



▼ The Community and Economic Impact
of Odyssey House Louisiana

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**Tripp
Umbach**

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Executive Summary

In November 2016, Odyssey House Louisiana (OHL) retained Tripp Umbach to conduct a community and economic impact study to determine the financial and social benefits of OHL's operations and services on the State of Louisiana, its communities, and residents. After completing in-depth research, gathering financial information on OHL, conducting interviews with internal and external key stakeholders, and generating current and projected economic impact models, Tripp Umbach developed this report to highlight the key community and economic impact findings.

Serving approximately 900 clients each month, OHL fills a needed service gap in a region affected by substance abuse. OHL operates under a nationally-recognized integrated care model, providing clients with a breadth of health and social services, including substance addiction treatment, mental and physical health care, counseling and case management, and life-skills training. The comprehensive treatment and health care services at OHL give individuals the tools to overcome addiction and take control of their health.

Overall Key Findings

- OHL's investment in treatment services provides cost savings to the State of Louisiana. Investing in treatment services over the alternatives of incarceration or foregoing treatment provides cost savings. For every \$1 that goes toward treatment services, \$7 is saved on average in benefits from decreased health care costs, decreased criminal justice costs, and increased employment opportunities.¹ **OHL has budgeted investing over \$11.3 million toward delivering treatment in 2018, and this investment is projected to generate \$79.2 million in savings to the state.**
- In 2016, the **overall economic impact** of Odyssey House Louisiana on the State of Louisiana amounted to **\$14.7 million annually**. This impact is attributed to the direct spending of OHL on goods and services, as well as the indirect/induced impact of spending by suppliers and staff in the state economy.
- Over the next five years, Odyssey House Louisiana will be expanding operations and services. OHL's expansion also will yield increased economic impact on the State of Louisiana. Odyssey House Louisiana is anticipated to generate **\$29.9 million in economic impact** in FY21.
- With continued support for OHL, the organization will be able to provide needed services to additional clients throughout Louisiana, increase investment in treatment, create further cost savings for Louisiana, and generate increased economic impact.

¹ U.S. Department of Health & Human Services. Facing Addiction in America: The Surgeon General's Report on Alcohol, Drugs, and Health. 2016.

Community Impact of Odyssey House Louisiana

The services of OHL provide significant benefits that impact individuals, families, and communities throughout the State of Louisiana. The services of OHL are increasingly in-demand as substance abuse and addiction rates are on the rise, particularly the misuse of opioids in the New Orleans region.

- Orleans Parish had a total of 211 deaths due to drug overdoses in 2016. **This is a 129 percent increase** from 92 overdose-related deaths in 2015.²
- **Opioid abuse significantly contributes to the rise in overdose deaths.** Overdose deaths caused by opioids **increased by approximately 105 percent** from 2015 to 2016, going from 81 opioid-related overdose deaths in 2015 to 166 deaths caused by opioids in 2016 in Orleans Parish.³

Odyssey House Louisiana provides services and treatments necessary to combat addiction. OHL is working to expand operations to ensure the supply of services are available to meet the need with rising substance addiction in New Orleans and Louisiana. Yet, far too many individuals dealing with substance addiction are not receiving needed treatment, and instead, are foregoing care or being funneled through the criminal justice system; this creates significant costs to individuals and society.

- Nationwide, **substance abuse and addiction costs amount to more than \$442 billion** each year; this includes the associated health care costs, criminal justice costs, and lost productivity that stem from substance abuse.⁴
- In Louisiana, criminal justice costs contribute significantly to the economic burden of substance abuse. The State of Louisiana has the highest rate of incarceration in the world, with **one out of 86 residents behind bars**. In addition, Louisiana incarcerates individuals with non-violent, drug possession crimes at a higher rate than other states.⁵
- Louisiana has appropriated **\$625 million for criminal justice costs** in 2017; this is the third-largest expenditure in the state behind health care and education. Criminal justice expenditures cost taxpayers approximately **\$17,500 per inmate**.⁶

Substance abuse treatment serves as a cost-effective solution over the alternative of incarceration. Proponents for criminal justice reform recognize the effectiveness and cost savings associated with focusing efforts toward treatment as opposed to incarceration. In June 2017, Governor John Bel Edwards of Louisiana took steps toward criminal justice reform in the state by enacting 10 laws that overhaul the current criminal justice system and work toward reducing incarceration rates. Two of these laws are geared

² Sledge, Matt. "Drug overdose deaths soared in New Orleans in 2016, now outpace murders, coroner says." The New Orleans Advocate. March 27, 2017.

³ Ibid.

⁴ U.S. Department of Health & Human Services. Facing Addiction in America: The Surgeon General's Report on Alcohol, Drugs, and Health. 2016.

⁵ Louisiana Justice Reinvestment Tax Force. Report and Recommendations. March 16, 2017.

⁶ Ibid.

toward decreasing incarceration rates for individuals with drug offenses by expanding eligibility for drug courts and substance abuse probation and tailoring drug sentences to the weight of the drug involved in the offense.⁷

- The new criminal justice laws, which include expanding prison alternatives such as drug courts and substance abuse probation that utilize OHL’s services and overhauling drug sentencing are projected to reduce Louisiana’s prison population by 10 percent over the next decade. The laws also are anticipated to save the state \$262 million in inmate housing costs. Approximately 70 percent of savings from the new laws will instead be used for programs that rehabilitate offenders and support victims.⁸

In addition to criminal justice costs, health care expenditures and lost employment opportunities also contribute to the cost of substance abuse and addiction. Research shows, however, that investing in treatment services over the alternatives of incarceration or foregoing treatment provides cost savings. **For every \$1 spent on substance abuse treatment, \$7 dollars is saved on average in benefits.** These benefits arise from decreased criminal justice costs, decreased health care costs, and increased employment.⁹ For 2018, OHL has budgeted \$11.3 million towards providing comprehensive treatment services. **As \$7 is saved in benefits for every \$1 invested, OHL’s expenditures will provide approximately \$79.2 million in savings to the State of Louisiana.** Growth and continued investment in programming at OHL will provide additional cost savings and benefits to Louisiana.



Treatment programs provide cost savings over the alternative of incarceration; treatment also gives individuals the best chance at successfully overcoming their addictions. Substance abuse treatment is shown to have approximately the same success rate for treating patients as treatment for other chronic illnesses. The relapse rate for those who receive treatment is 40 to 60 percent. As a comparison, the relapse rate for someone who received treatment for asthma is 50 to 70 percent.¹⁰

⁷ Allen, Rebekah. “Gov. Edwards signs criminal justice overhaul into law, in what some laud as historic achievement.” The Advocate. June 15, 2017.

⁸ Ibid.

⁹ U.S. Department of Health & Human Services. Facing Addiction in America: The Surgeon General’s Report on Alcohol, Drugs, and Health. 2016.

¹⁰ Ibid.

Odyssey House Louisiana has helped individuals gain the treatment and tools that allow them to move beyond addiction. The holistic services delivered by OHL provide treatment at every level, from medically-supported detox to long-term treatment to post-treatment housing and job placement. Clients who come to OHL many times are on the brink of incarceration, have previously been incarcerated, have lost employment, or have no positive outlook. Individuals who successfully complete treatment at OHL have the chance to realize opportunities after treatment for reintegrating into their communities and contributing to society.

Interviews with former OHL clients reveal some of the ways that those who have remained sober after treatment have been able to assimilate back into the community. Former clients have furthered their education and received Bachelor’s and Master’s degrees, have pursued careers in social work, have found employment at OHL and other treatment centers, and have given their time to programs that give back to those less fortunate around Louisiana.

Current and Future Economic Impact of Odyssey House Louisiana

The operations and programming of OHL generates economic impact directly and indirectly in the State of Louisiana by means of organizational spending, employment opportunities, and government revenue generated from spending.


- In 2016, the **overall economic impact** of Odyssey House Louisiana on the State of Louisiana amounted to **\$14.7 million annually**. This impact is attributed to the direct spending of OHL on goods and services, as well as the indirect/induced impact of spending by suppliers and staff in the state economy.
- OHL generated an **employment impact of 209 jobs** on the State of Louisiana in 2016, including 163 jobs directly employed by OHL and 46 indirect/induced jobs attributed to the spending of OHL, its related suppliers and businesses, and its employees, visitors, and clients.
- OHL’s local spending and support of jobs, both directly and indirectly generated **\$453,000 in state and local tax revenue** in Louisiana in FY16.

**ODYSSEY HOUSE LOUISIANA
ECONOMIC IMPACT**

**2016 OVERALL ECONOMIC IMPACT
\$14.7 MILLION ANNUALLY**



GENERATES 209 JOBS



**GENERATES
\$453,000
IN LOCAL AND STATE
TAX REVENUE.**

Over the next five years, Odyssey House Louisiana will be expanding operations through the development of a new facility at the former Bohn Motor Co. building and the renovation of the current Tonti Street site in New Orleans. Development and renovations of these sites will allow OHL to expand its Long-Term Residential, Short-Term Residential, Detox, and Community Medical Center services. With expansion, OHL anticipates serving over 21,000 clients annually across all programming in 2021. Expansion also will increase the economic, employment, and government impacts of OHL on the State of Louisiana.

