

# 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 2011<sup>1</sup>. It is crucial to understand the implications of such cuts especially with so many individuals still needing mental health and substance use services.

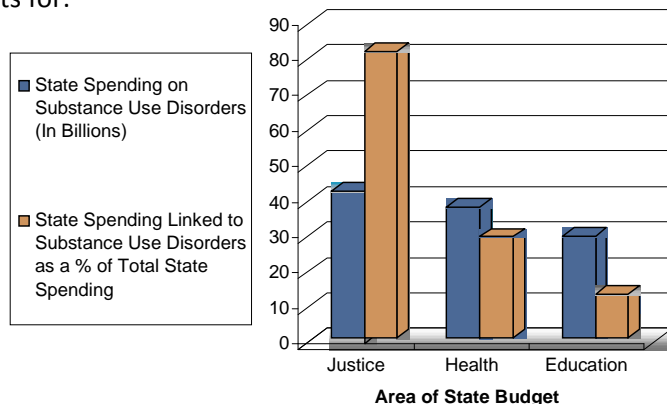
## THE IMPACT OF UNTREATED SUBSTANCE USE DISORDERS ON STATE BUDGETS:<sup>2</sup>

**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 incarceration<sup>3</sup>.** 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 untreated<sup>4</sup>.”

## 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 system<sup>5</sup>.** Approximately 56% of state prisoners have a diagnosable mental illness<sup>6</sup> while up to 70% of juvenile offenders, on average, have at least one mental health disorder<sup>7</sup>. Furthermore, in at least 33 states, children

and adolescents are held without charge in expensive juvenile justice facilities because they are awaiting mental health treatment<sup>8</sup>.

Without access to appropriate treatment, people with mental illnesses are more likely to experience crises that lead them to utilize costly emergency room services<sup>9</sup>. **During 2006, roughly 4.3 million people visited an emergency room due to a mental disorder<sup>10</sup>.**

**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 Disorders<sup>11</sup>**

State	Home and Community-based Services	Hospital Services
<b>Kansas</b>	\$12,900	\$25,600
<b>Vermont</b>	\$23,344	\$52,988
<b>New York</b>	\$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:<sup>12</sup>**

- 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)
<b>Supportive Housing</b>	\$20.54
<b>Homeless Shelter</b>	\$22.46
<b>Jail</b>	\$45.84
<b>Prison</b>	\$86.60
<b>Psychiatric Hospital</b>	\$280.00
<b>Hospital</b>	\$1,671.00

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<sup>1</sup> 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](http://www.nri-inc.org/reports_pubs/2010/NRI_SMHA_Budget_2010.pdf)>.

<sup>2</sup> 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>>.

<sup>3</sup> 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>>.

<sup>4</sup> 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>>.

<sup>5</sup> 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.

<sup>6</sup> 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](http://nami.beardog.net/AdvHTML_Upload/090606DOJReport.pdf)>.

<sup>7</sup> 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>>.

<sup>8</sup> U.S. House of Representatives, Committee on Government Reform (2004).

<sup>9</sup> 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>>.

<sup>10</sup> 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>>.

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

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