

Cost-benefit analysis of the Magistrates' Early Referral into Treatment (MERIT) program

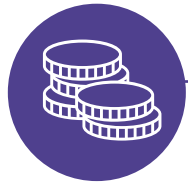
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2 July 2024

Today's presentation



Our study



Costs of the MERIT program



Benefits of the MERIT program



Summary and implications

1

Our study

MERIT aims to treat drug-related offending



- A **drug treatment program** in the NSW Local Court
- Available in 62 courts across NSW
- Approximately 4,000 referrals a year, 60% are accepted onto the program
- Available to those who:
 - Are adults
 - are on bail
 - have a drug problem
 - have not committed an indictable or sexual offence

It aims to:

1

Improve health and well-being outcomes

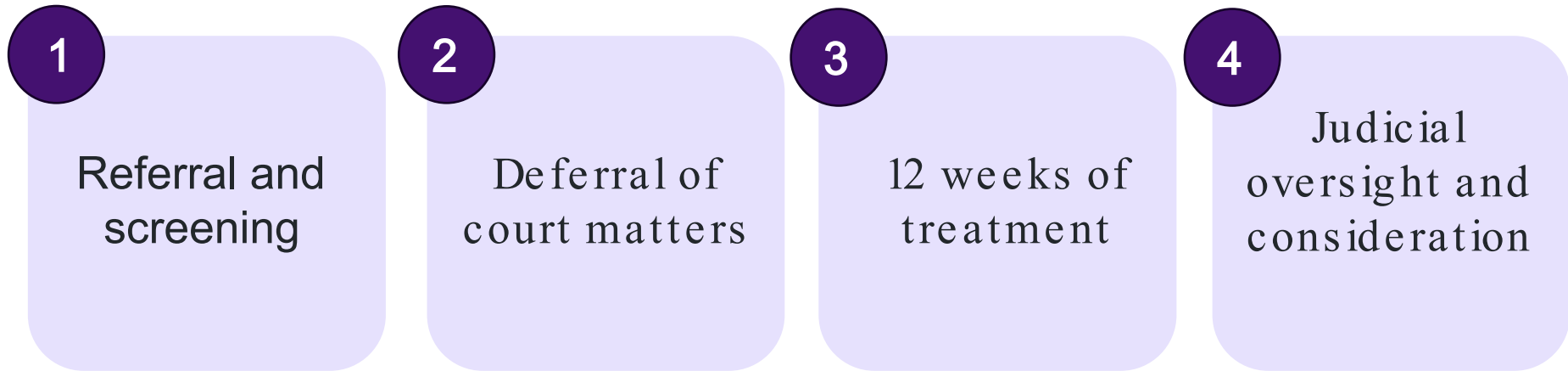
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Prevent and minimise harms from alcohol and other drug use

3

Address factors leading to contact with the criminal justice system

How MERIT works



Can drug treatment for offenders pay for itself?

Washington State Institute for Public Policy
Benefit-Cost Results

Drug courts
Adult Criminal Justice
Benefit-cost estimates updated December 2023. Literature review updated August 2016.

Current estimates replace old estimates. Numbers will change over time as a result of model inputs and monetization methods.

The WSIPP benefit-cost analysis examines, on an apples-to-apples basis, the monetary value of programs or policies to determine whether the benefits from the program exceed its costs. WSIPP's research approach to identifying evidence-based programs and policies has three main steps. First, we determine "what works" (and what does not work) to improve outcomes using a statistical technique called meta-analysis. Second, we calculate whether the benefits of a program exceed its costs. Third, we estimate the risk of investing in a program by testing the sensitivity of our results. For more detail on our methods, see our [Technical Documentation](#).

Program Description: Drug courts are an alternative to traditional criminal justice system processing for the sentencing and supervision of eligible drug-addicted persons. Drug courts share the primary goals of reducing criminal recidivism and substance abuse among its participants. Each drug court is unique in operations, method, and length of treatment. Drug courts typically use a combination of judicial oversight, supervision, drug testing, substance abuse treatment, and sanctions and incentives in an attempt to modify the behavior of drug-involved defendants. Length of drug court participation varied from 12 to 26 months in these studies.

Through a meta-regression analysis, we analyzed the impact of follow-up period, pre/post adjudication court condition, and length of treatment, but we found no statistically significant differences in recidivism due to these variables.

Benefit-Cost Summary Statistics Per Participant			
Benefits to:			
Taxpayers	\$5,746	Benefit to cost ratio	\$2.82
Participants	\$0	Benefits minus costs	\$10,567
Others	\$10,654	Chance the program will produce benefits greater than the costs	100%
Indirect	(\$29)		
Total benefits	\$16,371		
Net program cost	(\$5,803)		
Benefits minus cost	\$10,567		

The estimates shown are present value, life cycle benefits and costs. All dollars are expressed in the base year chosen for this analysis (2022). The chance the benefits exceed the costs are derived from a Monte Carlo risk analysis. The details on this, as well as the economic discount rates and other relevant parameters are described in our [Technical Documentation](#).