- Odyssey House Louisiana is anticipated to generate **\$29.9 million in economic impact** in FY21. This includes \$16.0 million in impact from OHL's direct expenditures and \$13.9 million in indirect/induced impact due to spending by OHL suppliers, employees, visitors, and clients in Louisiana.
- In 2021, program expansion at OHL will warrant additional job opportunities. OHL is expected to yield an **employment impact of 381 jobs** in FY21. Of this total employment impact, 277 jobs will be directly employed through OHL, while an additional 104 jobs will stem from the spending of OHL, its industry partners and suppliers, employees, visitors, and clients.
- State and local government revenue attributable to the presence of Odyssey House Louisiana are projected to total over **\$1 million** in FY21.

At its core, Odyssey House Louisiana is a pillar in the New Orleans region and State of Louisiana. OHL delivers a continuum of care and works with local, state, and national organizations to connect resources and outreach efforts to combat growing substance abuse. Recent reductions in the number of behavioral health programs around the state coupled with rising substance abuse rates warrant the need for OHL's services now more than ever.¹¹ With continued support, Odyssey House Louisiana will further its role as an economic driver and indispensable resource in the state.

¹¹ Between 2012 and 2015, there was a significant reduction in the number of adults served by behavioral health programs in Louisiana, going from 38,000 served in 2012 to 21,000 in 2015. Louisiana Justice Reinvestment Tax Force. Report and Recommendations. March 16, 2017.

Overview of Odyssey House Louisiana

Established in 1973, Odyssey House Louisiana (OHL) puts research and proven approaches into practice to provide comprehensive services and effective support systems to individuals affected by substance abuse. OHL's integrated care model is nationally recognized by the Substance Abuse and Mental Health Services Administration (SAMHSA) and delivers holistic services that facilitate the healing process of addiction recovery and helps individuals to start anew and build healthy lives.

It is OHL's philosophy to treat the whole person, not just the addiction. OHL recognizes that treatment should include multiple levels of services that can treat clients at their individual level of need. OHL's holistic approach addresses the physical, mental, emotional, and social conditions of each client in treating the illness of addiction. Services and programs include substance abuse treatment, complete health and mental health care, life-skills training, vocational training, individual and group counseling, parenting classes and childcare, case management, and housing placement. OHL's comprehensive care approach provides individuals with the gold standard in treatment. Equipped with skills for living and working, and assisted with employment and housing, OHL program graduates return to their communities as contributing members. Across its comprehensive programs, OHL provides services and care to more than 900 clients a month.

Continuum of Services



Peer Education and Prevention (PEP)

OHL's prevention work focuses on two key objectives – community outreach and peer education and prevention.

- **Outreach**

PEP's two full-time outreach workers raise awareness about OHL and its services around New Orleans and provide Medicaid enrollment applications, voter registration, appointment scheduling at OHL's community health center, applications for admittance into OHL services especially detox and adult residential, HIV and HCV testing, condom distribution, and referrals to partner agencies.

- **Peer Prevention and Education**

PEP manages a five-year grant, funded through SAMSHA, focusing on peer education and prevention among minority youth. Activities include providing educational interventions for at least two hours to 180 project participants ages 13-24, conducting over 1,200 HIV tests, and over 350 HCV tests. The SAMHSA grant also enables PEP to launch a culturally and linguistically appropriate social media campaign designed by and for minority youth with prevention messaging. PEP will also produce two cultural events per year targeting minority youth, distributing condoms, testing for Hepatitis C and HIV, and making referrals.

Medically Supported Detoxification

OHL's medically supported detox facility has 20 beds available for individuals who cannot afford private detox and rehab, but who do not need the high level of care of a hospital setting. The medically supported detox program utilizes basic oral medications to ameliorate symptoms of withdrawal for up to three to five days per client. OHL's medically supported detox facility is appropriate for people who have abused all types of substances, including IV drugs, opiates, alcohol, and prescribed medications.

Residential Substance Abuse Treatment

OHL offers short-term and long-term residential inpatient substance abuse treatment for adults and adolescents. With capacity for 126 residents, the Odyssey House residential treatment program serves single men and women 18 years of age and older; then the 16-bed adolescent facility provides services for males and females ages 12-17. In addition, Odyssey House is one of very few programs in the state that specializes in residential services to women with children and is the only treatment program in the City of New Orleans that provides services to pregnant women on methadone. All program services are provided free of charge to treatment clients.

- **Short-Term Treatment**

OHL offers 24-beds for a short-term (28-day) residential drug rehabilitation program, which intensively focuses on the basic aspects of drug rehab treatment, such as abstinence from drug abuse, life skills building, and recovery tools.

- **Housing with Intensive Outpatient (IOP)**

OHL provides a 20-bed long-term (up to 6 months) residential program for adult men and women, offering treatment of substance abuse addiction within the framework of a “therapeutic community.” The therapeutic community model is a consciously-designed treatment environment in which residents learn to make changes in behaviors and attitudes that will enable them to lead a drug-free life. Through the program, individuals and their families learn to replace destructive patterns and behaviors with constructive communication and living skills. OHL’s therapeutic skills are combined with clinical services, 12-step program principles, vocational support, case management, mental health care, and job and housing placement. This is combined with attending OHL’s Intensive Outpatient Program, which is three hours a day, five days a week.

- **Adolescent Program/Odyssey House Academy**

This program provides 16-bed intensive substance abuse counseling, relapse prevention, psychiatric services, and educational services to adolescents ages 12-17. The average length of stay is 21 days with residents participating in daily individual, family and/or group therapies and educational instruction. The therapeutic community model is used to provide residents with the needed skills to make choices to live a drug free life.

Outpatient Programs

OHL’s Outpatient facility operates 12 hours a day, five days a week. OHL's Outpatient Program provides substance abuse and mental health treatment services to adults 18 years and older. Clients may be referred by other departments at OHL, probation officers, the court system, outside service agencies, family members, friends, or may be self-referred.

Examples of outpatient services include regular, ongoing substance abuse treatment and counseling, offering individual and/or group sessions by licensed professionals. Services include: recovery readiness, 12-step model, rational recovery approach model, and aftercare. In addition to individual counseling sessions, each client is offered group and family counseling services.

In conjunction with its Housing Program, OHL offers intensive outpatient services that includes nine hours of intensive substance abuse treatment and wraparound clinical services, 12-step program principles, vocational support, case management, mental health care, and job and housing placement.

OHL also offers an outpatient treatment program specifically geared toward racial/ethnic minority women.

- **Odyssey House Minority Empowerment Group for Addiction (OHMEGA)**

The OHMEGA project is a three- to six-month outpatient program that provides trauma-informed individual and group counseling to racial/ethnic minority women who are substance abusers at high risk for HIV or who are HIV positive. These services are provided under a three-year SAMHSA grant at \$400,000 per year.

Community Health Center

The Odyssey House Community Health Center provides behavioral health and primary care services to Louisiana residents. From conducting routine health screenings, to treating acute illnesses, to managing chronic health conditions, the medical staff at the community health center address all areas of general adult health care. The clinic also provides behavioral health services with counseling, medication management, STD support, and HIV testing and supportive services. Services at the Odyssey House Community Health Center have nominal charges. The Community Health Center is recognized as a Federally Qualified Health Center (FQHC).

Community Supportive Services

OHL believes that continued wraparound services are necessary for the long-term success of clients. As part of its integrated care model, OHL assists its clients with housing and job placement post-treatment to ensure stability and a connection to supportive services. For that reason, OHL's Community Supportive Services focus on moving individuals and families to stable, secure housing and keeping these families and individuals housed and engaged in case management. Case management is a process in which the OHL case manager and client work collaboratively to assess, plan, implement, coordinate, and monitor the services required to meet the client's health and human service needs. OHL offers the following supportive services to its residential clients and outside community members as part of its holistic care model:

- **Shelter + Care (S+C)/Permanent Supportive Housing**
OHL provides housing and supportive services to homeless individuals and families with a disability of such a nature that it impedes his or her ability to live independently, such as HIV/AIDS, mental illness, chronic substance abuse, or other physical disability.
- **Long-Term Housing**
OHL's long-term housing program provides housing to low-income families in properties owned by OHL. To qualify, the applicant must show a need for assistance, have a long-term disability such as HIV/AIDS, mental illness, chronic substance abuse, or other physical disability, be homeless or at risk for homelessness, and be at or below the Area Median Income of 30%.
- **Offender Reentry Program (ORP):**
Funded through SAMHSA, this is a comprehensive community reentry program with a focus on intensive case management and substance abuse/mental health treatment for adult male offenders who are returning to New Orleans from incarceration at the Louisiana State Prison (LSP)/Angola. This is a \$400,000/year SAMHSA grant, operating for three years.

