

The Spill Over Effect of Untreated Mental Illnesses and Substance Use Disorders on State Budgets

Untreated mental illnesses and substance use disorders increase state spending in other areas including:

Emergency Rooms

Hospitals

Jails , Prisons, and Detention Centers

Education

Homeless Shelters

Due to widespread state budget cuts, state mental health departments have already cut a total of \$1.82 billion between FY 2009 and FY 2011¹. It is crucial to understand the implications of such cuts especially with so many individuals still needing mental health and substance use services.

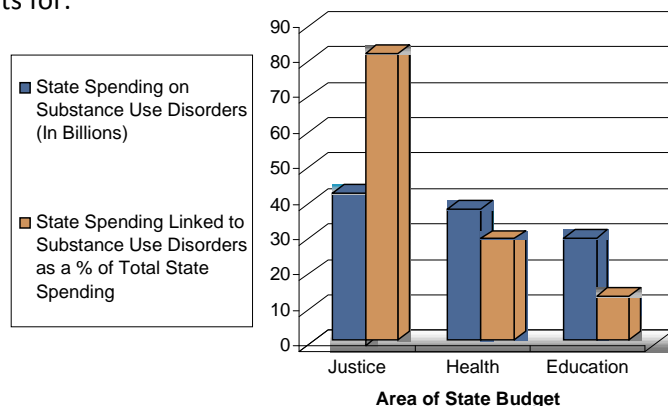
THE IMPACT OF UNTREATED SUBSTANCE USE DISORDERS ON STATE BUDGETS:²

15% of total state spending on criminal justice, Medicaid, transportation, and public safety results from the failure to prevent and treat addiction disorders.

The Effects of Substance Use Disorders on State Budgets

A lack of spending on substance use disorder treatment accounts for:

- 81% of the \$51.3 billion in spending by all 50 states and D.C. for justice-related programs in adult corrections, juvenile, justice, and the judiciary,
- almost a third (28%) of the \$130.1 billion in total state spending on healthcare, which is primarily composed of Medicaid spending but also includes other general assistance medical care spending, and
- 12% of total state spending (\$235.2 billion) on elementary and secondary education.



Cost Reductions (per client per month)

\$311 Medical costs

\$48 State Hospital expenses

Criminal Justice Recidivism Reductions

16% Reduced likelihood of arrest

34% Reduced likelihood of felony convictions

For each additional dollar invested in addiction treatment, taxpayers save at least \$7.46 in costs to society, including the cost of incarceration³. A Washington State study found that there were “cost offsets and reductions in criminal justice recidivism for those who entered [substance use treatment] compared to those who remained untreated⁴.”

THE IMPACT OF UNTREATED MENTAL ILLNESSES ON STATE BUDGETS:

Untreated clients with mental health illnesses are 4-6 times more likely to be incarcerated which increase expenses in the state’s justice system⁵. Approximately 56% of state prisoners have a diagnosable mental illness⁶ while up to 70% of juvenile offenders, on average, have at least one mental health disorder⁷. Furthermore, in at least 33 states, children

and adolescents are held without charge in expensive juvenile justice facilities because they are awaiting mental health treatment⁸.

Without access to appropriate treatment, people with mental illnesses are more likely to experience crises that lead them to utilize costly emergency room services⁹. **During 2006, roughly 4.3 million people visited an emergency room due to a mental disorder¹⁰.**

Cost effective treatment options, such as community based services, would lessen costs in other areas of the state expenditures. The following figure demonstrates differences with the delivery of mental health services in a community or hospital setting.

Average Annual Per-child Costs of Care for Children with Mental Health Disorders¹¹

State	Home and Community-based Services	Hospital Services
Kansas	\$12,900	\$25,600
Vermont	\$23,344	\$52,988
New York	\$40,000	\$77,429

For the most seriously impaired, community-based services, such as supportive housing, keeps individuals actively engaged in community settings and saves cost as illustrated by Arizona's supported housing program:¹²

- 58% reduction in emergency room visits
- 50% decrease in jail time
- 50% increase in earned income

Supportive housing offers a plethora of mental health and psychiatric community based services, including crisis intervention and support groups.

Costs of Supportive Housing versus Alternatives in Phoenix

Setting	Cost (\$/day)
Supportive Housing	\$20.54
Homeless Shelter	\$22.46
Jail	\$45.84
Prison	\$86.60
Psychiatric Hospital	\$280.00
Hospital	\$1,671.00

For more information, please contact Chuck Ingoglia, Vice President, Public Policy, National Council for Community Behavioral Healthcare, at ChuckI@thenationalcouncil.org or 202.684.7457 ext. 249.

¹ National Association of State Mental Health Program Directors Research Institute. (2010). *The Impact of the State Fiscal Crisis on the Public Mental Health System*. <http://www.nri-inc.org/reports_pubs/2010/NRI_SMHA_Budget_2010.pdf>.

² The National Center on Addiction and Substance Abuse at Columbia University. (2009). *Shoveling Up II: The Impact of Substance Abuse on Federal, State, and Local Budgets*. The report, which uses 2005 data, can be found at: <<http://www.casacolumbia.org/absolutenm/articlefiles/380-ShovelingUpII.pdf>>.

³ The National Council for Community Behavioral Healthcare. (2007). *The Uninsured: The Impact of Covering Mental Illness and Addictions Disorders*. <<http://www.thenationalcouncil.org/galleries/policy-file/CoveringTheUninsured.pdf>>.

⁴ Estee, S. & Nordlund, D. J. (2003). "Washington State Supplemental Security Income (SSI) Cost Offset Pilot Project: 2002 Progress Report. Washington State Department of Social and Health Services. <<http://www.dshs.wa.gov/pdf/ms/rda/research/11/109.pdf>>.

⁵ Cox, J.F., Morschauser, P.C., Banks, S., & Stone, J.L. (2001). *A Five-Year Population Study of Persons Involved in the Mental Health and Local Correctional Systems*. *Journal of Behavioral Health Services & Research*, 28, 177-87.

⁶ James, D.J. & Glaze, L.E. (2006). *Mental Health Problems of Prison and Jail Inmates*. Bureau of Justice Statistics Special Report, U.S. Department of Justice. <http://nami.beardog.net/AdvHTML_Upload/090606DOJReport.pdf>.

⁷ Skowrya, K. R. & Coccozza, J. J. (2007). *Blueprint for change: A comprehensive model for the identification and treatment of youth with mental health needs in contact with the juvenile justice system*. The National Center for Mental Health and Juvenile Justice Policy Research Associates, Inc. <<http://www.ncmhji.com/Blueprint/pdfs/Blueprint.pdf>>.

⁸ U.S. House of Representatives, Committee on Government Reform (2004).

⁹ The National Council for Community Behavioral Healthcare. (2007). *The Uninsured: The Impact of Covering Mental Illness and Addictions Disorders*. <<http://www.thenationalcouncil.org/galleries/policy-file/CoveringTheUninsured.pdf>>.

¹⁰ Pitts, S.R., Niska, R.W., Xu, J & Burt, C.W. (2008). *National Hospital Ambulatory Medical Care Survey: 2006 Emergency Department Summary*. *National Health Statistics Report*. <<http://www.cdc.gov/nchs/data/nhsr/nhsr007.pdf>>.

¹¹ The Campaign for Mental Health Reform. (2005). *Emergency Response: A Roadmap for Federal Action on America's Mental Health Crisis*. <www.mhreform.org>.

¹² The Lewin Group. (2004). *Costs of Serving Homeless Individuals in Nine Cities (Chart Book)*, prepared for the Corporation for Supportive Housing.