CRIME AND JUSTICE
Bulletin

Contemporary Issues in Crime and Justice
Number 131
July 2009

The Magistrates Early Referral Into Treatment Program
Impact of program participation on re-offending by defendants with a drug use problem

Rohan Lulham

This bulletin reports on the evaluation of re-offending outcomes for the Magistrates Early Referral Into Treatment (MERIT) drug diversion program. MERIT provides defendants in NSW Local Courts with the option of undertaking formal drug treatment while on bail. Re-offending outcomes for a cohort of 2,396 defendants who participated in the MERIT program were compared with a comparison group of defendants who did not participate in the MERIT program but who broadly met the eligibility criteria. To estimate the impact of the program we used a treatment effects model with correction for selection bias. Acceptance into the MERIT program, regardless of completion, was found to significantly reduce the number of defendants committing any theft re-offence by an estimated four percentage points. Acceptance and completion of the MERIT program significantly reduced the number of defendants committing any type of offence by an estimated 12 percentage points, and any theft re-offence by four percentage points. This evaluation provides strong support that participation in the MERIT program reduces defendants' propensity to commit theft offences and, for those who complete the program, substantially reduces their propensity to commit any type of re-offence.

Keywords: drug diversion, adult offenders, re-offending outcomes, selection bias, treatment effects model

INTRODUCTION

Many people who offend have substance use problems, and these problems are often intrinsically related to their offending behaviour (Dowden & Brown 2002). As such, effectively treating the substance use problems of offenders often leads to a reduction in their offending behaviour (Latimer et al. 2006; Weatherburn et al. 2008). The Magistrates Early Referral Into Treatment (MERIT) program is targeted at defendants appearing in NSW local courts who have illicit drug use problems. An intended outcome of the MERIT program is to reduce the rate of re-offending of defendants

such, the evaluation aims to establish if the MERIT program reduces the likelihood of re-offending by defendants with a drug problem to a greater degree than is achieved with typical judicial processing in NSW local courts.

THE MERIT PROGRAM

The MERIT program was developed in response to recommendations from the NSW Drug Summit (NSW Government 1999). In July 2000 the program was piloted in five courts in the Northern Rivers region of NSW. By 2007 the program operated in 61 NSW local courts where 80 per cent of defendants appear (Matruglio 2008).

is an interagency initiative between NSW government departments, agencies and some non-government organisations (NGOs). The Attorney General's Department is the lead agency and has specific responsibility for the administration of MERIT within the court system. The NSW Police Force, Legal Aid Commission and the Chief Magistrates Office are other justice agencies with program partnership responsibilities. The Department of Health, and some participating NGOs, are responsible for clinically assessing the suitability of individuals for participation on the MERIT program and, for those individuals accepted into the program, undertaking

Over the period 2012-2017:

Costs

How much more does MERIT cost, compared to a typical Local Court pathway?

Benefits

What are the benefits of MERIT (if any) in reduced justice contact, health service usage, and mortality in the two years from referral?

Cost-benefit

Do the benefits of MERIT outweigh its costs (in \$2019)?

We use health, justice, and mortality data



Eligible adults in the NSW Local Court 2012 to 2017 (BOCSAR ROD)

- **9,874** referred to MERIT
- **322,711** eligible but not referred offenders

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NSW Admitted Patient Data Collection (**APDC**)



NSW Emergency Department Data Collection (**EDDC**)



NSW **Ambulance** data collection



Cause of Death (**RbDM CoD**)



NSW Minimum Dataset for Drug and Alcohol Treatment (**MDS DATS**)

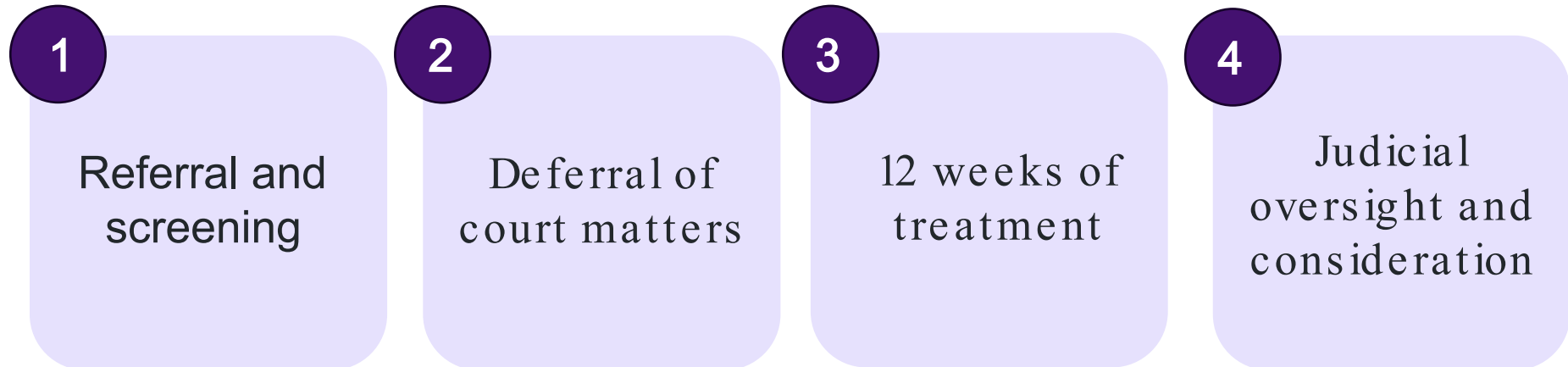


NSW Controlled Drugs Data Collection (**CoDDaC**)