Expanding Capacity and Services: The Future of Odyssey House Louisiana

Over the next five years, OHL will be working to expand upon its services through the renovation of current facilities and development of new sites in New Orleans. First, OHL is partnering with Gulf Coast Housing Partnership and Rhodes Commercial Development to redevelop the historic Bohn Motor Co. building with the purpose of providing amenities and resources in the community. With the development of the Bohn

Motor Co. facility, OHL will double its current client capacity to meet the increasing demand for substance abuse treatment and primary care services in the region.

The Bohn facility also will serve as a temporary location for OHL's 126-bed Long-Term Intensive Residential Program and Community Medical Clinic while the organization renovates one of its current locations on Tonti Street. Renovation of the Tonti Street location will result in expansion of beds for Long-Term housing clients and the Short-Term Adult Residential Program. Upon completion of all building and renovation projects, the Bohn site will provide 100 beds for Short-Term Adult Residential treatment, 50 beds for Detox services, and will serve as a Community Medical Clinic satellite site. At both of these sites, OHL will be able to engage additional clients in need of therapeutic treatment services, behavioral care, low-cost primary care, and supportive services.

Study Process

In November 2016, OHL retained Tripp Umbach to conduct a community and economic impact study to highlight the financial and social benefits of OHL's operations and continuum of services on the State of Louisiana, communities, families, and residents.

Community Impact

OHL's operations and services generate significant impact, providing far-reaching benefits to communities and individuals throughout Louisiana. This study analyzes the community and social benefits generated by OHL's continuum of services. The community and social benefit analysis highlights the following:

- Cost of substance abuse and addiction (including lost productivity, health care costs, and criminal justice costs) to society, individuals, and the national/state economy versus cost savings attributed to treatment at OHL as an alternative to incarceration or receiving no treatment.
- Benefit of treatment services provided at OHL in aiding individuals in overcoming substance abuse and addiction and returning to society as contributing members.

In-depth research as well as interviews with key stakeholders internal and external to OHL informed community impact findings.¹²

Economic Impact

Tripp Umbach gathered financial data from Odyssey House Louisiana as a means to measure the current (FY16) and projected (FY21) economic, employment, and government revenue impacts of OHL's operations and services in the State of Louisiana.¹³ The overall economic and fiscal impact that OHL has on the vitality of the state includes the following elements:

- Business volume impacts (capital expenditures, operational expenditures, and pay and benefits)
- The direct and indirect employment impacts of OHL
- The government revenue impact of OHL at the state level

The economic impact analysis measures the effect of direct and indirect/induced business volume and government revenue impacts for OHL's operations throughout Louisiana. The methodology employed in the calculation of these impacts is IMPLAN.¹⁴ Primary data utilized to conduct the analysis was collected

¹² See Appendix A for a summary of stakeholder interview findings.

¹³ Fiscal year 2016 represents the period of time from July 1, 2015 to June 30, 2016.

¹⁴ Minnesota IMPLAN Group Inc. (MIG) is the corporation that is responsible for the production of IMPLAN (IMpact analysis for PLANning) data and software. IMPLAN is a micro-computer-based, input-output modeling system. With IMPLAN, one can estimate input-output models of up to 528 sectors for any region consisting of one or more counties. IMPLAN includes procedures for generating multipliers and estimating impacts by applying final demand changes to the model.

from OHL. Data included a five-year average of capital expenditures, operational expenditures, employment headcounts, payroll and benefits, patient admissions and outpatient visits, and taxes. OHL also provided financial projections five years in the future; these financial estimates and assumptions, based on current fiscal data supplied by OHL, allowed for the calculation of projected impacts of OHL for FY21. Tripp Umbach's approach to economic impact analysis is conservative by way of utilizing the industry standard software, IMPLAN, to conduct the impact analysis, as well as using conservative assumptions for individual spending patterns. Tripp Umbach bases assumptions of spending on federal per diem rates.

Total economic impact measures the dollars that are generated within Louisiana due to the presence of OHL. This includes not only spending on goods and services with a variety of vendors throughout the state and the spending of OHL's staff and visitors, but also the business volume generated by businesses within Louisiana that benefit from OHL's spending. It is important to remember that not all dollars spent by an organization remain in its home state. Dollars that go out of the state in the form of purchases from out-of-state vendors are not included in OHL's economic impact on the state. The multipliers utilized in this study are derived from the IMPLAN software.

Community Impact of Odyssey House Louisiana

Odyssey House Louisiana generates an impact that goes far beyond the organization's spending and associated economic, employment, and government revenue effects. OHL's continuum of services provides a necessary solution to combatting growing drug addiction, alcoholism, and behavioral health issues prevalent across the nation, State of Louisiana, and City of New Orleans. Far too many individuals struggling with substance abuse and addiction in Louisiana are funneled through the criminal justice system rather than receiving treatment; this occurs despite extensive evidence that shows the effectiveness of treatment programs such as Odyssey House Louisiana from a recovery standpoint, as well as the cost savings associated with treatment over the alternatives of incarceration and foregoing treatment.

By offering comprehensive health and social services that extend from residential drug addiction treatment to low-cost primary care services to housing placement, OHL gives patients the opportunity to take control of their health, conquer addiction, and return to their communities as contributing members. The services of OHL offer economic benefits to the region and state and help improve the health and well-being of society.

Impact of Odyssey House Louisiana on Individuals and Society

Substance abuse treatment programs, particularly those that utilize an integrated care model, serve as the most effective means to combat the substance abuse issues that have become increasingly prevalent across the United States. Odyssey House Louisiana is a key health care resource in Louisiana; the organization provides a breadth of services that give drug abusers and addicts the tools to overcome their addiction and realize opportunities for change. OHL is one of the only programs in the region that delivers holistic treatment, providing comprehensive health care treatment and community support services. Clients receive treatment, such as medically-supported detox and residential treatment. After receiving treatment, services such as housing placement and prisoner reentry programs support the integration of clients back into their communities throughout Louisiana.

In addition to providing treatment, OHL acts as a collaborator and connector in the substance abuse treatment community. OHL works with local, state, and national agencies to understand effective strategies to combat addiction. OHL's staff makes connections to other treatment organizations and government officials to stay up to date on the latest news and happenings in the treatment community. In addition, OHL's advocacy and outreach efforts educate the community on effective means to combat growing substance abuse and addiction in Louisiana.

OHL's dedication to providing comprehensive treatment and combatting substance addiction creates significant cost benefits to the State of Louisiana. OHL has budgeted over \$11.3 million in 2018 to provide treatment services to clients throughout Louisiana. For every \$1 spent on substance abuse treatment, \$7 dollars is saved on average in benefits. These benefits arise from decreased criminal justice costs, decreased

health care costs, and increased employment.¹⁵ **OHL’s \$11.3 million-dollar investment will create \$79.2 million in savings benefits; the investment in treatment will help decrease criminal justice and health care costs and add employment throughout Louisiana.**

Looking specifically at OHL’s program offerings, residential treatment is estimated to provide \$6 in savings for every \$1 invested, and outpatient offerings provide approximately \$12 in savings to society for every \$1 invested. OHL will invest \$2.7 million in residential treatment, providing overall savings of \$16.2 million.¹⁶ At the same time, OHL will invest \$1.1 million in outpatient treatment programming, which will garner \$13.2 million in savings to the State of Louisiana. Support of OHL’s services over alternatives such as incarceration or foregoing proper treatment generate savings and benefits for Louisiana. As OHL continues to expand programming and treatment services, savings from investment in treatment will continue to rise.

COST-BENEFIT ANALYSIS OF TREATMENT – ODYSSEY HOUSE LOUISIANA

Overall Treatment	Residential Treatment	Outpatient Treatment
Savings per \$1 invested: \$7	Savings per \$1 invested: \$6	Savings per \$1 invested: \$12
OHL Investment: \$11.3 million	OHL Investment: \$2.7 million	OHL Investment: \$1.1 million
Total Savings to Louisiana: \$79.2 million	Total Savings to Louisiana: \$16.2 million	Total Savings to Louisiana: \$13.2 million

OHL’s work throughout the state and financial investments in treatment services have reaped significant benefits for society as a whole in Louisiana. Most important, OHL’s services have had an immense impact on a number of clients and their roads to recovery. For many individuals, OHL is their last hope. When clients enter OHL, many are close to becoming incarcerated, re-entering prison, and losing control of their lives due to their addictions. With OHL’s spectrum of services and resources, over 900 clients per month receive the tools to overcome addiction and realize opportunities to obtain employment and give back to their communities.

