Since 1989, the Department of Mental Health (DMH) has experienced a 25% decrease in its percentage of the state budget revenues (see graph below). Further reductions to the DMH budget could result in distress for many thousands of people presently receiving mental health, substance abuse, or developmental disability services. While it is impossible to predict the future and say exactly how additional budget cutbacks would affect the clients of the DMH, it is logical to assume that the need for services still exists even when the services do not. Understanding the prevalence of mental illness and substance abuse, and the need for prevention and treatment services is key to making sound public policy decisions. It is also important to recognize that any reductions to the Missouri DMH budget would eventually have unintended consequences for other State departments in the same and future fiscal years. These consequences would likely occur in Social Services, Corrections, and Health. This policy brief provides information specific to the state of Missouri, and aims to examine the potential impact that budget policy decisions may have on the lives of Missourians.

About Mental Illness

♦ According to Census 2000, 5% (264,502) of Missouri’s non-institutionalized citizens reported having a mental disability. 1

♦ A 2000 mental health utilization study found that approximately 54,585 Missourians were served in comprehensive psychiatric services community programs, and 7,066 individuals were treated in state psychiatric hospitals. 2

♦ Missouri hospitals (non-federal, non-state) reported 59,973 inpatient hospitalizations for mental disorders in 2000. 3

♦ In FY 2001, the Missouri DMH was able to serve only 22% of the estimated number of adults with severe mental illness, and only 12% of the estimated 100,000 children with serious emotional disorders. 4

♦ According to the National Mental Health Association, American businesses, governments and families lose $113 billion per year from the cost of untreated and mistreated mental illness. 5

♦ In 2000, the International Labor Organization reported that clinical depression alone affects 1 in 10 working age adults each year and results in roughly 200 million lost workdays each year. 5

♦ Research indicates that when unemployment rises one percentage point, 4.3% more men and 2.3% more women are admitted to state mental hospitals for the first time and 4.1% more people commit suicide. 6

♦ Less than one-third of adults with a diagnosable mental disorder receive treatment in any one year. 7

♦ The National Institute of Mental Health reports treatment success rates for mental illness to be better than for many physical illnesses. 8

♦ 16% of state prisoners are identified as mentally ill and serve an average of 15 months longer in prison than other inmates. Over 75% of these mentally ill inmates had encounters with the criminal justice system prior to their present sentence. 9

♦ The cost of homelessness to the government is the same whether homeless people with severe mental illness receive housing and other services or receive no services at all and are left to the streets. 10

About Substance Abuse

♦ In 2001, there were 46,649 substance abuse treatment admissions in Missouri. 11

♦ During 1999, 6.6% of surveyed Missourians reported past month drug use, and 49.5% of high school students reported using marijuana in their lifetime. 11

♦ Almost 5% of Missouri students (grades 6, 8, 10, 12) surveyed in 2002 reported lifetime use of speed, amphetamines, or methamphetamines, and over 28% of students reported lifetime use of other types of illicit drugs. 12

♦ There were 22,340 arrests for drug abuse violations and 16,793 arrests for Driving Under the Influence in Missouri in 2000. 11

DMH Percent of Statewide Funding
A state-by-state study of costs related to substance abuse found that in 1998, Missouri spent 12.5% of its overall state budget on substance abuse. Of each dollar spent, only 3 cents was used for prevention and treatment. The majority of the remaining cost was shouledered by Corrections, Health, and Education.  

In 2000, 53.5% of Federal defendants in Missouri were charged with a drug-related crime.  

More than 1.2 million correctional inmates are substance abusers and addicts.  

According to the Center for Substance Abuse Treatment, annual public health care costs related to substance abuse and provided through Medicaid are $4.2 Billion.  

NIAAA reports that the overall economic cost of alcohol abuse in 1998 was $185 billion, 70% of which is estimated to be attributable to lost productivity.  

If people did not abuse alcohol, certain conditions/diseases could be reduced:  
- Brain tumors 27%  
- Breast cancer 13%  
- Cardiomyopathy 40%  
- Epilepsy 30%  
- Esophageal diseases 80%  
- Head and neck cancers 50%  

Approximately 78% of children entering foster care are from families in which substance abuse is a major factor in foster home placement.  

Substance abuse usually mimics or exacerbates mental health disorders. Studies show a 44% decrease in mental health hospitalizations after receiving substance abuse treatment.  

The Center for Substance Abuse Treatment found that providing substance abuse treatment resulted in a cost savings of nearly $1.7 billion in 1994. This figure resulted from comparing the cost of treatment to the costs of health care, lost earnings and crime-related costs.  

The national average rate of rearrest without treatment is 47%. In some Midwest states, rearrest rates were as high as 80-90%.  

Washington State found that Medicaid medical costs were $4,500 less for patients who received substance abuse treatment.  

Hospital closings and budget cutbacks in other states have led to threefold increases in correctional populations, increases in use of hospital-based care, and waiting lists for services where there had previously been vacancies.  

Importance of Funding Department of Mental Health Services  

Looking at the costs of substance abuse and mental illness to the nation (see graph) and assuming that Missouri is an average state, addictive and mental disorders annually cost Missouri a total of $6,272 Billion.  

$ 1.62 Billion - Health Care  
$ 2.15 Billion - Productivity/illness  
$ 978 Million - Productivity/  
$ 1.36 Billion - Crime/Criminal  
$ 168 Million - AIDS/Fetal Alcohol  

Cost-benefit ratios for early treatment and prevention programs range from 1:2 to 1:10, meaning that every $1 lost from treatment and prevention budgets will result in an additional cost of $2-$10.  

A 1995 study of the effects of privatization and cutbacks found that service providers were forced to focus on high productivity to ensure fiscal survival, resulting in less time for staff to collaborate on cases and provide mediation, brokering and advocacy. As clients’ needs went unmet, client conditions became more severe, causing them to need more expensive services.  

Blue Cross/Blue Shield found that health care costs of all family members dropped 50% after the substance abusing family member received treatment.  

One year after substance abuse treatment, 40% of women eliminated or reduced their dependence on welfare.  

References  
3. Missouri Information for Community Assessment, www.dhss.state.mo.us/MICA  
4. Missouri Department of Mental Health 2003 State Plan.  
13. The Invisible Disease: Depression.  
15. The National Center on Addiction & Substance Abuse at  
16. National Institute of Alcohol Abuse and Alcoholism, Alcohol  

This report was created for the Federation of Missouri Advocates for Mental Health and Substance Abuse Services by the Missouri Institute of Mental Health, Division of Evaluation, Policy and Ethics, 5400 Arsenal Street, St. Louis, MO 63139. For more information, contact Melissa A. Novak, MSW at (314) 644-7953 or novakm@mimh.edu.