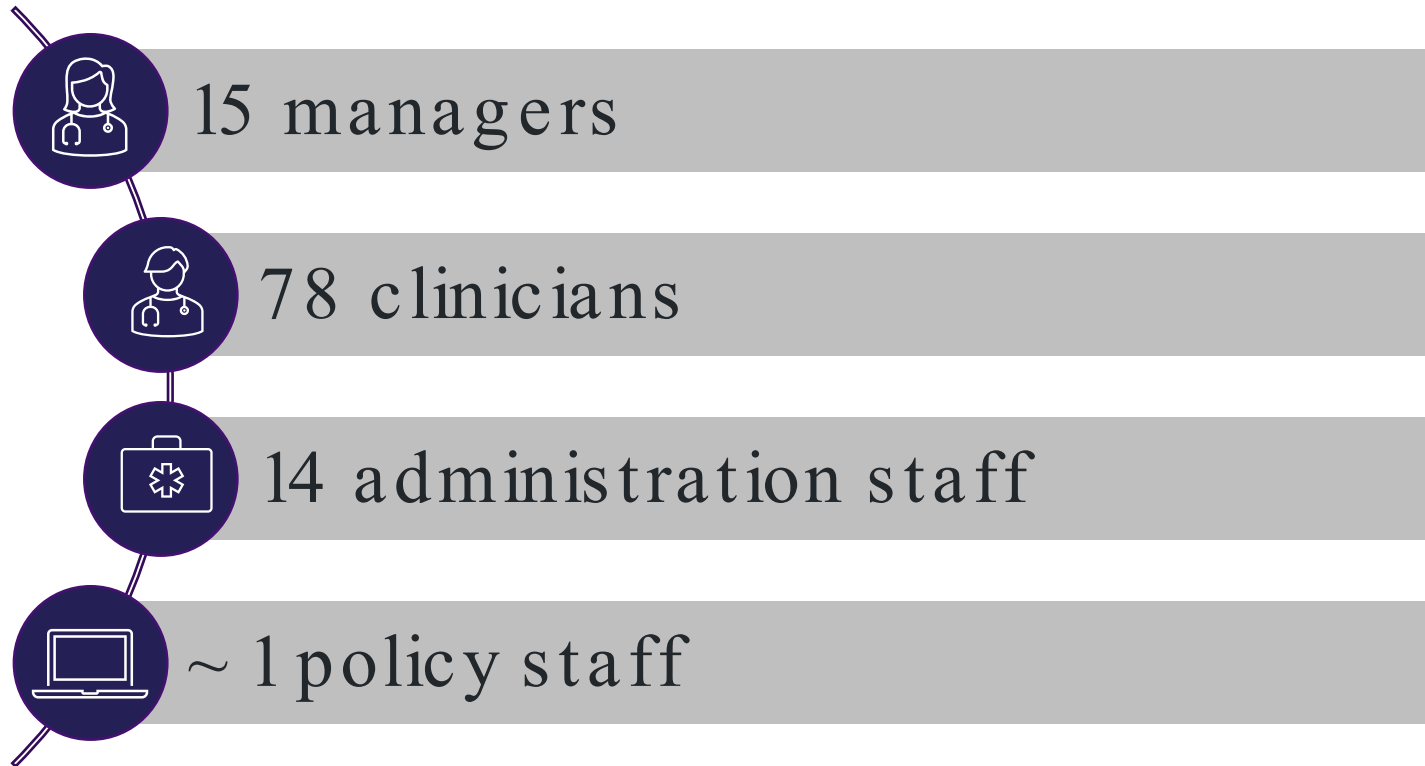
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The costs of MERIT

MERIT referrals incur several extra costs



We calculate clinical and other administrative costs using staffing estimates



Cost per referral:
\$3,812

The cost of residential rehabilitation and withdrawal management is \$ 1,548



FINAL REPORT

Optimal business and funding models for
NGO AOD treatment services

Business and Funding Models Study report



Prepared for
NSW Health
30 August 2021

- Residential rehabilitation:
\$293 per bed day
- Withdrawal management:
\$11,153 per episode

Cost per referral: \$ 1,548

MERIT can involve up to two additional court mentions costing \$677



MERIT referrals incur extra mentions due to:

