

Accurate data about the cost of substance abuse treatment are becoming increasingly important as financing methods change. Analysts are interested in good cost data to analyze the cost-effectiveness of treatment, and to make meaningful comparisons of the relative costs and benefits of treatment. This fact sheet describes the use of a tool designed to assess the costs of treatment, the Substance Abuse Treatment Cost Allocation and Analysis Template (SATCAAT), and the results of an analysis using SATCAAT. Results of the analysis show that wages and salaries accounted for almost two-thirds (63%) of the costs of treatment. About one-third (32%) of staff expenditures went to certified addictions counselors, while costs for support staff and administration staff each accounted for about one-fourth of staff costs. The majority of staff time (47%) was spent on group and individual counseling, while over one-third of staff time was spent on case management, records keeping, and networking. Several implications for treatment research, policy and practice are presented.

Background

This fact sheet describes the use of a tool designed to study the cost of substance abuse treatment. The Substance Abuse Treatment Cost Allocation and Analysis Template (SATCAAT) was developed under the sponsorship of the Center for Substance Abuse Treatment (CSAT). The SATCAAT was created by cost accountants to generate unit-cost data on individual treatment services at a variety of substance abuse treatment service delivery units (SDUs).

Using SATCAAT, cost data for this analysis were collected from 37 SDUs operated by 11 different providers of substance abuse treatment. All of the providers were corporately affiliated with treatment units that were funded at least partially by CSAT demonstration grants. The data were collected on-site by trained cost accountants using the SATCAAT's data collection forms and protocols. In most cases, the analysis was based on 1997 data. For some providers, however, 1996 data were the latest available.

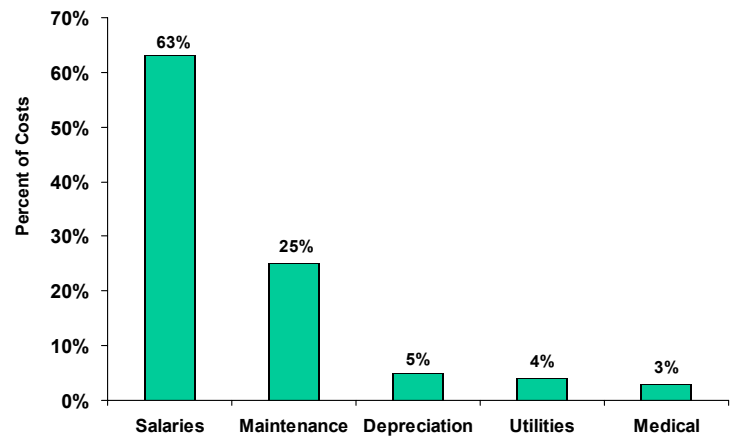
This fact sheet presents data on overall costs of treatment, including the distribution of costs by type of expense, and the distribution of staffing costs by type of personnel. In addition, this fact sheet summarizes the implications of the SATCAAT for treatment research, policy, and practice. Fact Sheet 87 presents data on costs by type of SDU, including SDU characteristics and costs per client, per client day and annual total costs, as well as SDU costs by type of expense and level of care, and by type of personnel.

Types of Expenses of Substance Abuse Treatment Providers

Employee wages and salaries accounted for almost two-thirds (63%) of the costs incurred by the 37 SDUs. Maintenance and

administrative expenses accounted for one-fourth of costs (25%), while the remaining 12 percent of costs went to depreciation, rent and interest (5%), utilities (4%), and medical and laboratory costs (3%). Medical and laboratory costs were the smallest proportion of the total cost, which may reflect the practice of having such services provided by other health care providers rather than substance abuse treatment providers.

