

**National Trends in Financing
of Public Substance Abuse Services
for
The Maryland
House Special Committee
on Drug and Alcohol Abuse**

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**National Association of State Alcohol and
Drug Abuse Directors (NASADAD)**

Basics of NASADAD: Background and Mission

- Non-profit, membership-based Association founded in 1971 to serve State substance abuse agencies, also known as Single State Authorities (SSAs)
- SSA's administer and manage public substance abuse treatment and prevention systems – anchored by the \$1.8 billion SAPT Block Grant
- NASADAD's mission is to promote effective and efficient State substance abuse systems
- Robert Morrison, Interim Executive Director/Director of Public Policy
- Henrick Harwood, Director of Research and Program Applications

Basics of NASADAD: Structure

- Ms. Flo Stein, North Carolina, NASADAD President
- Mr. Tom Cargiulo, Maryland Member

- Components of NASADAD include
 - National Prevention Network (Eugenia Connolly, Maryland)
 - National Treatment Network (Dr. Peter Cohen, Maryland)

- Component of National Treatment Network:
 - Women's Services Network (Suzette Tucker, Maryland)

- NASADAD Task Committees:
 - Public Policy
 - Child Welfare
 - Research
 - Criminal Justice
 - Executive Committee

Basics of NASADAD: Public Policy Priorities

- Strengthen State Substance Abuse Systems and the Office of the Single State Authority (SSA)
- Expand Access to Prevention and Treatment Services
- Implement an Outcome and Performance Measurement Data System
- Ensure Clinically Appropriate Care
- Promote Effective Policies Related to Co-occurring Populations

Great interest in the Economics of Substance Abuse & SAT by States

- Economic studies cited in policy and media:
 - Alcohol & drug abuse among costliest diseases
 - SAT yields savings 4 to 10 times > cost of care
- Various state cost studies since 1980s
- California: first “cost-offset” study in 1993, followed by Oregon and Ohio, & others
- In recent years Washington State has done a number of well-regarded economic studies

Current Cost Estimates

◉ Alcohol (in 2006)

- US : \$243 billion; \$13,000/abuser; \$800/citizen
- Maryland: \$4.57 billion (1.88% of US)
- State/local government 18%

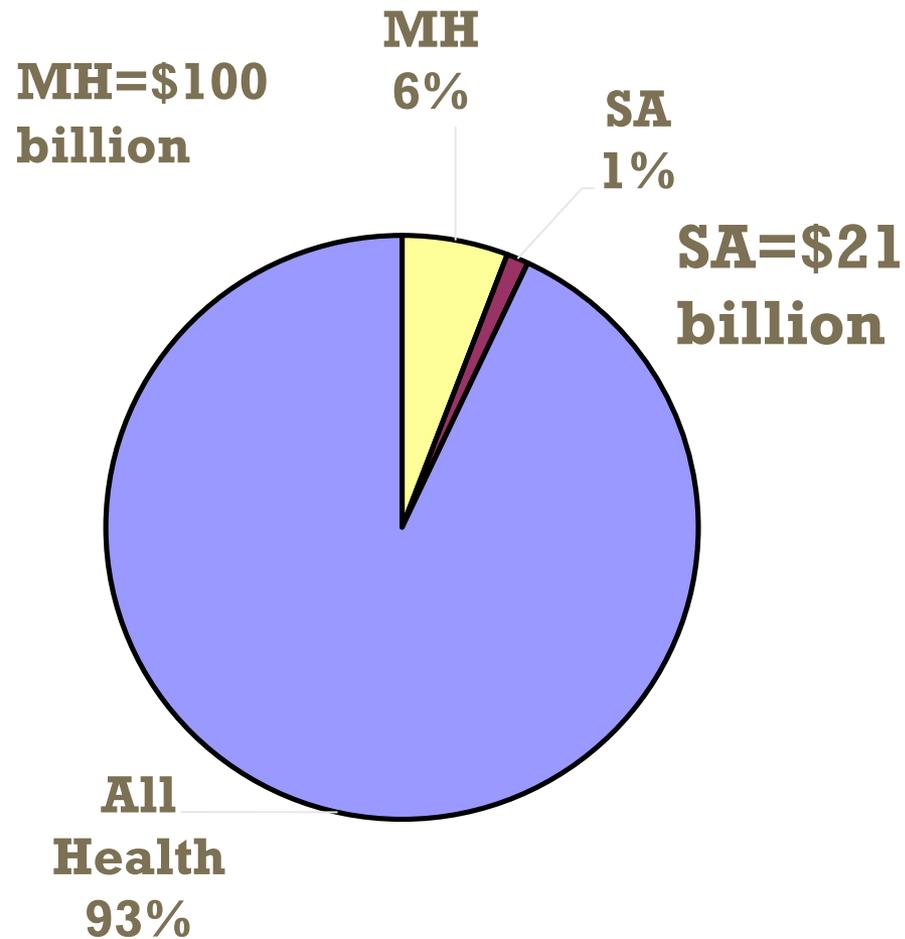
◉ Illicit Drugs (in 2002)

