Behavioral Health Treatment

Opportunities for Health Care and Criminal Justice Cost Savings

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Savings opportunities depend on the population:

- Different populations have characteristics that affect the extent to which costs to taxpayers are impacted by successful treatment

Primary populations of focus in existing work:

- Low-income adults not currently eligible for publicly funded medical coverage (but likely to be eligible for Medicaid in 2014 through the low-income expansion)
- Persons receiving state-only medical coverage for low-income adults (programs that were very recently “Medicaidized” under waiver)
- SSI-related Disabled Medicaid adults
- Other Medicaid adults (TANF parents, pregnant women)

Primary impact areas of focus in existing work:

- Health care cost impacts
- Criminal justice cost impacts
Alcohol/Drug Treatment Impacts: Criminal Justice Costs

1. Uses WSIPP cost-benefit model to estimate return on investment (ROI) from impacts on criminal justice costs

2. Three populations analyzed:
   - Disability Lifeline (GA)
   - ADATSA
   - Other low-income adults (excluding Medicaid clients)

http://publications.rda.dshs.wa.gov/1372/
Arrests decline significantly after alcohol/drug treatment

Decline in the number of arrests in the year following treatment
Relative to untreated comparison group

<table>
<thead>
<tr>
<th></th>
<th>Disability Lifeline</th>
<th>ADATSA</th>
<th>Low Income Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>33% DECLINE</td>
<td>18% DECLINE</td>
<td>17% DECLINE</td>
<td></td>
</tr>
</tbody>
</table>
Alcohol/drug treatment impacts: Criminal justice costs

Criminal justice impacts make the economics of alcohol/drug treatment for non-Medicaid low-income adults attractive:

1. Criminal justice system cost savings
   - Disability Lifeline: $1.16 in benefits per dollar of cost
   - ADATSA: $0.69 in benefits per dollar of cost
   - Other low-income: $1.06 in benefits per dollar of cost

2. Overall savings: criminal justice system and crime victims
   - Disability Lifeline: $2.83 in benefits per dollar of cost
   - ADATSA: $1.69 in benefits per dollar of cost
   - Other low-income: $2.58 in benefits per dollar of cost
Benefit-cost analysis of evidence-based behavioral health treatment
(Washington State Institute for Public Policy)

Methods

• Systematic review of evidence-based treatment for substance use and mental health disorders
• Estimated monetary value of the benefits, including improved employment, reduced health care costs, and reduced crime-related costs
• 206 studies reviewed

Findings

• Evidence-based treatment works
  1. Average EBT effect size: 15 to 22 percent
  2. Similar impacts for EBTs to treat substance use disorders and serious mental illness

• The economics are attractive
  1. $3.77 in overall benefits per dollar of treatment cost
  2. $2.05 in taxpayer benefits per dollar of cost
  3. Largest savings is associated with reduced health care costs

• The savings potential is significant
  1. Aggressive use of EBTs estimated to generate $416 million in net taxpayer benefits in WA State
  2. The risk of losing money with an aggressive evidence-based treatment policy is small

http://www.wsipp.wa.gov/pub.asp?docid=06-06-3901
Impact of alcohol/drug use on medical costs

- Overdoses
- Drug-seeking behavior
- Injuries and accidents
- Spread of infectious disease
- Onset and progression of chronic disease

http://www.dshs.wa.gov/pdf/ms/rda/research/481.pdf
Recent alcohol/drug treatment expansion increased treatment penetration

Alcohol/drug treatment utilization among clients with identified treatment need
SFY 2003 – SFY 2009

Disability Lifeline Clients (GA-U)

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>32.2%</td>
<td>32.0%</td>
<td>34.7%</td>
<td>39.8%</td>
<td>45.1%</td>
<td>47.8%</td>
<td>50.2%</td>
</tr>
</tbody>
</table>
Alcohol/Drug treatment expansion reduced growth in medical costs for target population

Relative Growth in Medical Costs Before and After Treatment Expansion

*Clients with alcohol/drug treatment need relative to balance of medical coverage group*