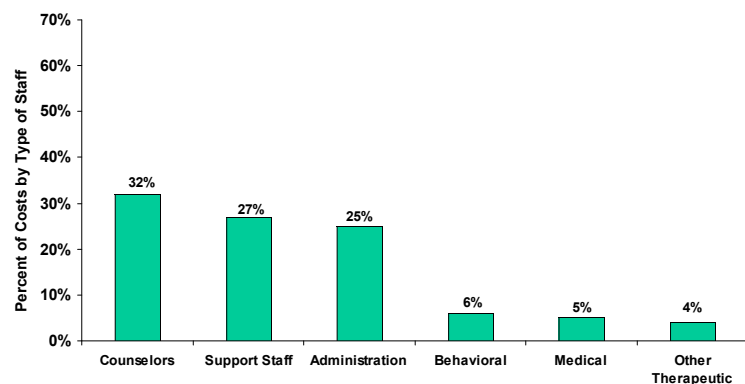
**Distribution of Costs by Type of Expense
(N=37)**



Staffing Patterns of Substance Abuse Treatment Providers

Using SATCAAT, this analysis revealed that about one-third (32%) of staff expenditures were for certified addiction counselors, followed by support staff, such as housing technicians and "other" (27%), administrative staff (25%). Costs for behavioral health therapeutic staff (6%), medical staff including doctors and nurses (5%), and other therapeutic staff (4%) were the smallest proportions of staffing costs.

**Distribution of Staffing Costs by Type of Personnel
(N = 37)**

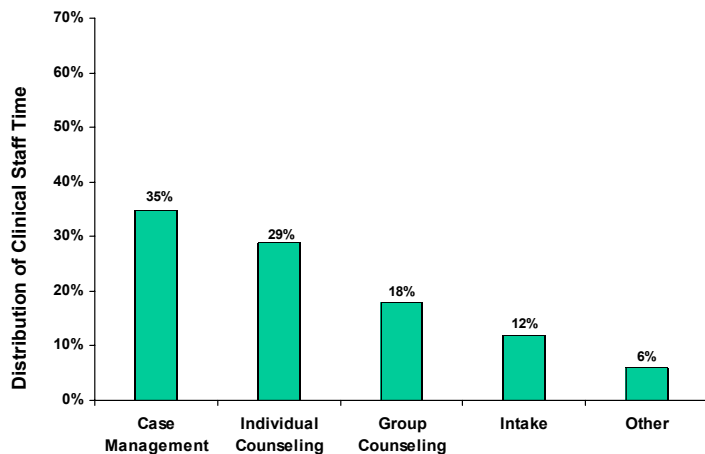


Assessing Overall Cost and Components of Substance Abuse Treatment

Distribution of Staff Time by Clinical Services

Over one-third (35%) of clinician time was used on case management, records keeping, and networking. Although these activities, may not be considered primary activities of clinical staff, they require a significant proportion of their available time. The largest percent of clinical staff time (47%) was spent on counseling, with more time spent on individual (29%) than group counseling (18%). The smallest proportions of staff time were spent on intake assessment (12%) and other services (6%).

Distribution of Clinical Staff Time by Clinical Service (N = 37)



Implications for Research

The cost analyses done with SATCAAT unit cost data indicates that high quality data on the costs of substance abuse treatment can support key areas of research in the field, including:

- Performing cost effectiveness and cost benefit analyses of different approaches to treatment.
- Distinguishing between intake/assessment costs and costs of services delivered across the course of a treatment episode, and their relative contributions to the total costs of treatment.
- Developing highly specific definitions of types and units of services, along with their associated costs.

Clearer descriptions of general services such as group counseling or case management would provide more accurate information about the dosage of services clients receive, and therefore provide greater insight about the relationship between SDU size and treatment costs.

Implications for Policy

The work done with SATCAAT and similar cost systems demonstrates that it is feasible to get high quality data on the

composition and cost of treatment. Specific implications for policy include:

- Requiring better data on service utilization and cost of care with a reasonable expectation that it can be accomplished.
- Recognizing that the development of better data may increase expenses on the part of providers, particularly for the purchase and utilization of accounting tools such as SATCAAT.

Although the generation of high-quality data may require additional expenses, the cost to an SDU is much less than the costs of performing analyses on treatment outcomes. Policy makers may have to invest in both outcome research and cost data to make the best use of either type of information.

Implications for Treatment Practice

Analyses using SATCAAT demonstrate that it is possible to develop credible unit cost data for community-based substance abuse treatment organizations. Many community-based organizations have encountered increased needs for improved unit cost data, particularly with the increase in managed care systems. These systems require improved cost data from providers, both for purposes of negotiating contracts and reimbursement rates, and for the management of their finances. Unit cost data generated from the SATCAAT may help providers function more effectively in the changing financial environment.

Acknowledgments

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