- US: \$181 billion; \$25,000/abuser; \$630/citizen
- Maryland: \$3.53 billion (1.95% of US)
- State/local government 24%

Spending Estimates (SSE)

- Ongoing estimates of spending:
 - On mental health (MH) and substance abuse (SA) treatment
 - By provider types/settings
 - By payers, private and public
 - Related to all health care spending
 - Over time
- Supports SAMHSA policy initiatives by filling information gaps

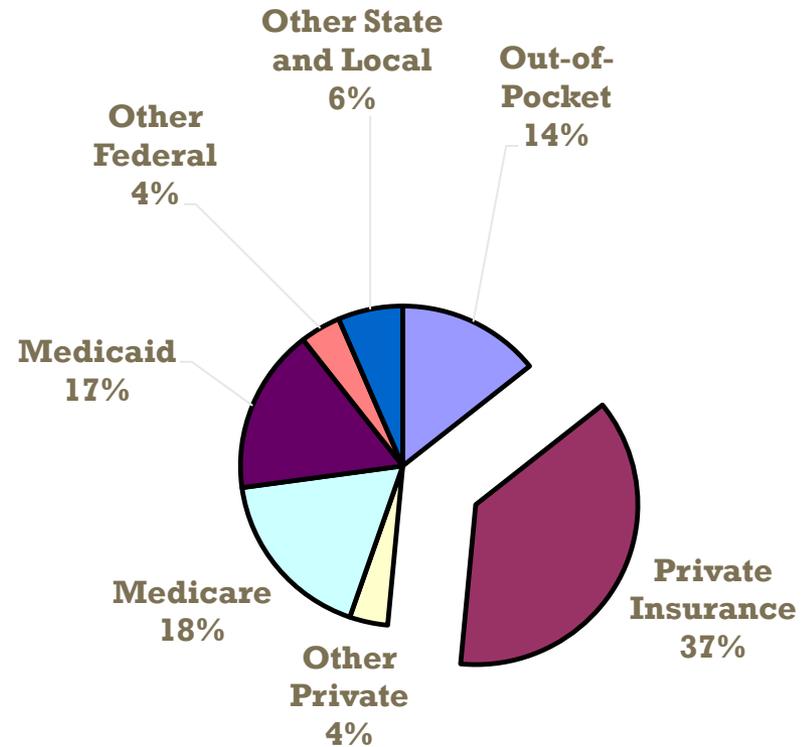
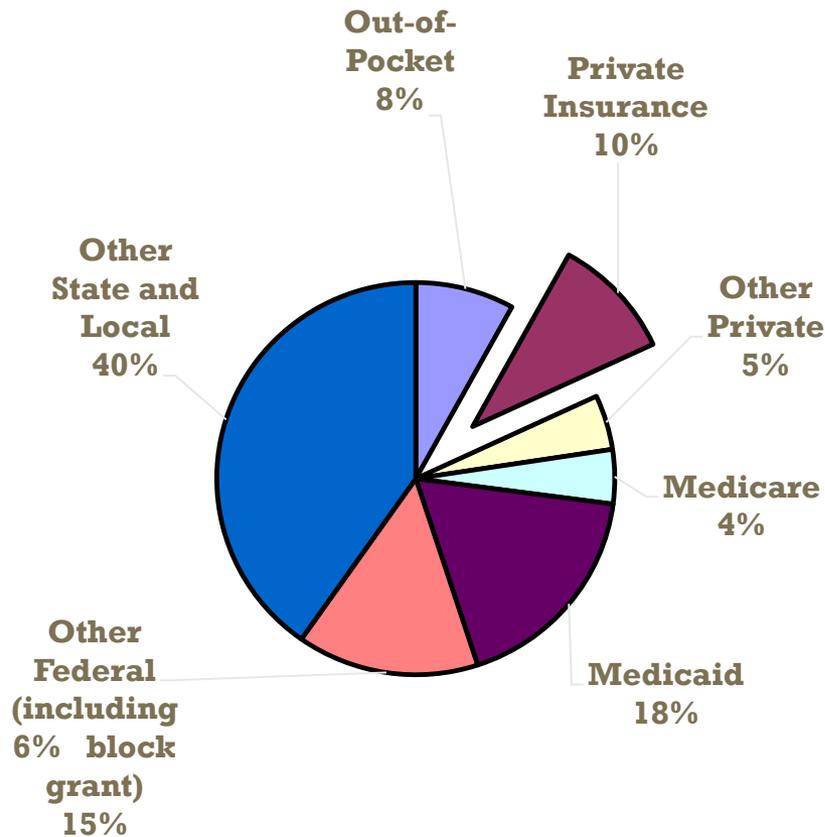
MHSA Spending, As Percent of All Health, 2003