**Medical Costs for Disability Lifeline Clients (GA-U)**

Average Annual Percent Change PMPM

**BEFORE**

- In need of alcohol|drug treatment?
  - Yes: + 5.5% DIFFERENCE
  - No: 2.3%

**AFTER**

- SFY 2006-09
  - Yes: - 2.2% DIFFERENCE
  - No: -0.5%
Untreated substance abuse is a key driver of the onset of chronic disease

Percent diagnosed with cardiovascular disease
Among Medicaid Disabled clients not diagnosed with cardiovascular disease in SFY 2002

SOURCE: DSHS Integrated Database, September 2010
Untreated substance abuse is a key driver of chronic disease progression

Percent progressing from hypertension to major cardiovascular disease

Among Medicaid Disabled clients with hypertension but without more serious cardiovascular diagnosis in SFY 2002

SOURCE: DSHS Integrated Database, September 2010
Untreated substance abuse is a key driver of *mortality risk*

**Percent dying by end of fiscal year**

*Among Medicaid Disabled clients diagnosed with hypertension in SFY 2002, not aged adjusted*

SOURCE: DSHS Integrated Client Database
Untreated substance abuse is a key driver of *medical costs*

**Average Medicaid medical expenditures per person per year (all funds)**

*Among Medicaid Disabled clients diagnosed with hypertension in SFY 2002*

*Includes clients who left WA State Medicaid coverage prior to SFY 2008*

![Graph showing average Medicaid medical expenditures per person per year (all funds) among Medicaid Disabled clients diagnosed with hypertension in SFY 2002. The graph compares clients with and without substance abuse who received treatment and those who remained untreated.]
Health Care Reform will dramatically expand Medicaid coverage

• **Beginning January 2014**, Medicaid coverage will be available to low-income adults without regard to pregnancy, disability status or the presence of children in the household

• **The low-income expansion** is likely to more than double the population of working-age adults receiving Medicaid

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**Tomorrow**

\[ n = 659,000/\text{month} \]

**Low-income expansion**

*Estimate based on 2008 State Population Survey (OFM)*

**Today**

\[ n = 277,423/\text{month} \]

*Based on June 2009 caseload count*

- **SSI related adults**
  \[ n = 140,737 \]

- **TANF adult cash recipients**
  \[ n = 43,874 \]

- **Other family medical adults**
  \[ n = 62,504 \]

- **Pregnancy-related Medicaid**
  \[ n = 30,308 \]
Medicaid Expansion group will have high rates of alcohol/drug problems

• Most Disability Lifeline and ADATSA clients will qualify for Medicaid coverage. These populations are known to have high rates of alcohol/drug treatment need.

• Persons involved in the criminal justice system are likely to be an important part of the Medicaid expansion population. In SFY 2006, approximately 159,000 unique individuals were booked into a county or city jail in Washington State. Of these, 112,000 had no state-funded medical coverage in the year.

• Studies have shown that most persons booked into jail have substance abuse problems. Most of these individuals are likely to be eligible for Medicaid beginning in 2014.

<table>
<thead>
<tr>
<th>Estimated Medicaid expansion population by source</th>
<th>Need for alcohol/drug treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
</tr>
<tr>
<td>Disability Lifeline/ADATSA/Criminal Justice populations</td>
<td>100,000</td>
</tr>
<tr>
<td>Balance of Medicaid Low Income Expansion population</td>
<td>281,300</td>
</tr>
<tr>
<td>TOTAL Medicaid Low Income Expansion population</td>
<td>381,300</td>
</tr>
</tbody>
</table>

Estimated demand for treatment based on penetration rate of 40 percent: 40,878
Mental illness is the key driver of SSI disability caseload growth