- Referral mention
- 6-week check in

Cost per referral: \$677

The cost of MERIT is approximately \$6,000 per referral

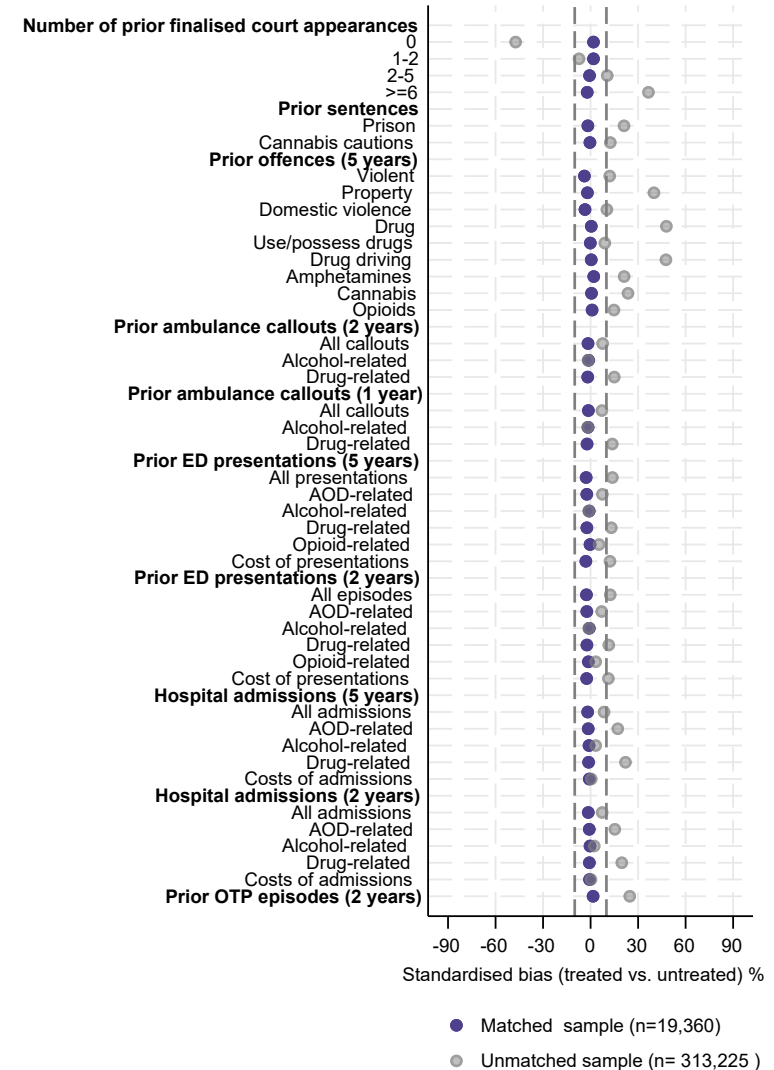
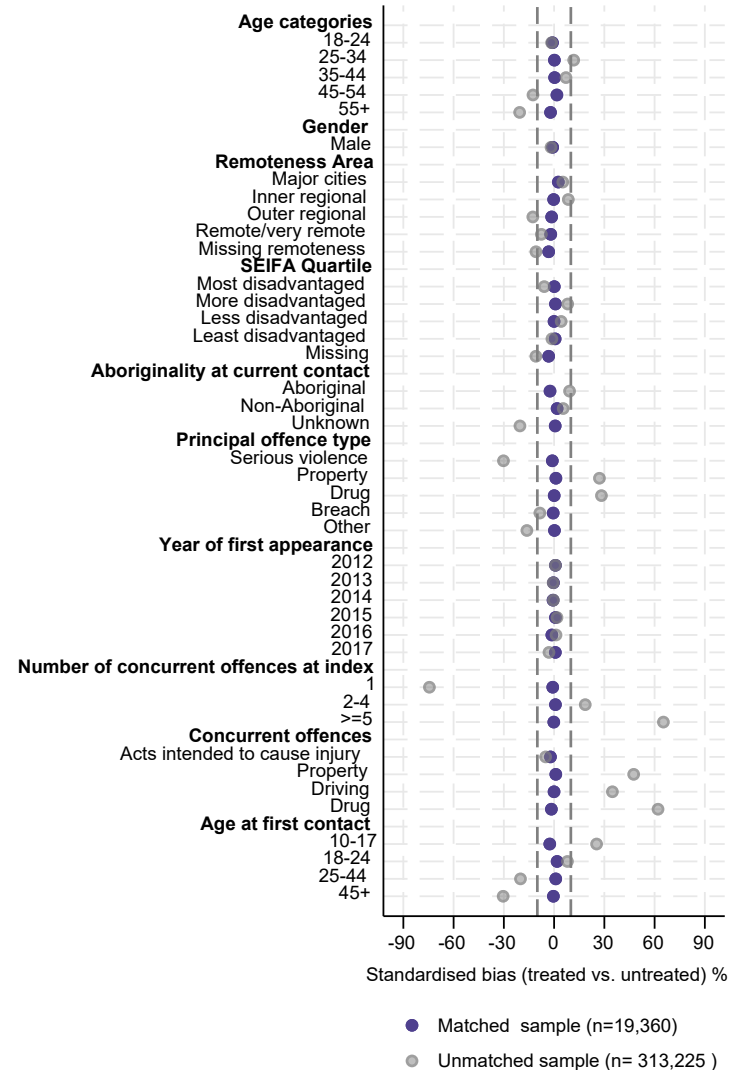


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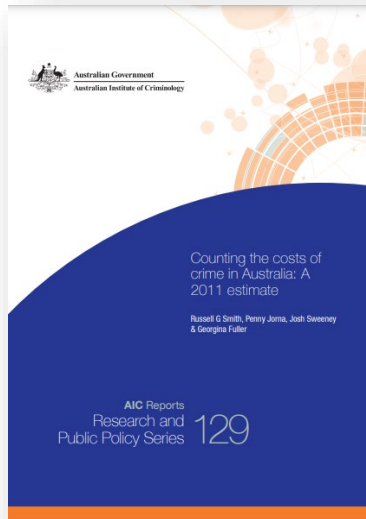
The benefits of MERIT

1. What is **the impact of MERIT** (if any) on criminal justice, health, and mortality outcomes?
2. What is the **monetary value** of these benefits?