Interviews with former clients reveal the magnitude of the impact that OHL can have on individuals who successfully complete treatment. Those who finish treatment at OHL and remain sober have been able to realize opportunities that were unattainable prior to treatment. Former clients who took part in interviews described how they have furthered their education and received Bachelor’s and Master’s degrees, have pursued careers in social work, have found employment at OHL and other treatment centers, and have supported programs that give back to those less fortunate in Louisiana. Once unemployed, incarcerated, or on the brink of losing all, these individuals are now contributing to society in impactful ways. As the organization takes steps to expand services, OHL will be able to further its impact on individuals, families, and communities across the state; the work of OHL will provide additional cost-savings, reduce

¹⁵ U.S. Department of Health & Human Services. Facing Addiction in America: The Surgeon General’s Report on Alcohol, Drugs, and Health. 2016.

¹⁶ “Cost-Benefit Analysis: Substance Abuse Treatment is a Sound Investment.” Florida Alcohol and Drug Abuse Association.

incarceration, alleviate health issues, and most importantly, help overcome substance addiction in Louisiana.

“ I went into the program [at OHL] feeling like nobody and left feeling like somebody. OHL gave me a platform to be somebody. To know that I had a part to play in my recovery and that I wanted to give back to others. ”

- Former OHL Client

“ OHL has empowered so many in the New Orleans community. They have empowered teenagers, women, women with children, men, prisoners reintegrating back into the community, and low-income individuals who need affordable health care. OHL’s heart beats for the community. ”

- Former OHL Client

“ While [at OHL] I learned to regain skills, and use them to my advantage when moving back into the working world. These skills that I regained have helped me fully enhance who I am. My work ethic has increased tremendously as I am able to function on a high level due to my treatment at Odyssey House Louisiana. ”

- Former OHL Client

“ Imagine the community without OHL. Think of the thousands of people OHL has guided to find hope instead of self-loathing and shame, love instead of hate, and empathy instead of greed. ”

- Former OHL Client

Current State of Substance Abuse

Services such as OHL are critical as substance abuse has reached epidemic proportions in the United States. A 2016 report released by the United States Surgeon General on drugs, alcohol, and addiction reveals the magnitude of substance abuse across the country. According to the report, one in seven Americans will

face substance addiction in their lifetime.¹⁷ In 2014, there were a total of 47,055 drug overdose deaths throughout the United States.¹⁸ Opioids, a class of drugs that includes prescription pain medications and heroin, are of particular concern as opioid abuse rates play a large role in the number of overdose deaths. More than 33,000 overdose deaths stemmed from opioids in 2015.¹⁹ **Opioid use has been on the rise across the United States and opioid users are abusing multiple drugs.**

- 33,000 deaths attributable to opioid use in the United States in 2015 is more than triple the total number of overdose-related deaths reported in 2010.
- 91 people die each day in the United States from an opioid overdose.
- Heroin-related deaths have more than tripled nationwide between 2010 and 2015.
- 9 in 10 people who used heroin also used at least one other drug.²⁰

Alcohol also plays a significant role in the substance abuse issues across the United States. Alcohol accounts for approximately 88,000 deaths in the United States each year, making alcohol the fourth leading preventable cause of death in the country. According to the 2015 National Survey on Drug Use and Health, 66.7 million Americans surveyed reported binge drinking in the past month.²¹

Substance abuse is an issue that is plaguing the entire country, and **the State of Louisiana and City of New Orleans are no strangers to the substance abuse crisis, particularly the rise in opioid use.**

- **Over-prescribing of medication in Louisiana is leading to increased addiction and drug-related deaths.** More prescriptions were written across the State of Louisiana in 2015 than there were residents. In 2015, there was a prescription-per-capita rate of 1.03 pain-killer prescriptions written per resident.²²
- **Heroin and the synthetic opioid drug, fentanyl, pose additional threats.**
 - In 2009, there were 10 heroin fatalities in all of Louisiana. In 2015, there were 127 heroin overdose deaths just in Orleans, Jefferson, and St. Tammany parishes.²³

¹⁷ U.S. Department of Health & Human Services. Facing Addiction in America: The Surgeon General's Report on Alcohol, Drugs, and Health. 2016.

¹⁸ Ibid.

¹⁹ Centers for Disease Control and Prevention. Opioid Overdose. April 16, 2017.

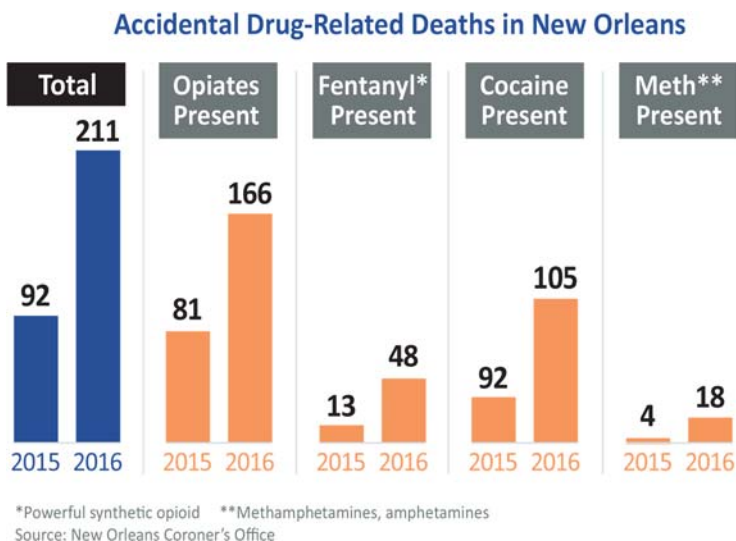
²⁰ Ibid.

²¹ U.S. Department of Health & Human Services. Facing Addiction in America: The Surgeon General's Report on Alcohol, Drugs, and Health. 2016.

²² Guidry, Leigh. "Louisiana has more opioid prescriptions than residents." WWLTV. October 4, 2016.

²³ Lane, Emily. "43 died of overdoses in New Orleans in 2015, coroner says." The Times-Picayune. January 29, 2016.

- o In 2016, there were a total of 166 opioid-related deaths confirmed in Orleans Parish. In comparison, there were a total of 81 deaths related to opioid misuse in all of 2015. The powerful synthetic drug, fentanyl, contributed to 48 of the 166 opioid-related deaths.²⁴



- Orleans Parish had a total of 211 deaths due to drug overdose in 2016. **This is a 129 percent increase** from 92 deaths in 2015.²⁵

- Alcohol also contributes to substance abuse in the State of Louisiana. Binge drinking is prevalent among 18 percent of adults in Louisiana.^{26,27} The intensity of binge drinking is significant in Louisiana, as the average largest number of drinks consumed by binge drinkers in the past month according to a 2015 survey was 7.6, which puts Louisiana in the top 10 states with intense binge drinking.²⁸

With the significant jump in drug overdose deaths in 2016, deaths from drug overdoses surpassed murders in Orleans Parish for the first time ever.²⁹ Law enforcement in Orleans Parish has seen that with the rise in opioid use and sustained levels of other substance abuse, the area also is experiencing an increase in crime. Violent crime and robberies are on the rise in New Orleans, as drug users seek money and means to obtain opiates. The New Orleans Police Department and other law enforcement agencies recognize that they cannot solve the drug issues and associated crime on their own and call for a concerted effort from social service agencies and treatment organizations, including Odyssey House Louisiana, to overcome this epidemic.³⁰

²⁴ Sledge, Matt. "Drug overdose deaths soared in New Orleans in 2016, now outpace murders, coroner says." The New Orleans Advocate. March 27, 2017.

²⁵ Ibid.

²⁶ Centers for Disease Control and Prevention. Alcohol and Public Health. January 24, 2017.

²⁷ Binge drinking is defined as four or more drinks for a woman or five or more drinks for a man on an occasion during the past 30 days. Centers for Disease Control and Prevention.

²⁸ Ibid.

²⁹ Sledge, Matt. "Drug overdose deaths soared in New Orleans in 2016, now outpace murders, coroner says." The New Orleans Advocate. March 27, 2017.

³⁰ Bullington, Jonathan. "Violent crime in New Orleans up nearly 14 percent last year compared to 2015." The Times-Picayune. March 24, 2017.

Cost of Substance Abuse

Substance abuse and addiction comes at a cost; it affects the health and well-being of individuals, communities, societies, as well as takes an economic toll. Individuals dealing with substance addiction experience loss of productivity and difficulty holding a job. The prevalence of substance abuse in a community can lower quality of life and increase crime, violence, and homelessness, as is the case in New Orleans.

The economic toll of substance abuse and addiction is staggering. **Costs associated with substance abuse and addiction total \$442 billion annually in the United States.** This figure includes health care costs, criminal justice costs, and lost productivity that stems from substance abuse.³¹ Health care costs are associated with the physical and mental issues that stem from substance abuse.

