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Methodological Approaches to Community-Based Research

Chapter 13/ Web Appendix guide

Web Appendix Guide for Chapter 13/Economic-Cost Analysis

The Web Appendix for Chapter 13 includes three DATCAP surveys for three different Oxford Houses (Online Exhibits 13.1–13.3). The data represented in the surveys can be used to generate an estimate of the economic costs of treatment within an Oxford House.

The first thing to do is to note the number of clients and their mean length of stay (Section A). Section B is where personnel costs would appear, but because Oxford Houses have no professional employed staff, this section is blank. Oxford Houses do have contracted services, specified in Section C. These items should be summed.

Section D contains details on the house itself, including the percentage of the house that is used for the purpose of Oxford House “treatment.” This figure is always 100% for the houses surveyed, but if it were less than 100%, costs would be scaled downward by the percentage of the house used. Section E would contain information on equipment, including donated items (note the presence of a question about its fair-market value). Oxford Houses have no equipment generally.

Section F contains supplies; these items should be summed. Section G contains miscellaneous expenditures. In the case of Oxford Houses, miscellaneous expenditures are the largest component (80–90% of the total) and among the categories rent is the greatest expense. The items in G should be summed.

The next step is to sum all of the expenditure categories computed above to arrive at the total annualized cost. The sum should be divided by the average daily census reported in Section A to derive the average annual cost per client. Dividing this value by 52 produces the average

weekly cost per client of Oxford House. In the three examples, the average weekly cost per client ranges from \$73 to \$112. It should be noted that these Oxford House data were collected in 2010.

It is instructive to contrast these calculated values for Oxford Houses with published estimates (using DATCAP) of the costs associated with Therapeutic Communities. French, McCollister, Sacks, McKendrick, and De Leon (2002) present their findings for several Therapeutic Community settings in California and find, not surprisingly, a very different distribution of costs—nearly two-thirds of costs are labor, which is zero at an Oxford House. The average weekly cost per client reported for Therapeutic Communities was \$554 in 1994 dollars.

In order to compare this value to the range of estimates calculated in the Oxford House surveys they must be converted to 2010 dollars. To do this we need to determine how much general prices have risen between 1994 and 2010 using the consumer price index (CPI) available at <http://www.bls.gov/cpi>. The CPI increased from 148.2 in 1994 to 216.7 in January 2010, a 46.2% increase. Scaling the Therapeutic Communities cost estimate up to 2010 dollars yields an estimate of \$810 for the average weekly cost per client, an economic cost estimate significantly greater than the Oxford House estimates.

REFERENCE

French, M. T., McCollister, K. E., Sacks, S., McKendrick, K., & De Leon, G. (2002). Benefit–cost analysis of a modified therapeutic community for mentally ill chemical abusers. *Evaluation and Program Planning*, 25, 137-148.