We matched MERIT referrals to other offenders on both health and justice variables



We use standard cost assumptions for offending, custody, and mortality



Report on Government Services 2019

PART C: RELEASED ON 24 JANUARY 2019

C Justice

Main aims of services within the sector

The justice sector services aim to contribute to a safe and secure community and promote a law abiding way of life.

Services included in the sector

[Police services](#) >

Deliver services relating to preserving public order, investigating crime and apprehending offenders, improving road safety and supporting the judicial process.

[Courts](#) >

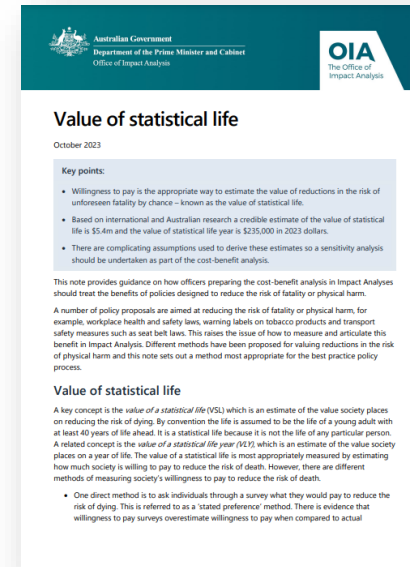
Arbitrate on criminal and civil justice matters. This Report focuses on administrative support functions for the courts, such as management of court facilities, service staff and the provision of case management services. Judicial decisions and outcomes are not included.

[Corrective services](#) >

Administer correctional sanctions imposed by courts and orders of the adult courts through the management of adult custodial facilities and community corrections orders, and the provision of programs and services to prisoners and offenders.

Legal aid, public prosecutions and tribunals are not included as service-specific chapters in this Report. Justice services for children and young offenders (predominately related to youth community corrections and detention) are covered under youth justice in chapter 17 of the Report.

Detailed information on the equity, effectiveness and efficiency of service provision is provided in the Report on Government Services 2019, Part C, Chapter 16.

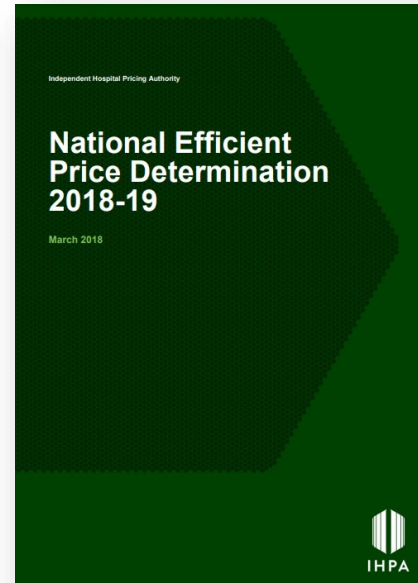
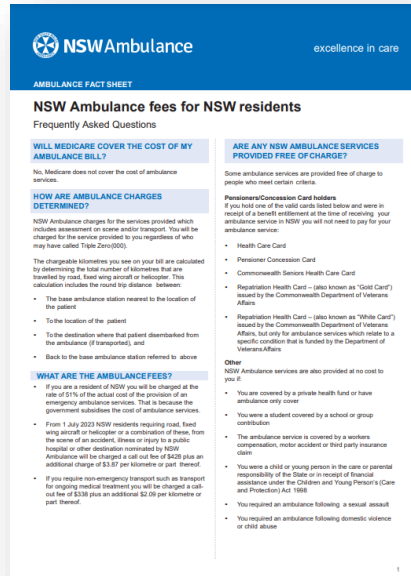


Offending:
Weighted victim costs
Standard court, police, and
community corrections costs

Custody:
\$196 per day

Mortality:
\$4.9m

We cost health contacts at the episode level



National Efficient Price (NEP): \$5,134 in 2019

Emergency department costs: Urgency Disposition Groups (UDGs) weights

Hospital admissions: Australian Refined Diagnosis -Related Groups (AR-DRGs) weights