- Individuals who abuse substances and have a chronic illness, such as diabetes or asthma, are less likely to properly care for their health issues and require more acute care to treat illnesses compounded by substance abuse.³²
- Alcohol use by underage drinkers results in health care costs due to car crashes, suicide attempts, and violent crime.³³
- HIV infection/AIDS and other blood-borne diseases such as Hepatitis stemming from opioid addiction add to the health care cost of substance abuse.³⁴
- Mental illness and substance abuse go hand-in-hand; among adults in the United States dealing with substance abuse, approximately half have a co-occurring mental health issue.³⁵

Criminal justice costs also contribute to the economic burden of substance abuse, and this is particularly the case in Louisiana, where incarceration rates and criminal justice costs are significant. **The State of Louisiana has the highest rate of incarceration in the United States and in the world,** with one out of 86 residents being behind bars either in state or private prisons.³⁶ The high rate of incarceration comes at a cost to Louisiana taxpayers.

- In fiscal year 2017, **Louisiana appropriated \$625 million for criminal justice costs, making it the third-largest state expenditure behind education and health care.**³⁷

³¹ U.S. Department of Health & Human Services. Facing Addiction in America: The Surgeon General's Report on Alcohol, Drugs, and Health. 2016.

³² Robin E. Clark, Ph.D., Elizabeth O'Connell, M.S., and Mihail Samnaliev, Ph.D. Substance Abuse and Healthcare Costs Knowledge Asset. March 2010.

³³ Alcohol Policy MD. Health Care Costs of Alcohol. 2017.

³⁴ Jag H. Khalsa, Ph.D., Glenn Treisman, M.D., Elinore McCance-Katz, M.D., Ph.D., and Ellen Tedaldi, M.D. Medical Consequences of Drug Abuse and Co-occurring Infections. March 12, 2009.

³⁵ National Alliance on Mental Illness. "Mental Health by the Numbers." 2016.

³⁶ Staff. "How Louisiana Became the World's 'Prison Capital.'" NPR. June 5, 2012.

³⁷ Louisiana Justice Reinvestment Tax Force. Report and Recommendations. March 16, 2017.

- High rates of incarceration and appropriations for criminal justice **costs taxpayers approximately \$17,500 per inmate.**³⁸ While criminal justice costs come at a high price for taxpayers, there is not a strong return on investment for these payments, as **one in three inmates released from a Louisiana prison return within three years of release.**³⁹

One major reason for the high incarceration rates in Louisiana and associated criminal justice costs is the fact that Louisiana imprisons more individuals with nonviolent offenses than other states in the United States.⁴⁰ For example, individuals with drug, property, and other nonviolent crimes in Louisiana were sent to prison at twice the rate of individuals with such crimes in South Carolina and three times the rate as those in Florida with nearly identical crimes.⁴¹ Of those convicted of a nonviolent crime in Louisiana and sent straight to prison rather than receiving probation, drug possession was the top offense.⁴²

Governor John Bel Edwards of Louisiana is taking steps to reduce the prison population and recidivism rates in the state. In March 2017, the Louisiana Justice Reinvestment Task Force and Governor Edwards released a series of recommendations to reduce the incarceration rate in Louisiana, including finding alternatives to incarceration for those with nonviolent drug offenses. Approximately 80 percent of Louisiana offenders have substance abuse issues that contribute to their criminality, and criminal justice reform advocates recognize that treatment and substance abuse education serve as more effective alternatives than incarceration.⁴³ In June 2017, Governor Edwards signed 10 bills into law stemming from recommendations laid out in the Task Force report. Included in these laws is expanding eligibility for substance abuse probation and drug courts, as well as tailoring drug sentences to the weight of the drugs.⁴⁴

Beyond the health care and criminal justice expenses, there are a number of other costs, both financial and social, associated with substance abuse, including loss of income, legal bills, opportunity cost of lost experiences or education, and the breakdown of families.⁴⁵

Treatment as a Solution – Cost Savings and Benefits

Substance abuse is costly to the health and well-being of individuals, families, communities, and the economy; however, treatment for substance issues serves as a cost-effective and viable option to aid individuals in overcoming addiction and re-entering society as contributing members.

In Louisiana, government officials, business leaders, and community members have called on finding alternatives to incarceration for individuals charged with drug possession and non-violent, drug-related

³⁸ Louisiana Justice Reinvestment Tax Force. Report and Recommendations. March 16, 2017.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Ibid.

⁴³ Louisiana Department of Corrections. "Reentry Programming." 2017.

⁴⁴ Allen, Rebekah. "Gov. Edwards signs criminal justice overhaul into law, in what some laud as historic achievement." The Advocate. June 15, 2017.

⁴⁵ Bosari, Jessica. "The Cost of Addiction on Families." Forbes. June 19, 2012.

crimes. **Research shows that focusing on substance treatment as a solution instead of incarceration provides an economic benefit by reducing the amount of taxpayer dollars put toward criminal justice costs.** Criminal justice laws enacted by Governor Edwards in June 2017 that focus on reducing incarceration for drug offenses will take steps in lowering the prison population and decreasing criminal justice costs.

- The new criminal justice laws, which include expanding prison alternatives such as drug courts and substance abuse probation that utilize OHL's services, trimming sentences, and overhauling drug sentencing are projected to **reduce Louisiana's prison population by 10 percent over the next decade. The laws also are anticipated to save the state \$262 million in inmate housing costs. Approximately 70 percent of savings from the new laws will instead be used for programs that rehabilitate inmates and support victims.**⁴⁶
- **Increased utilization of drug courts over incarceration will provide an economic benefit to the State of Louisiana.** In 2014, Louisiana drug courts served 4,926 participants and had a graduation rate of 43 percent. The cost of providing services to individuals in drug courts was \$17.1 million, or an average of \$3,480 per participant. If the Louisiana Department of Corrections filtered all 8,822 offenders in the system with a drug possession charge only through drug courts, it would cost approximately \$87.3 million. Placing these individuals in a local prison for two years would cost the state approximately \$157.2 million. **Applying drug courts that provide substance treatment instead of incarceration would save the state \$69.8 million.**⁴⁷ New laws that focus on expanding drug court eligibility will allow the state to realize these savings.
- **Investment in substance abuse treatment programs over incarceration will generate additional cost savings for the State of Louisiana.** For every \$1 spent on substance abuse treatment, \$7 dollars is saved on average in benefits. These benefits arise from decreased criminal justice costs, decreased health care costs, and increased employment.⁴⁸ **OHL has budgeted investing over \$11.3 million in providing comprehensive addiction treatment in 2018, which will generate a cost savings of \$79.2 million to the State of Louisiana. As savings from decreased prison housing costs will be used to fund rehabilitation programs, OHL will be able to create additional economic benefit to Louisiana.**

Beyond providing cost savings, treatment programs also provide a significant impact in preparing individuals to take control of their health. Substance abuse treatment is shown to have approximately the same success rate for treating patients as treatment for other chronic illnesses. The relapse rate for

⁴⁶ Allen, Rebekah. "Gov. Edwards signs criminal justice overhaul into law, in what some laud as historic achievement." The Advocate. June 15, 2017.

⁴⁷ Louisiana Legislative Auditor. Evaluation of Strategies to Reduce Louisiana's Incarceration Rate and Costs for Nonviolent Offenders. August 2016.

⁴⁸ U.S. Department of Health & Human Services. Facing Addiction in America: The Surgeon General's Report on Alcohol, Drugs, and Health. 2016.

individuals who received treatment for substance abuse is 40 to 60 percent. The rate of individuals who received care for diabetes and relapse is 20 to 50 percent and 50 to 70 percent for asthma.⁴⁹

Treatment programs have to be adequately available and supported to serve individuals in drug courts and substance abuse probation programs. Between 2012 and 2015, there was a significant reduction in the number of adults served by behavioral health programs in the state, going from 38,000 served in 2012 to 21,000 in 2015.⁵⁰ **Without support behind substance abuse treatment and behavioral health programming, alternatives to incarceration for those with drug abuse offenses may not be attainable, and the cost savings and associated benefits to the State of Louisiana will not be realized.**

⁴⁹ U.S. Department of Health & Human Services. Facing Addiction in America: The Surgeon General's Report on Alcohol, Drugs, and Health. 2016.

⁵⁰ Louisiana Justice Reinvestment Tax Force. Report and Recommendations. March 16, 2017.