WA State SSI caseload: Up 24% since 2002

81,192
TOTAL SSI

Primary Mental Illness
41%
n = 33,289

Other Primary Illness
59%
n = 47,903

2002
2009

100,988
TOTAL SSI

Primary Mental Illness
48%
n = 48,575

Other Primary Illness
52%
n = 52,413

77% of SSI caseload growth since 2002 is due to growth in Mental Illness diagnoses

Growth in Primary Mental Illness = 77% of total increase
n = 15,286

Growth in All Other = 23% of total increase
n = 4,510

TOTAL SSI CASELOAD INCREASE = 19,796

Mental disorders and chronic pain are key qualifying conditions for disability

United States Beneficiaries Age 18-64 by Primary Disabling Condition Diagnostic Group

<table>
<thead>
<tr>
<th>DECEMBER 2009</th>
<th>SSDI Only</th>
<th>SSI Only</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congenital anomalies</td>
<td>0.2%</td>
<td>0.8%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Endocrine, nutritional, and metabolic diseases</td>
<td>3.5%</td>
<td>3.0%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Infectious and parasitic diseases</td>
<td>1.6%</td>
<td>1.5%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Injuries</td>
<td>4.4%</td>
<td>2.6%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Mental disorders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retardation</td>
<td>3.5%</td>
<td>20.3%</td>
<td>13.0%</td>
</tr>
<tr>
<td>All other mental illness</td>
<td>27.2%</td>
<td>38.5%</td>
<td>41.5%</td>
</tr>
<tr>
<td>Neoplasms</td>
<td>3.2%</td>
<td>1.3%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Diseases of the—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blood and blood-forming organs</td>
<td>0.2%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Circulatory system</td>
<td>9.0%</td>
<td>4.4%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Digestive system</td>
<td>1.7%</td>
<td>1.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Genitourinary system</td>
<td>1.8%</td>
<td>1.0%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Musculoskeletal system and connective tissue</td>
<td>28.9%</td>
<td>10.6%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Nervous system and sense organs</td>
<td>9.8%</td>
<td>7.7%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Respiratory system</td>
<td>2.9%</td>
<td>2.0%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Skin and subcutaneous tissue</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Other</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Unknown</td>
<td>1.6%</td>
<td>4.3%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Health Care Reform creates incentives to fund behavioral health interventions to reduce growth in disability

Washington State General Fund share of Medicaid costs

Non-disabled Medicaid Expansion versus SSI (regular Medicaid)

Disabled SSI (Regular Medicaid)
After the end of FMAP extension

Low-Income Medicaid Expansion

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
<td>10%</td>
<td></td>
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</tbody>
</table>
Slowing the progression of chronic diseases that result in disability will produce significant state medical cost savings

- **Client A receives early alcohol/drug treatment**, experiences slower growth in medical costs, and remains eligible for Medicaid in the low-income expansion category.

- **Client B does not receive alcohol/drug treatment**, experiences more rapid growth in medical costs, and becomes eligible for SSI.

- **State General Fund medical costs** for untreated Client B are more than 10 times the costs for Client A over the seven-year time period.

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>CLIENT A: Receives Alcohol/Drug Treatment</th>
<th>CLIENT B: Does Not Receive Alcohol/Drug Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Annual CD Treatment Cost</td>
<td>Total Annual Medical Cost</td>
</tr>
<tr>
<td>2014</td>
<td>$2,500</td>
<td>$5,250</td>
</tr>
<tr>
<td>2015</td>
<td>$2,500</td>
<td>$5,513</td>
</tr>
<tr>
<td>2016</td>
<td>$0</td>
<td>$5,788</td>
</tr>
<tr>
<td>2017</td>
<td>$0</td>
<td>$6,078</td>
</tr>
<tr>
<td>2018</td>
<td>$0</td>
<td>$6,381</td>
</tr>
<tr>
<td>2019</td>
<td>$0</td>
<td>$6,700</td>
</tr>
<tr>
<td>2020</td>
<td>$0</td>
<td>$7,036</td>
</tr>
</tbody>
</table>

* Cumulative GF-S expenditure: $1,859

* Cumulative GF-S expenditure: $21,834