Ambulance :
Callout fee (\$407) +
\$1.80 per km

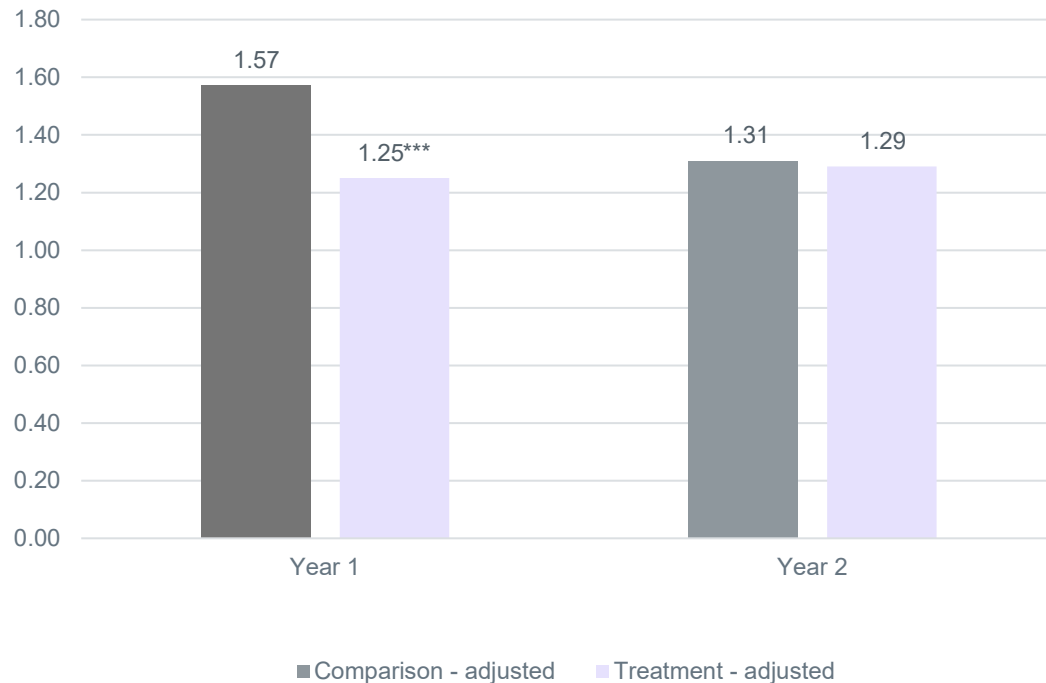
Those referred to MERIT commit fewer offences and spend less time in prison



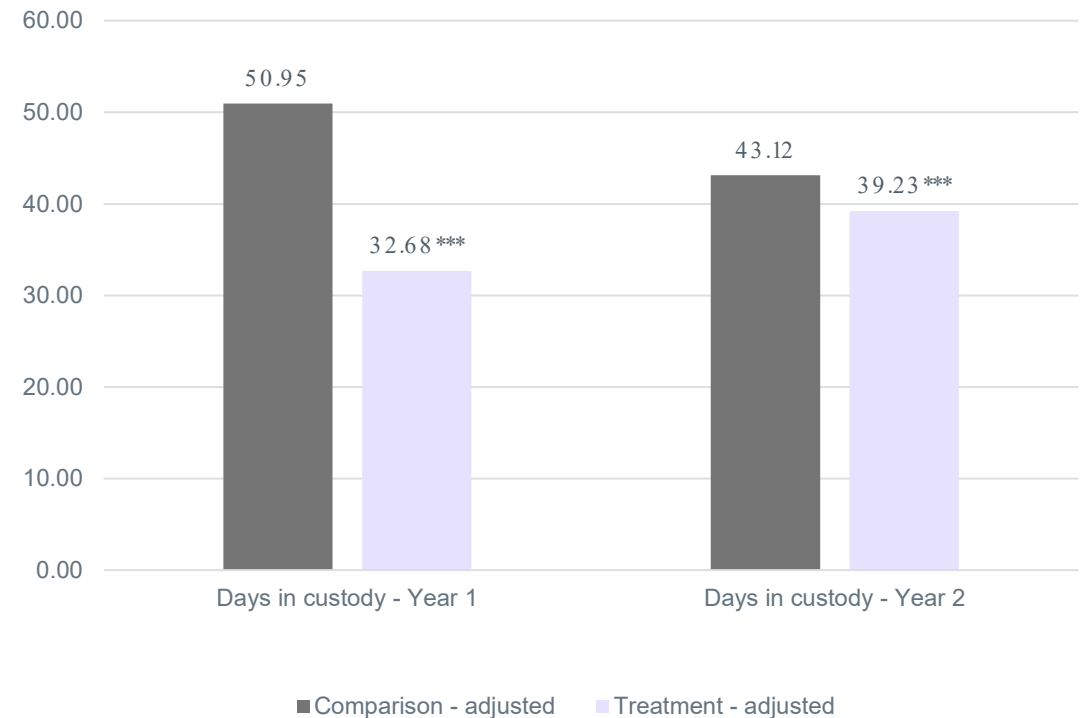
Savings in victim, police, and court costs: \$2,652