All Health=\$1,614 billion

SA Spending Shares by Payer, 2003

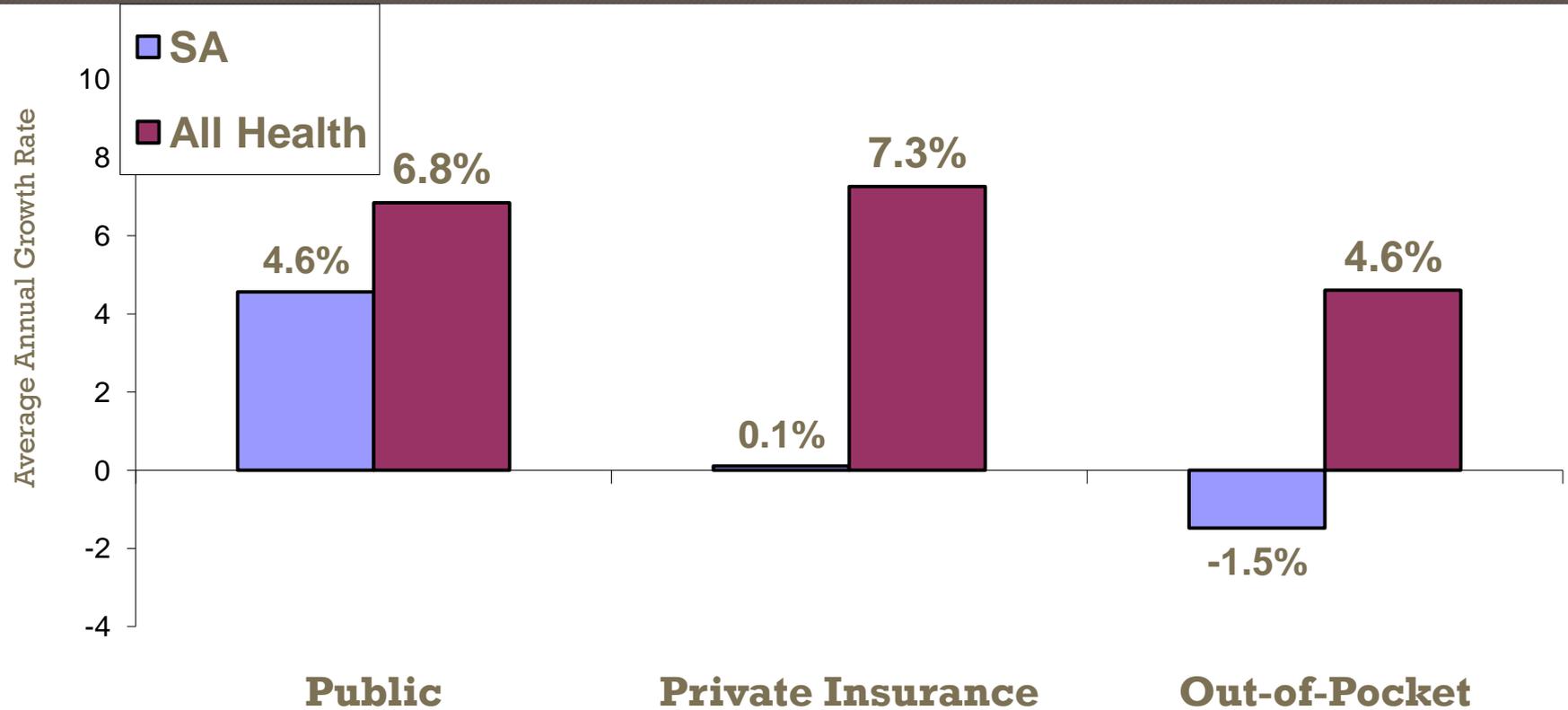
“Only 1 in 10 treatment dollars is from PI”



