

The Perryman Report, May, 2009

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I was asked to write a resume for the NAMM Dallas newsletter on a report by the Perryman Group which was published May, 2009, titled "Costs, Consequences, and Cures." An assessment of the Impact of severe Mental Health and Substance Abuse Disorders and Business Activity in Texas and the Anticipated Economic and Fiscal Return on Investment in Expanded Mental Health Services".

This report is an 83 page document. If any of the information stimulates your curiosity, the entire document is in the NAMM Dallas office for more detail. The results of the many studies that have been mentioned were done on a Federal, state and private level. The constant refrain is money spent for mental health (MH) and substance abuse (SA) services saves more money now and in the future as well as solving many other issues.

- Innovative approaches are necessary to maximize the return on investment.
- With inadequate treatment overall costs such as co-morbidities, loss of wages and productivity, incarceration, homelessness, and mortality can notably escalate.
- National funding for health care continues to rise while funding for MH and SA is decreasing.
- More than 26% (about 60 million people) of American adults suffer from a diagnosable mental disorder. 11% of Texas age 18 or older suffer from serious psychological distress.
- Economic components for MH and SA are medication, clinic visits, hospitalization, and emergency rooms. Others are lost earnings, coexisting conditions, disability payments, homelessness and incarceration.
- Research suggests that savings generally exceed the cost of providing MH and SA treatment.
- Total impact of severe MH and SA on business activities are \$269 billion which includes direct declines and permanent jobs losses.
- Loss of \$13 billion in State tax dollars and spending increase on other areas.
- The above two items if eliminated would improve the Texas economy by 10%. This includes treatment, comorbidity, disability expense, lost income and productivity, incarceration, homelessness, and mortality.
- Expanding the current Medicaid program to include substance abuse programs would give a return on investment of \$2.82 for every \$1.00 of State funds.
- A comprehensive recommended package of SA services would give an annual return of \$2.26 for each \$1.00 in direct outlays.
- Continuing the Crisis Redesign initiative has an annual rate of return on this investment to State government of 175%. 8716 jobs could be realized. State tax returns would increase 185% and an expenditure of \$35.71 for every \$1.00 outlay.
- According to the National Institute of Mental Health the 26.2% of American adults suffer from a diagnosable mental disorder in any given year (60 million people).
- Nationally, 7.2% of adults had a major depressive episode in 2006. 13.9% had a major depressive episode in their lifetime.
- 18.9% of unemployed people 18-64 had a SA disorder. Within the working population (18-64) 10.6% were estimated to have a SA disorder.
- 58% of funding for MH treatment in 2003 was from public sources and government outlays. Substance abuse funding has gone from 68% in 1993 to 77% in 2003.
- Given budgetary constraints many states have cut their MH budgets, resulting in a loss of Medicaid matching funds.
- The improvement in MH care costs more. Prescription drugs for MH care grew 18.8% annually between 1993-2003 and is responsible for 42% of MH spending. All MH spending increased (1993-2003) 7.2% annually while general health care increased 4.6%. Mental health prescription drugs are at 30% compared to 15% for all health care.
- Of those electing not to receive treatment, lack of affordability was the most common reason.
- In Texas in 2006, 10.96% suffered from serious psychological distress.
- Texas ranks 49th in per capita spending at \$38.46 per client for MH services. 26% of eligible children and 38% of eligible adults were served in 2002. There were 244 children relinquished from their parents as a last resort to gain treatment.
- In 2005 Texas spent \$36.47 per capita compared to the national average of \$99.55.
- Innovative programs to give better care within the budget have come into being. Two such programs are STAR in Houston and NorthSTAR in a seven county area including Dallas county.
- NorthSTAR increased business activity with gains of almost \$226 million in total spending each year with an increase of more than 1200 jobs.
- Under NorthSTAR spending for Medicaid adults was \$3505.00 less per client.
- The 80th Texas Legislature appropriated \$82 million for an improved MH Crisis system which is called Crisis Redesign. This has enhanced crisis services helping to keep people away from emergency rooms, hospitals, and law enforcement agencies. Jail diversion is another successful use of the money.

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- 36% of psychiatric screenings are conducted in emergency rooms.
 - In 2003 the cost of treatment for MH and SA was \$121 billion with MH at \$100 billion. This does not include the general health care these people need
 - National health care is continually increasing. In 2003, it was 15.8% of the nation's gross domestic product. National figures for MH and SA was \$145.3 billion in 2006. However, MH an SA spending in the coming years is now estimated to be 9.7% of all current health care and will drop to 6.9% by 2014.
 - Mental disorders are the leading cause of disability, absenteeism, and lost productivity. Serious mental disorders earned \$22,545 compared to those without a serious mental disorder at \$38,852. It is much worse than the above because the study did not include people in hospitals, jails, and prisons, autism, schizophrenia.
 - 50% to 75% of children in the juvenile justice system in the U.S. have at least one mental disorder.
 - During the 1990s forty state psychiatric hospitals closed in the U.S. and 400 prisons opened.
 - 16% of jail/prison inmates have untreated MH.
 - The National average to incarcerate someone is 23,876 per year (2005). It is \$47.50 per person a day in Texas.
 - Mental illness is closely associated with drug use and smoking
 - 1/3rd of the homeless population suffer from a serious mental illness. 26% (2003) of this population received MH services.
 - 90% of people who commit suicide have a diagnosable mental illness.
 - People with mental illness have a shorter life span.
 - People with mental illness over utilize other medical services.
 - Substance Abuse medical treatment indicates that emergency room medical costs are reduced at least one third (1/3rd) with less criminal activity, more income from employment.
 - Taking away MH services results in increases in other health services. Absenteeism from work will also increase.
 - Jail diversion programs in Texas have shown successful economic savings. The Dallas County Divert program over a 40 month period found that for every \$1.00 spent upgrading SA treatment \$9.43 was saved. Nationally, there is \$4.00 to \$7.00 reduction in drug related criminal activity for every \$1.00 spent. In Bexar County, Texas, jail diversion (1700 people) for MH saved an estimated \$3.8 to \$5.0 million within the criminal justice system.
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