Savings in prison costs: \$4,335

Number of reoffences



Days in custody

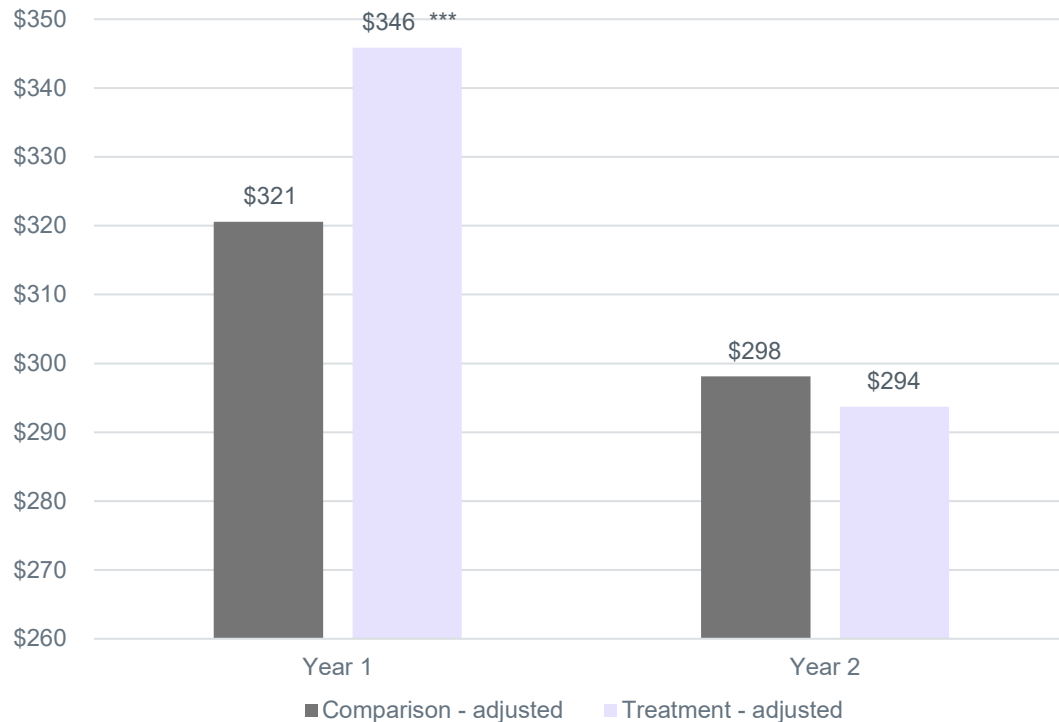


MERIT referrals incur more ambulance and emergency costs



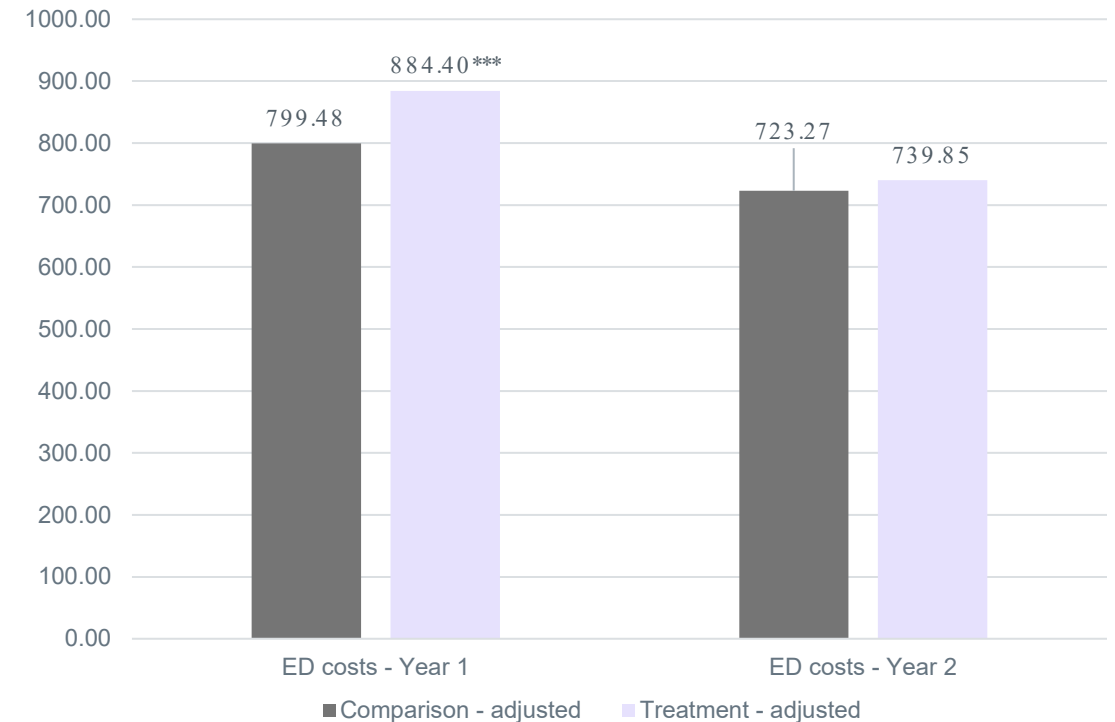
Increase in ambulance costs: \$25

Cost of ambulance callouts



Increase in ED presentation costs: \$85

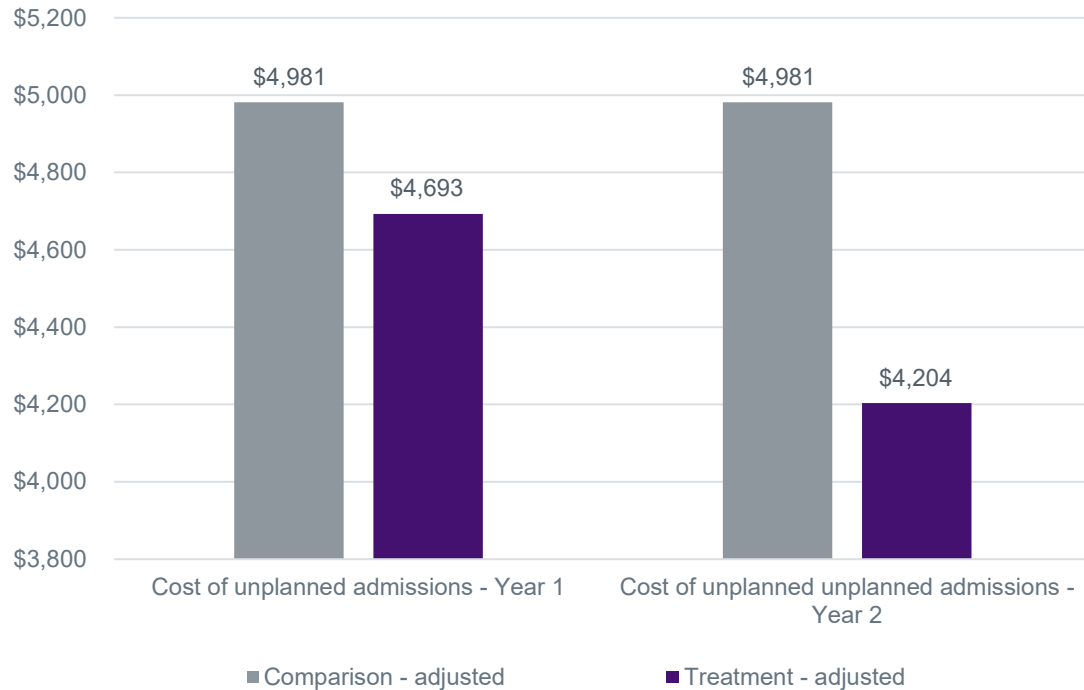
Cost of emergency department presentations