SA=\$21 billion

All Health=\$1,614 billion

SA Spending Growth, 1993-2003: Private Insurance flat (fell in real terms)



Cost Offsets/Benefits

- Economic return from investment in treatment and/or prevention
- Compares cost of service with the “savings” realized in other parts of governments
- Can the expenditure “pay for itself”
- Identifies where and how these savings are realized—most are from avoided crime, although sometimes health savings achieved and increases in earnings

Major Types of Impacts/Savings

Avoided or Reduced Impacts = Savings

Police protection	Outpatient care
Prosecution	Inpatient care
Courts	Emergency room
Community corrections (prob/parole)	Outpatient mental health
Incarcerations (jail/prison)	Inpatient mental health
Victim losses	Loss of legal earnings
Theft losses	Welfare and disability “transfers”

California

- 1993 CALDATA: representative sample of 2,000 from public SA treatment system **Cost-offset of 7 to 1 → \$10,000 client/yr benefits**, sustained up to 2 years after TX. Avoided crime made up 90% of benefits.
 - × "Evaluating Recovery Services: The California Drug and Alcohol Treatment Assessment (CALDATA)". Gerstein et al., for California Department of Alcohol and Drug Programs, 1994)
- 2007 replication of CALDATA treatment cost \$1,583, with a monetary benefit of \$11,487: a **7+:1 ratio of benefits to costs**. Benefits primarily from reduced costs of crime and increased employment earnings.
 - × "California Treatment Outcome Project," Ettner, Huang, Evans et al. for the California Department of Drug and Alcohol Programs, the Center for Substance Abuses Treatment, and the Robert Wood Johnson Foundation), 2008.
- •2008: Proposition 36 diverted 1st & 2nd drug offenders (nonviolent) away from prison to SA TX. Over a 42 month period a benefit-cost ratio of nearly 2 to 1. In other words, **\$2 was saved for every \$1** invested.

- × "The Proposition 36 (Substance Abuse Crime Prevention Act) 2008 Evaluation Report," Urada, Hawken, et al., for the Department of Alcohol and Drug Programs California Health and Human Services Agency, 2008.

Oregon

- Treatment completers, matched w. drop-outs; State agency databases; 2 yrs prior and 3 yrs after
- Treatment completers savings: \$83,147,187
 - (two and a half years following treatment)
- OR cost for treating all adults was \$14,879,128
- **Every tax dollar produced \$5.60 in avoided costs**
- × "Societal Outcomes and Cost Savings of Drug and Alcohol Treatment in the State of Oregon". Finigan, M. for Office of Alcohol and Drug Abuse Programs, Oregon Department of Human Resource, 1996.

