

## State Spending on Untreated Mental Illnesses and Substance Use Disorders

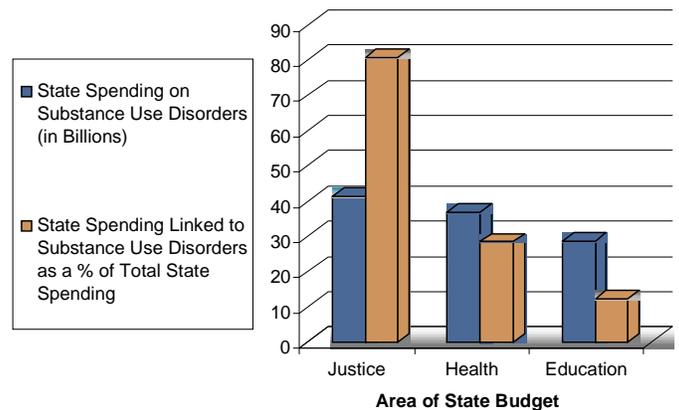
Untreated mental illnesses and substance use disorders (SUDs) increase spending in other sectors of healthcare and other areas of state budgets. People with untreated mental illnesses are 4-6 times more likely to be incarcerated,<sup>1</sup> and are more likely to present to Emergency rooms for acute care.

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

**15% of total state spending (\$127.6 billion out of \$862.1 billion in total state spending) results from the failure to prevent and treat addiction in public systems** from criminal justice to Medicaid to transportation and public safety. SUD program spending 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.

### The Effects of Substance Use Disorders on State Budgets



**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>

### THE IMPACT OF UNTREATED MENTAL HEALTH DISORDERS

**Inadequate access to mental health services contributes to the overcrowding of jails and state prisons.**

- Approximately 16 percent of jail and state prison inmates have a diagnosable mental illness.<sup>4</sup>
- Approximately 60% of juvenile detention inmates have at least one mental health disorder.<sup>5</sup>
- 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>6</sup>
- Home and community-based services are more cost effective and would prevent spending in these other systems, but are inadequately supported.<sup>7</sup>

**Providing community-based mental health services to children is the cost-effective approach to treatment.**

### Average Annual Per-child Costs of Care for Children with Mental Health Disorders<sup>8</sup>

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

**Without access to appropriate treatment, people with mental illnesses are more likely to experience crises that lead them to rely on more expensive emergency room care.<sup>9</sup>**

**For the most seriously impaired, community-based services such as supportive housing options are critical to saving costs and keeping individuals actively engaged in community settings.** For example, Arizona’s supported housing program has proven cost-saving results:<sup>10</sup>

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

### 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         |
| Hospital             | \$1,671       |

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<sup>1</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>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> Ditton, P.M. (1999). *Mental Health and Treatment of Inmates and Probationers*. Bureau of Justice Statistics Special Report. NCJ 174463. <http://www.ojp.usdoj.gov/bjs/pub/pdf/mhtip.pdf>.

<sup>5</sup> Teplin, L.A., Abram, K.M., McClelland, G.M., et al. (2002). *Psychiatric disorders in youth in juvenile detention*. *Archives of General Psychiatry*, 59, 1133-1141.

<sup>6</sup> U.S. House of Representatives, Committee on Government Reform (2004).

<sup>7</sup> *Ibid.*

<sup>8</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>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> The Lewin Group. (2004). *Costs of Serving Homeless Individuals in Nine Cities (Chart Book)*, prepared for the Corporation for Supportive Housing.