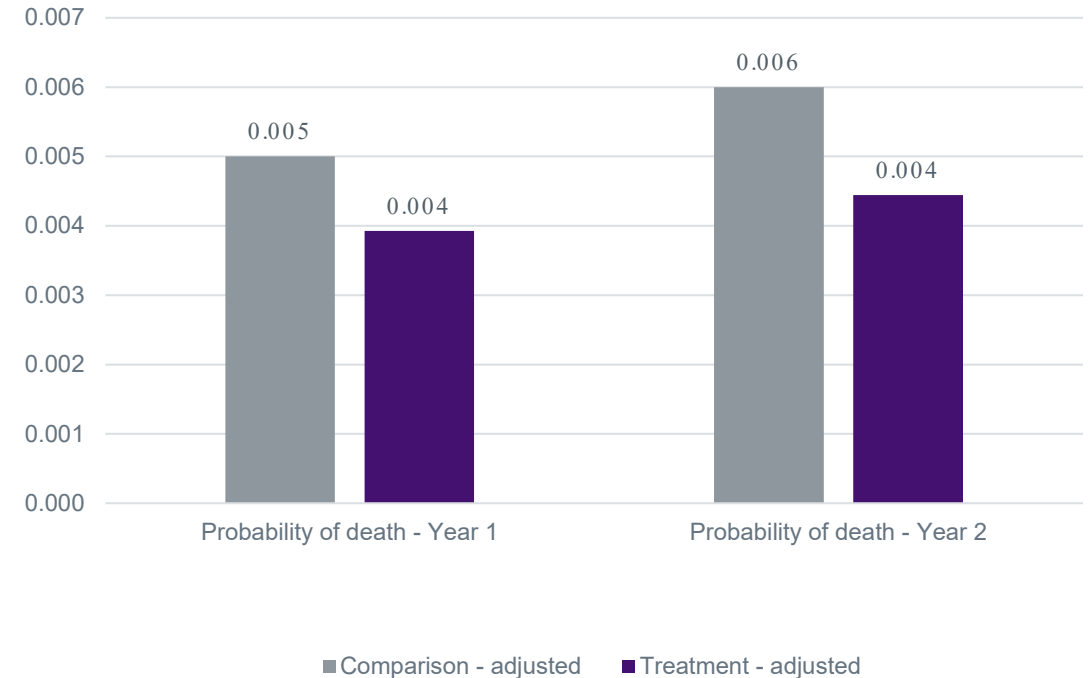
MERIT referrals do not significantly differ in admissions or death



Cost of hospital admissions



Probability of death



We estimate that MERIT returns \$1.14 for each dollar invested



	\$2019
Costs of MERIT	\$6,037
Benefits of MERIT	\$6,882
Net present value	\$845
Benefit-cost ratio	1.14

Derives entirely from criminal justice benefits

Generally robust to alternative cost assumptions

Also robust to variability in regression estimates

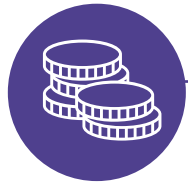
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Conclusions

To summarise



We aimed to estimate whether MERIT's justice, health, and mortality benefits outweigh its costs



We find that the program costs approximately \$6,000 per referral

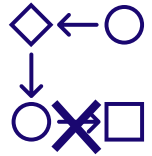


We find the program delivers approximately \$6,880 in benefits



For every \$1 spent on the program there is a return of \$1.14

Our results have two important limitations



Lack of causality

We could have been comparing drug users to non -drug users



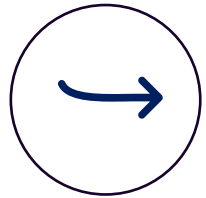
Health service usage vs. health and wellbeing benefits

How else can we measure benefits from reduced drug use?

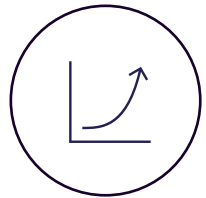
Implications for policymakers



Less intensive drug diversion for low level offending can be worthwhile



More could be done to support longer -term reductions in drug use



Addressing attrition from referral to completion could also boost these impacts



More work to be done in understanding possible health benefits of drug treatment

Thank you!



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Report forthcoming on:
www.bocsar.nsw.gov.au