Washington: A Leader in Field

- 1997: 557 indigent clients; those that got SAT had Medicaid expenses \$4,500 less than similar untreated individuals, vs. \$2,300 TX cost. Savings consistent over 5 years (Luchansky & Longhi)
- 1997: analyzed impact of SAT on Medicaid, and public assistance for 12 months after SAT. On average, cost of SAT = \$1,779 vs. a benefit of \$692 or **\$0.38 on the dollar. Higher returns (\$0.67 per \$1)** with high risk clients (Wickizer and Longhi).
- 2008: Analyzed impact of **\$21 million** treatment expansions in FYs 2005-07. **Medicaid saved \$17.8 million** (Mancuso & Nordlund).
- <http://www1.dshs.wa.gov/dasa/services/research/reports.shtml#Cost%20Offsets%20of%20Treatment>

Kentucky

- Kentucky Treatment Outcome Study is used with the legislators, etc because it gives cost offset, reduced criminal recidivism, increased employment, cost of services, etc. Baseline data collected at admission and final follow-up is a telephonic contact 12 months post-discharge.
- The reductions in self-reported arrests for Kentucky clients, combined with cost estimates for their crimes and increased earnings and tax revenues, suggest **Kentucky saved \$4.98 for every dollar** spent on treatment during fiscal year 2006.
- KENTUCKY SUBSTANCE ABUSE TREATMENT OUTCOME STUDY FY 2006 FOLLOW-UP FINDINGS. ROBERT WALKER, ALLISON MATEYOKE-SCRIVNER, JENNIFER COLE, TK LOGAN, ERIN STEVENSON, CARL LEUKEFELD, TOM JACKSON. JUNE 2008
- <http://cdar.uky.edu/ktos/downloads/report/Section%20Four.pdf>

Tennessee

- “As a result of Tennessee's participation with Colorado at last month's NCSL Addictions Policy Institute, our legislators are asking for (1) a cost study for our state ASAP (2) information on other state studies, including what the studies themselves cost.”
- **Communication from Division of Alcohol and Drug Abuse Services
Tennessee Department of Mental Health and Developmental Disabilities**

Federal Funding Priorities

- Substance Abuse and Mental Health Services Administration (SAMHSA) – which includes
 - Center for Substance Abuse Treatment (CSAT)
 - Center for Substance Abuse Prevention (CSAP)
 - Substance Abuse Prevention and Treatment (SAPT) Block Grant

NASADAD Funding Priorities: SAMHSA Funding From FY2004-FY2008

- Between FY 2004 to FY 2008, the overall SAPT Block Grant program lost more than \$20 million
 - Maryland lost \$400,000 in SAPT Block Grant funding during this period
- Percentage increase from 2004-2008
 - SAMHSA: +0.2 percent
 - CSAT: -1.77 percent
 - CSAP: -2.1 percent

 - HRSA: +3.8 percent
 - CDC: +38.5 percent
 - NIH: +5.14 percent

NASADAD Funding Priorities: SAMHSA funding in FY 2009

- Proposed overall *cut* to SAMHSA by \$198 million
 - Final Level: Increase of \$101 million to \$3.3 billion
- Proposed *cut* to Center for Substance Abuse Treatment (CSAT) by \$63 million
 - Final Level: Increase of \$12 million to \$412.3 million
- Proposed *cut* to Center for Substance Abuse Prevention (CSAP) by \$36 million
 - Final Level: Increase of \$7 million to \$201 million
- Proposed increase for the SAPT Block Grant of \$19.9 million
 - Final Level: Increase of \$19.9 million to \$1,778,591,000
 - Maryland's Allotment: \$31,980,001

NASADAD Funding Priorities: Proposed SAMHSA funding in FY 2010

- **Proposed overall FY 2010 funding for SAMHSA**
 - Administration: Proposed increase of \$59 million (1.8%)
 - Senate Committee: Proposed increase of \$95 million (2.9%)
 - House-cleared: Proposed increase of \$85 million (2.6%)
- **Proposed funding for Center for Substance Abuse Treatment**
 - Administration: Proposed increase of \$45.7 million (11.2%)
 - Senate Committee: Proposed increase of \$37 million (9%)
 - House-cleared: Proposed increase of \$47.2 million (11.4%)
- **Proposed funding for Center for Substance Abuse Prevention**
 - Administration: Proposed decrease of \$2.7 million (-1.3%)
 - Senate Committee: Proposed decrease of \$0.5 million (-0.25%)
 - House-cleared: Proposed decrease of \$1 million (-0.5%)

NASADAD Funding Priorities: Proposed SAMHSA funding in FY 2010

- **Proposed funding for SAPT Block Grant**

- Administration: Proposed level funding (0%)
- Senate Committee: Proposed increase of \$40 million (2.2%)
- House-cleared: Proposed level funding (0%)

- **Impact of stagnant funding of SAPT Block Grant funding:**

- In an analysis performed by the NASADAD member from New York, it was estimated that the FY 2010 SAPT Block Grant appropriation would have to be increased by \$403.7 million (22.2%) above the FY 2009 level in order to maintain services at 2004 levels.