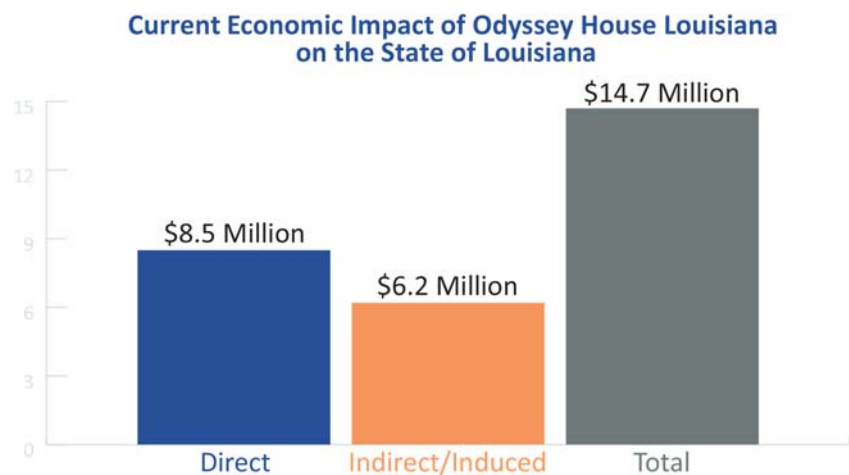
Economic Impact of Odyssey House Louisiana

Odyssey House Louisiana serves as an indispensable resource to residents throughout the state, providing needed addiction treatment, as well as mental health, physical health, and social services, in a region where substance abuse and addiction treatment offerings are in demand. Through its broad-spectrum of services, OHL delivers care to a number of clients that may not be able to receive care without the organization's existence. At the same time, OHL impacts the state by generating economic impact through its operations and spending.

Current Impact – FY16

Current Economic Impact – FY16

OHL directly and indirectly impacts residents throughout the State of Louisiana by means of organizational spending, employment opportunities, and government revenue generated from spending. In 2016, the **overall economic impact** of Odyssey House Louisiana on the State of Louisiana amounted to **\$14.7 million annually**.



OHL affects business volume in Louisiana in three ways:

1. Direct expenditures for goods and services by OHL and its staff. Spending by OHL supports local businesses. These local businesses in turn employ local individuals to sell the goods and provide the services that OHL needs.
2. Indirect spending within the State of Louisiana. Local businesses and suppliers who receive direct payments from purchases by OHL and its staff re-spend this money within Louisiana, thus creating the need for more jobs.
3. Induced spending by households either directly employed by OHL or its suppliers create a third tier of impact.

OHL's spending on goods and services, as well as spending by OHL staff members, suppliers, and local businesses, generates an economic impact of **\$8.5 million in direct impact and \$6.2 million in indirect/induced impact, for a total economic impact of \$14.7 million dollars to the State of Louisiana.**

The following table shows the top 10 industries that are affected by the spending and operations of OHL in terms of economic output.

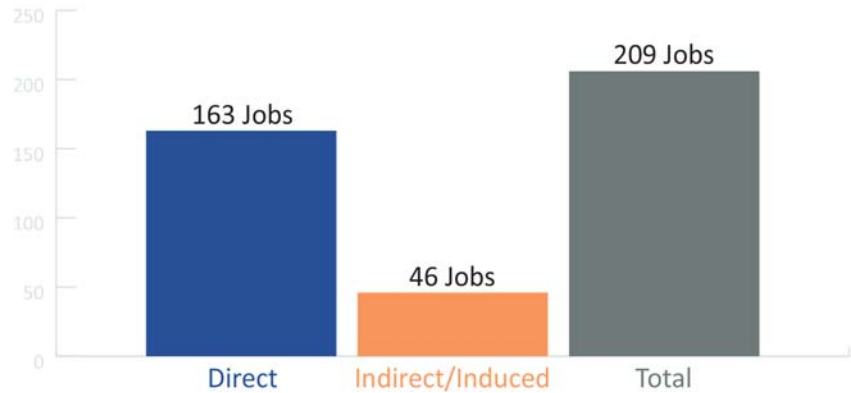
TOP 10 INDUSTRIES AFFECTED BY ODYSSEY HOUSE LOUISIANA IN TERMS OF ECONOMIC OUTPUT IN FY16

Industry	Economic Output
Residential mental retardation, mental health, substance abuse, and other facilities	\$8,509,225
Real estate	\$960,264
Owner occupied dwellings	\$512,421
Hospitals	\$247,548
Wholesale trade	\$232,542
Electric power transmission and distribution	\$147,034
Employment services	\$144,295
Offices of physicians	\$143,045
Limited-service restaurants	\$142,252
Monetary authorities and depository credit intermediation	\$123,937

Current Employment Impact – FY16

Odyssey House Louisiana employs a number of individuals, including physicians, physician extenders, medical residents, and management staff. **The total employment impact** of OHL on the state in FY16 was **209 jobs**. This employment impact includes both full-time and part-time employees and includes not only those individuals employed directly by OHL, but also indirect and induced jobs created by OHL’s suppliers, contractors, and laborers, as well as jobs created throughout the state at restaurants and retail stores in support of OHL’s workforce.

Current Employment Impact of Odyssey House Louisiana on the State of Louisiana



OHL **directly employed 163 individuals** in 2016. OHL’s operations and spending supports additional jobs throughout the state. The work and spending of OHL contributes an **induced/indirect employment impact**

of **46 jobs**. These indirect/induced jobs help to support the 163 jobs directly employed by OHL by providing services to the organization and its staff.

The following table shows the top 10 industries that are impacted by OHL in terms of employment output.

**TOP 10 INDUSTRIES AFFECTED BY ODYSSEY HOUSE LOUISIANA
IN TERMS OF EMPLOYMENT OUTPUT IN FY16**

Industry	Jobs
Residential mental retardation, mental health, substance abuse, and other facilities	163 jobs
Real estate	5 jobs
Full-service restaurants	2 jobs
Limited-service restaurants	2 jobs
Employment services	2 jobs
Hospitals	2 jobs
Services to buildings	2 jobs
Offices of physicians	1 job
Retail – General merchandise stores	1 job
All other food and drinking places	1 job

Current State and Local Government Revenue Impact – FY16

State and local government revenues attributable to the presence of Odyssey House Louisiana totaled over **\$453,000** in FY16. OHL’s local spending and support of jobs, both directly and indirectly, adds to the local and statewide tax base.

Future Impact – FY21

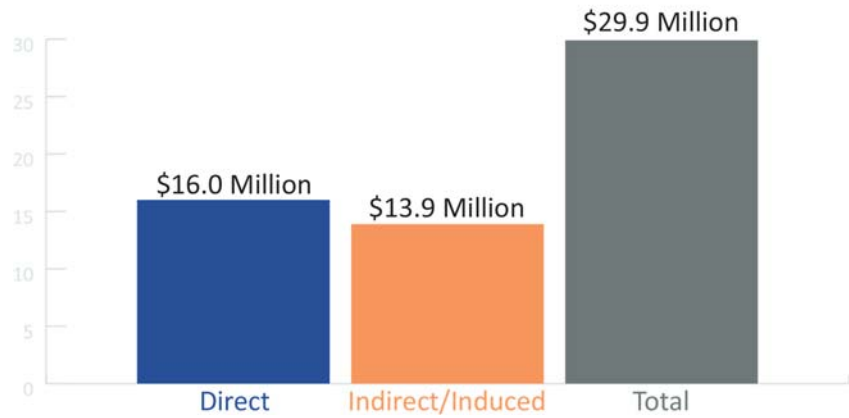
Projected Economic Impact – FY21

Odyssey House Louisiana generates economic impact in the State of Louisiana, and the organization’s plans for expansion will increase its impact on the region. By 2021, OHL will realize significant growth in economic, employment, and government revenue impacts with the development and renovation of the Bohn and Tonti facilities; these sites will allow OHL to grow programming and serve additional clients in need of Long-Term Intensive Residential, Short-Term Residential, Detox, primary care, and other supportive services.

The development and renovation of the Bohn and Tonti facilities will generate additional spending, staffing, expansion of programming, and an increase in the number of clients served. In 2021, OHL anticipates serving over 21,000 clients annually across all programs. Based on financial projections, including

information related to the Bohn and Tonti sites at full operation, Odyssey House Louisiana is projected to generate an **overall economic impact of \$29.9 million** in 2021 to the State of Louisiana. Of this impact, **\$16.0 million** will be attributed to **direct expenditures** by OHL and staff on goods and services to local suppliers, vendors, and businesses. OHL's spending also will generate additional **indirect/induced impact of \$13.9 million** to Louisiana.

Projected Economic Impact of Odyssey House Louisiana on the State of Louisiana (FY21)



The following table shows the top 10 industries that will be affected by the spending and operations of OHL in terms of economic output in FY21.

