 63 said, “Once someone is enrolled in a [Adult System of Care] program there is funding for their services and this could also include court assisted outpatient orders” (Rusty Selix, Executive Director, California Council of Community Mental Health Agencies and co-author of Proposition 63, “From Fail-First to Help- First: Proposition 63 Transforms California’s Mental Health System”. February 3, 2005.)

⁴ The missing funding stream for counties to implement Laura’s Law are the funds to do the referrals, medical evaluations, hiring lawyers, preparing treatment plans, submitting to courts and decisioning by courts. Everything that occurs after that (medications, case management, monitoring compliance, day treatment, substance abuse treatment, therapy, etc.) are paid for with Medicaid, Medicare, private insurance, ACA, etc. and other existing funding streams.

⁵ The best detailed published cost data was “The Cost of Assisted Outpatient Treatment: Can It Save States Money?” published in the American Journal of Psychiatry. Program administration and legal costs were \$4,971 in urban areas and \$5,106 in rural. (Swanson, et al. 2013)

⁶ Nevada County had reduction in *actual* hospital costs of \$213,300; reduction in *actual* incarceration costs of \$75,600 for a net savings to the County of \$503,621 for 31 months for 19 individuals. Therefore $503,000/12 = 16,225$ savings per month or 194,700 per year. Divided by 19 individuals is \$10,247 saved per person. California has 3800 eligible for a total savings of 38,938,600.

⁷ Drs Cameron Quanbeck, Gary Tsai and Kaitlin Szabo extrapolated data from Nevada County Grand Jury, Health Department and Judicial department and applied it statewide to calculate savings of \$189 million. For every dollar spent on the Assisted Outpatient Treatment program, preventing acute psychiatric hospitalizations and jailing saved Nevada County \$1.81, a 45% net savings (\$503,621) (Quanbeck, Tsai and Szabo 2012) \$503,621 savings in 30 months / Nevada County’s population 98,764 = \$5.10 saved per unit population. Population of California 37,253,956 – Nevada County population 98,764 = 37,155,192 x \$5.10 = \$189,491,479 savings for the rest of California over 30 months. $\$189,491,479/30 = \$6,316,000/\text{month}$ or \$75,796 million/annually

⁸ Los Angeles provided services to people under court orders and found it reduced incarceration 78 percent; reduced hospitalization 86 percent; and reduced hospitalization 77 percent even after discharge from Laura’s Law. It also increased “milestone” of recovery scores. Laura’s Law cut taxpayer costs 40 percent in Los Angeles

⁹ http://www.nytimes.com/2013/07/30/us/program-compelling-outpatient-treatment-for-mental-illness-is-working-study-says.html?pagewanted=all&_r=0

¹⁰ Seminole County, FL Hospitalization Study found AOT reduced hospital days from 64 to 37 days per patient over 18 months. The savings in hospital costs averaged \$14,463 per patient. When they reviewed comparable time periods for these 21 patients, they found that the group costs for hospitalization days after the order was \$303,728 less than it was prior to the court order. The twenty-one recipients experienced a cumulative 339 incarceration days prior to the court order and 94 incarceration days during comparable time periods after the order, an overall reduction of 72 percent. At a rate of \$59.00 per day for an inmate with medical costs at the Seminole County jail, that results in a \$14,455 reduction in costs for incarceration days. Available at <http://mentalillnesspolicy.org/States/florida/florida-aot-results.html>