NASADAD Funding Priorities: Proposed Department of Justice funding FY 2010

- **Second Chance Act (Sec. 101) – Offender reentry**
 - FY 2009: \$15 million (Competitive Grant)
 - Senate Committee: Proposed increase of \$10 million
 - House-cleared: Proposed increase of \$22 million
- **Mentally Ill Offender Treatment Crime Reduction Act**
 - FY 2009: \$10 million (Competitive Grant)
 - Senate Committee: Proposed level funding
 - House-cleared: Proposed increase of \$2 million
- **Residential Substance Abuse Treatment (RSAT) Formula Grant**
 - FY 2009: \$10 million (MD's "share": \$164,288)
 - Senate Committee: Proposed increase of \$10 million
 - House-cleared: Proposed increase of \$20 million

NASADAD Funding Priorities:

Proposed Department of Justice funding in FY 2010

○ **Drug Courts**

- FY 2009: \$40 million (Competitive Grant)
- Senate Committee: Proposed level funding
- House-cleared: Proposed increase of \$5 million

○ **Byrne/JAG**

- FY 2009: \$546 million (MD “share” \$6.5 million State/\$4.1 million local)
- Senate Committee: Proposed decrease of \$36 million
- House-cleared: Proposed decrease of \$17 million

*received increase of \$2 billion in federal “stimulus” bill

○ **Enforcing Underage Drinking Laws (EUDL) Formula Grant**

- FY 2009: \$25 million (MD’s “share” approximately \$350,000)
- Senate Committee: Proposed level funding
- House-cleared: Proposed level funding

Other Funding Opportunities: American Recovery & Reinvestment Act (ARRA)

- **State and Local Law Enforcement: \$4 billion total**
 - \$2 billion for Byrne/JAG formula grant program and
 - \$225 million for Byrne Competitive Program.
- **Prevention and Wellness: \$1 billion**
 - \$650 million for “Communities Putting Prevention to Work” initiative - of which \$373 million will be for 2 year cooperative agreements to communities on competitive basis. Focus on increased physical activity; improved nutrition; decreased obesity and decreased smoking.
- **Health IT: \$19 billion**
- **\$1.1 billion for comparative effectiveness research and**
- **\$87 billion for the FMAP for the Medicaid Program.**

Future Considerations: Benefits of Performance/Outcomes Data

Obama Administration: Effectiveness, Accountability, Transparency

- “During the campaign, I said that we must scour this budget line-by-line, eliminating what we don't need or what doesn't work, and improving the things that do.”

President Obama, January 7, 2009

- “While our budget will run deficits, we must begin the process of making the tough choices necessary to restore fiscal discipline, cut the deficit in half by the end of my first term in office, and put our Nation on sound fiscal footing.”

A New Era of Responsibility: Renewing America's Promise, February 2009
(www.omb.gov)

Future Considerations: Benefits of Performance/Outcomes Data

Effectiveness, Accountability and Transparency in Maryland: ADAA's Work Well Received by Other States & Federal Government

- State of Maryland Automated Record Tracking (SMART) System
 - Collects data on performance measures – including but not limited to NOMs Collects data by “level of care”
 - Transparency in publishing the results/outcomes
- Maryland's Pay for Performance Outpatient Incentive Pilot
 - Setting financial incentives for certain retention rates and completion rates
- Federal Recognition of Maryland's Drug Court program
 - Partnership between ADAA and Office of Problem Courts
 - Visit in 2008 by Office of Management and Budget (OMB) and NASADAD

Future Considerations: Benefits of Performance/Outcomes Data

Observations

- The call for more data reporting by the federal government will likely to grow not diminish
- Data reporting is seen by Administration and Congress not as a luxury but as a basic staple of doing business.
- President Obama will continue to emphasize data to measure performance and effectiveness
- No data – no funding

Conclusion

Question and Answer