TOP 10 INDUSTRIES AFFECTED BY ODYSSEY HOUSE LOUISIANA IN TERMS OF ECONOMIC OUTPUT IN FY21

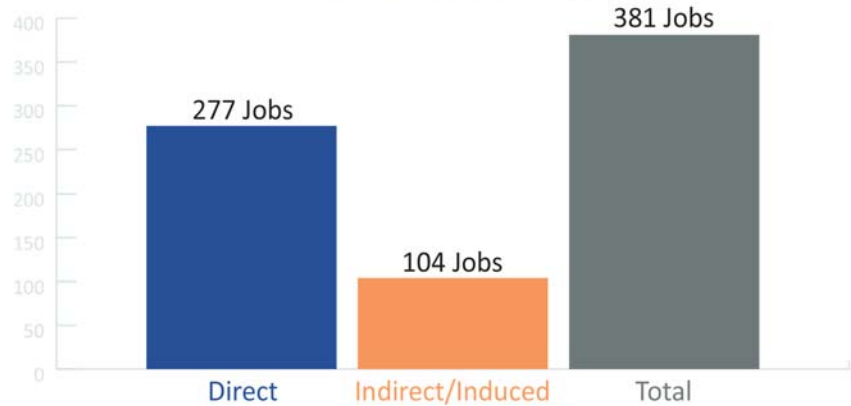
Industry	Economic Output
Residential mental retardation, mental health, substance abuse, and other facilities	\$16,028,234
Real estate	\$1,934,539
Owner occupied dwellings	\$1,254,001
Hospitals	\$606,197
Wholesale trade	\$528,248
Offices of physicians	\$350,199
Limited-service restaurants	\$340,273
Electric power transmission and distribution	\$312,814
Employment services	\$290,650
Monetary authorities and depository credit intermediation	\$275,192

Projected Employment Impact – FY21

With the expansion of facilities and services, Odyssey House Louisiana will directly employ additional staff to support the increase in clients and program offerings. As organizational growth influences revenue generation and increased economic impact, OHL will continue to support jobs throughout the state.

The **total employment impact** of OHL on the State of Louisiana in 2021 is projected to be **381 jobs**. The **direct employment impact** of OHL on the State of Louisiana will be **277 jobs** in FY21. This direct employment impact includes the full-time and part-time physicians, physician extenders, medical residents, and management staff directly employed by OHL to carry out treatment, health care, and other services.

Projected Employment Impact of Odyssey House Louisiana on the State of Louisiana (FY21)



OHL and its staff also will support jobs throughout the state as the organization’s spending allows for regional suppliers, contractors, vendors, and businesses to create additional jobs in the state economy. Over the next five years, OHL’s expenditures toward the development and renovation of new sites will help support jobs among suppliers, contractors, vendors, and businesses in the regional economy; the **indirect/induced employment impact** of OHL in Louisiana in FY21 will be **104 jobs**.

The following table shows the top 10 industries that are anticipated to be impacted by OHL in terms of employment output in FY21.

TOP 10 INDUSTRIES AFFECTED BY ODYSSEY HOUSE LOUISIANA IN TERMS OF EMPLOYMENT OUTPUT IN FY21

Industry	Jobs
Residential mental retardation, mental health, substance abuse, and other facilities	277 jobs
Real estate	11 jobs
Full-service restaurants	4 jobs
Limited-service restaurants	4 jobs
Employment services	4 jobs
Hospitals	3 jobs
Services to buildings	3 jobs
Offices of physicians	3 jobs
Retail – General merchandise stores	2 jobs
All other food and drinking places	2 jobs

Projected State and Local Government Revenue Impact – FY21

State and local government revenues attributable to the presence of Odyssey House Louisiana are projected to total over **\$1 million** in FY21. OHL's increase in local spending and support of jobs will add to the local and statewide tax base.

Conclusion

Odyssey House Louisiana generates significant impact and its services benefit communities, families, and individuals in the State of Louisiana. The operations of OHL in delivering broad-spectrum behavioral and physical health services generates community and economic impact in the State of Louisiana. **In 2018, OHL anticipates investing over \$11.3 million in providing comprehensive services to clients throughout the State of Louisiana, generating cost savings of \$79.2 million to the State of Louisiana** due to decreased health care costs, reduction in criminal justice costs, and the creation of increased employment opportunities for individuals. **In addition, OHL's operations create significant economic impact in the state. In 2016, the overall economic impact of OHL on the State of Louisiana amounted to \$14.7 million annually.** As substance abuse, particularly the use of opioids, has reached epidemic proportions, OHL recognizes the need for additional services to fill treatment gaps. Over the next five years, OHL will expand its operations and presence in the New Orleans region. Expansion will allow the organization to serve additional clients, create more jobs, and **increase its level of economic impact on the state economy which is projected to reach \$29.9 million annually.**

OHL also will be able to further its ability to create significant community benefit as the organization will deliver comprehensive care to more and more clients throughout Louisiana who are in need of treatment. Support for programs like OHL helps not only to improve the health of clients, but the overall well-being of individuals, communities, and society. The holistic treatment delivered at Odyssey House Louisiana provides individuals with the tools to take control of their addiction and health, with the ultimate outcome of giving clients the ability to re-enter their communities as productive members.

Appendix A: Stakeholder Interview Summary

Tripp Umbach conducted interviews with 18 key stakeholders who provided insight into the economic and community impacts of Odyssey House Louisiana (OHL). Leadership at OHL identified stakeholders for interviews. All stakeholders were willing to invest their time and provide information pertaining to the strengths and impacts of OHL’s services on individuals, communities, and society. The key stakeholders included a mix of those internal to OHL, as well as individuals external to OHL from partner organizations, law enforcement, and government.

List of key stakeholders who completed an interview:

Key Stakeholder	Title and Organization
Pat Beauchemin-Clay	Executive Director, Treatment Communities of America
Jarrood Broussard	Board Member, Odyssey House Louisiana
Nakeisha Cleveland	Deputy Director, Louisiana Primary Care Association
The Honorable Susan G. Guidry	Councilmember District A, New Orleans City Council
Rochelle Head-Dunham, MD, FAPA	Executive Director/Medical Director, Metropolitan Human Services District
The Honorable Arthur L. Hunter, Jr.	Section K, Orleans Criminal District Court
Lynne Jenner	Director of Projects, The Policy & Research Group
Steve Lassalle	District Administrator, New Orleans District Probation and Parole Office
Mike Martyn	Executive Director, Responsibility House
Rebecca Miller	Board President, Odyssey House Louisiana
Else Pederson	Chief Executive Officer, Bridge House/Grace House
Maggie Pike	Former Executive Director and Current Staff Member, Odyssey House Louisiana
Cecile Tebo, LCSW	Director, NOPD Officer Assistance Program
Noel Twilbeck	Chief Executive Officer, CrescentCare
Ivory Wilson	Program Manager, Louisiana Department of Health and Hospitals
Former Clients	Odyssey House Louisiana

Summarized stakeholder responses to each interview question are as follows.

1. From your perspective, what words or phrases would you use to describe OHL?

Descriptions of OHL provided by stakeholders centered on the dedication of staff and OHL's essential role in the community. Stakeholders described OHL as an invaluable resource in the community that provides a level of care and support not available through any other service in the region. OHL's continuum of services, innovation, and caring and accommodating staff were frequently cited by stakeholders when speaking of OHL.

Other words and phrases mentioned by stakeholders to describe OHL included:

- Reliable
- Highly regarded and respected
- In-demand
- Premier services
- Well-connected
- Affordable care
- The last chance/hope for many
- Accessible
- Supportive
- Teacher
- Source of strength
- Diverts individuals away from incarceration and the emergency room
- Maximizes resources
- Cornerstone of residential treatment
- Attentive to the needs of individuals
- Connects individuals to necessary resources
- Undervalued
- Holds individuals accountable

2. What are the most important facts/key messages about OHL that MUST be included in Tripp Umbach's economic and community impact report?

Stakeholders most frequently discussed OHL's role in serving as an advocate for clients as an important key message that should be conveyed. Stakeholders stated that OHL helps give their clients a voice and provides individuals with the opportunity to reach their full potential. A few stakeholders mentioned that OHL's services focus on the whole person, making individuals healthier both physically and mentally. One stakeholder stated that OHL's comprehensive services provide clients with a platform to feel like they are "somebody" again, giving clients the necessary tools and resources to re-enter society.

Many stakeholders mentioned the various services of OHL and particularly focused on OHL's medically-supported detox program as being a key service. Stakeholders cited the extreme need for medically-supported detox in the region and state, and OHL is one of the few programs to offer such a service.

In addition, a number of stakeholders discussed OHL's commitment to partnering and collaborating with organizations as an important component of OHL's work that should be highlighted within the report. One stakeholder stated that substance abuse is so prevalent in New Orleans and Louisiana that OHL does not compete with other similar organizations, but rather strives to work with its peer agencies to make sure that everyone in need of treatment has the opportunity to receive it.

Other important facts and key messages about OHL discussed by stakeholders were:

- OHL consistently evaluates its services and programming. OHL is open to receiving feedback in order to expand and improve its services.
- The work that OHL does saves money in communities and helps to improve communities overall. OHL's presence in New Orleans and commitment to treating individuals benefits communities by lowering incarceration rates and criminal justice costs, decreasing emergency room utilization, improving the overall health of individuals, and reunifying families.
- OHL did not initially provide primary care services, but after adding on the Federally Qualified Health Center (FQHC), OHL has been able to have a clinical impact that other health centers may not; OHL's existing relationships in the community enable them to really connect with the populations who need them most.
- OHL utilizes state-of-the art, evidence-based practices.

3. What are the strengths of Odyssey House Louisiana?

a. *From a health care delivery perspective?*

Stakeholder feedback regarding the strengths of OHL from a health care delivery perspective centered around the level of care and the types of services that OHL provides. Stakeholders particularly cited the medically-supported detox program as a strength, stating that such a service is not readily offered elsewhere. The FQHC at OHL also was discussed as a strength in terms of services, as it shows OHL's commitment to treating the whole person.

A few stakeholders noted OHL's delivery of affordable services as a major strength. OHL's willingness to provide affordable care exemplifies their commitment to serving all individuals in need of treatment and fills a needed service niche in the region.

b. *From an economic/community impact perspective?*

The majority of stakeholders discussed OHL's ability to leverage and diversify funding for programming as the organization's top strength from an economic/community impact perspective. Stakeholders cited that OHL staff works to leverage grants and maximize funding. OHL Chief Executive Officer, Ed Carlson, does an exemplary job of connecting various constituents and organizations as a means to leverage grants and funding opportunities.

In addition, a number of stakeholders discussed the social services beyond addiction treatment as major strengths of OHL. Supportive housing and job training services allow clients to get back on their feet post-treatment and provide an economic and community benefit across the region.

4. What are the most important external relationships (collaborations, partnerships) with other organizations in terms of producing the greatest value and benefit to OHL?

The vast majority of stakeholders discussed Ed Carlson’s significant work in making connections to treatment organizations and government officials at the local, state, and national levels in response to this question. These stakeholders mentioned that Ed stays up-to-date on the latest news and happenings in the treatment community. In addition, Ed is very good at connecting various organizations as he understands the importance of collaborating and creating linkages in providing needed treatment services.

Stakeholders specifically cited the following partners and collaborators as those that provide value and benefit to OHL:

- Coalition of Louisiana Addiction Service and Prevention Providers (CLASPP)
- Other local substance abuse treatment centers
- Primary care organizations/Louisiana Primary Care Association
- Social service agencies
- Legislators and lobbyists
- Lawmakers, law enforcement, judges
- Treatment Communities of America
- Health Resources and Services Administration

5. Do you have any information or data about OHL’s impacts in the community that you could share with us?

Stakeholders’ responses predominantly focused on the main alternatives to treatment, namely incarceration. A few stakeholders cited that approximately 80 percent of incarcerated individuals in Louisiana have a drug problem and around 40 percent have a co-occurring mental health disorder. Funneling these individuals through the criminal justice system often does not help society, but rather harms it. Stakeholders discussed how incarceration creates high taxes, affects families, and creates a closed, never-ending loop that does nothing to actually treat or aid individuals. OHL provides an opportunity for those struggling with addiction to obtain resources that will allow them to re-enter society as contributing members.

6. The economic and community impact study will look at projected future impact of Odyssey House Louisiana as it expands operations. Do you have any thoughts on where you would like to see Odyssey House in the next five years?

Stakeholders would like to see OHL continue to diversify its funding streams. Some stakeholders expressed concern over the future of federal funding and Medicaid reimbursements; therefore,

stakeholders think it will be key for OHL to explore funding options that will not only maintain programming but allow for growth in terms of services.

In addition, stakeholders mentioned OHL expanding detox services in the future. One stakeholder cited that offering detox services 24 hours a day, 7 days a week would benefit communities. A few stakeholders also mentioned expanding some of the social services, including housing and job training. Lastly, stakeholders discussed increasing advocacy efforts as a future goal for OHL. Stakeholders would like to see OHL representatives hold events that spur conversations with community residents to help remove the stigma surrounding behavioral health issues and create greater acceptance for placement of treatment facilities in the community.

7. Is there anything that we have not discussed that you believe is important for us to know about OHL?

Responses to this question varied but reiterated many of the points captured in responses to earlier questions. Final feedback and thoughts included:

- OHL is creative in finding ways to support their clients.
- The region could use more and more facilities like OHL.
- OHL is in neighborhoods that have lower income populations, and OHL is seen as a pillar in the community.
- OHL has empowered so many individuals in the New Orleans community.
- OHL has been one of the programs that truly deserves any and all funding.
- Ed Carlson is very creative in how he goes out to try to secure funds and further programming; he is very engaged.
- Treatment is not a guarantee but it is an opportunity for a different outcome.
- There are not many services for at-risk populations – OHL fills this void.
- Staff is tenacious.
- The management team and staff are passionate and do an amazing job in difficult times.

Appendix B: Definition of Economic Impact Terms

Study Year	Fiscal Year 2016, FY16, July 1, 2015 – June 30, 2016
Total Economic Impact	The total impact of an organization is a compilation of the direct impact, the indirect impact, and the induced impact generated in the economy as a result of the organization.
Direct Economic Impact	Direct impact includes all direct effects the organization has on the region due to the organizational operations. These items include direct employees, organizational spending, employee spending, as well as spending by clients and visitors to the organization.
Indirect Economic Impact	The indirect impact includes the impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money leaks from the local economy, either through imports or by payments to value added. The impacts are calculated by applying direct effects to the Type I Multipliers.
Induced Economic Impact	The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. IMPLAN's default multiplier recognizes that labor income (employee compensation and proprietor income components of value added) is not leakage to the regional economy. This money is recirculated through the household spending patterns causing further local economic activity.
Multiplier Effect	The multiplier effect is the additional economic impact created as a result of the organization's direct economic impact. Local companies that provide goods and services to an organization increase their purchasing by creating a multiplier.
Direct Tax Payments	Direct tax payments made by an organization to a unit of government.
Indirect Tax Payments	Government revenue that is collected by governmental units in addition to those paid directly by an organization, including taxes paid directly by employees of the organization, visitors to the organization, and vendors who sell products to the organization.
Direct Employment	Total number of employees that receive a paycheck from the organization; total headcount of employees.
Indirect Employment	Indirect employment is the additional jobs created as a result of the organization's economic impact. Local companies that provide goods and services to an organization increase their number of employees as purchasing increases, thus creating an employment multiplier.

Appendix C: Methodology

Impact on State Business Volume and Government Revenue

Odyssey House Louisiana is an employer in the state and, as such, serves as a generator of personal income for state residents. Businesses operating within Louisiana in the wholesale, retail, service and manufacturing sectors benefit from the direct expenditures of OHL and its staff on goods and services. Additionally, many of these “direct” expenditures are re-circulated in the economy as recipients of the first round of income re-spend a portion of this income with other businesses and individuals within Louisiana.

Methodology and Data Utilized for the Estimation of the Economic Impact of Odyssey House Louisiana

The economic impact of OHL was estimated using IMPLAN (IMPact Analysis for PLANing), an econometric modeling system developed by applied economists at the University of Minnesota and the U.S. Forest Service. The IMPLAN modeling system has been in use since 1979 and is currently used by over 500 private consulting firms, university research centers and government agencies. The IMPLAN modeling system combines the U.S. Bureau of Economic Analysis’ (BEA) Input-Output Benchmarks with other data to construct quantitative models of trade flow relationships between businesses and between businesses and final consumers. From this data, one can examine the effects of a change in one or several economic activities to predict its effect on a specific state, regional or local economy (impact analysis). The IMPLAN input-output accounts capture all monetary market transactions for consumption in a given time period. The IMPLAN input-output accounts are based on industry survey data collected periodically by the U.S. BEA and follow a balanced account format recommended by the United Nations.

IMPLAN’s Regional Economic Accounts and the Social Accounting Matrices were used to construct state-level multipliers, which describe the response of the state economy to a change in demand or production as a result of the activities and expenditures of OHL. Each industry that produces goods or services generates demand for other goods and services, and this demand is multiplied through a particular economy until it dissipates through “leakage” to economies outside the specified area. IMPLAN models discern and calculate leakage from local, regional, and state economic areas based on workforce configuration, the inputs required by specific types of businesses, and the availability of both inputs in the economic area. Consequently, economic impacts that accrue to other regions or states as a consequence of a change in demand are not counted as impacts within the economic area.

The model accounts for substitution and displacement effects by deflating industry-specific multipliers to levels well below those recommended by the U.S. BEA. In addition, multipliers are applied only to personal disposable income to obtain a more realistic estimate of the multiplier effects from increased demand. Importantly, IMPLAN’s Regional Economic Accounts exclude imports to an economic area, so the calculation of economic impacts identifies only those impacts specific to the economic impact area, in this case the State of Louisiana. IMPLAN calculates this distinction by applying Regional Purchase Coefficients (RPC) to predict regional purchases based on an economic area’s particular characteristics. The RPC represents the proportion of goods and services that will be purchased regionally under normal circumstances, based on the area’s economic characteristics described in terms of actual trade flows within

the area.

Model Inputs and Data Sources

Model inputs included actual FY16 expenditures provided by OHL. Inputs for the future impact of OHL included projected financial data for FY21 provided by OHL.

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