NASMHPD

Proceedings on the State Budget Crisis and the Behavioral Health Treatment Gap:

The Impact on Public Substance Abuse and Mental Health Treatment Systems

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Executive Summary

On March 22, the National Association of State Mental Health Program Directors (NASMHPD) and the National Association of State Alcohol and Drug Abuse Directors (NASADAD) jointly sponsored a special Congressional briefing on the impact of the state budget crisis and treatment gap on the public mental health and addiction treatment systems across America.

NASMHPD is the only member organization representing state executives responsible for the $37 billion public mental health service delivery system serving nearly 7 million people annually in all 50 states, 4 territories, and the District of Columbia.

NASASAD is a private, not-for-profit educational, scientific, and informational organization with its primary purpose to foster and support the development of effective alcohol and other drug abuse prevention and treatment programs throughout every State.

At the special briefing, an expert panel described the impact of state mental health and substance abuse budget cuts on persons recovering from mental health and addiction disorders – the vast majority with severe conditions – and the impact on other sectors of our society such as law enforcement agencies, emergency departments, the healthcare delivery system, and the mental health needs of our returning service members and their families.

We are spending money in all the wrong places – prisons, emergency departments, and homeless shelters when the illnesses become more serious. With appropriate, timely care, persons with mental illness can recover and thrive in their local communities, thereby eliminating unnecessary costs in other state systems. Instead, the unintended consequences of cutbacks at the state level are taking a significant toll on multiple agencies, and most importantly on our fellow citizens.

Key highlights of the briefing include:

- The economic downturn has forced state budgets to cut approximately $4.35 billion in public mental health spending over the 2009-2012 period – the largest combined reduction since de-institutionalization. Based on new data coming from the states, it appears that this trend will likely continue for several years.

- Meanwhile, during this same four-year period, the state public health system has seen a nearly 10 percent increase in utilization in publicly financed inpatient and outpatient behavioral health treatment services – even as we have witnessed substantial cuts in behavioral health funding.

- The number of consumers receiving mental health services from the State Mental Health community-based systems alone increased from 5.5 million to 6.5 million from 2007 to 2010 – a 10 percent increase – during massive funding cuts over the same period.

- People with co-occurring mental illness and substance abuse disorders have life expectancies 35 years shorter than individuals without these illnesses.

- Over 22 million individuals are classified with a substance dependence. Unfortunately, nearly 21 million Americans needed but did not receive treatment for an illicit drug or alcohol problem.

- State government spends more money dealing with the burdens of substance abuse than on its prevention or treatment. The average cost to treat a substance-addicted individual is $1,346 vs. a $17,300 cost to society not to treat.

- In 2007, 12 percent of all emergency department (ED) visits in the U.S. (one out of every eight) involved a diagnosis related to a mental health and/or substance condition. With over 136 million patient visits annually, more than 16 million Americans are treated for a MH/SA condition a year.

- Nearly 41 percent of MH/SA-related ED visits resulted in hospital admission, which is two and a half times that for ED visits related to other conditions.

- Law enforcement agencies at all levels are experiencing a significant increase in psychiatric emergencies, which is a direct result of mental health funding reductions.

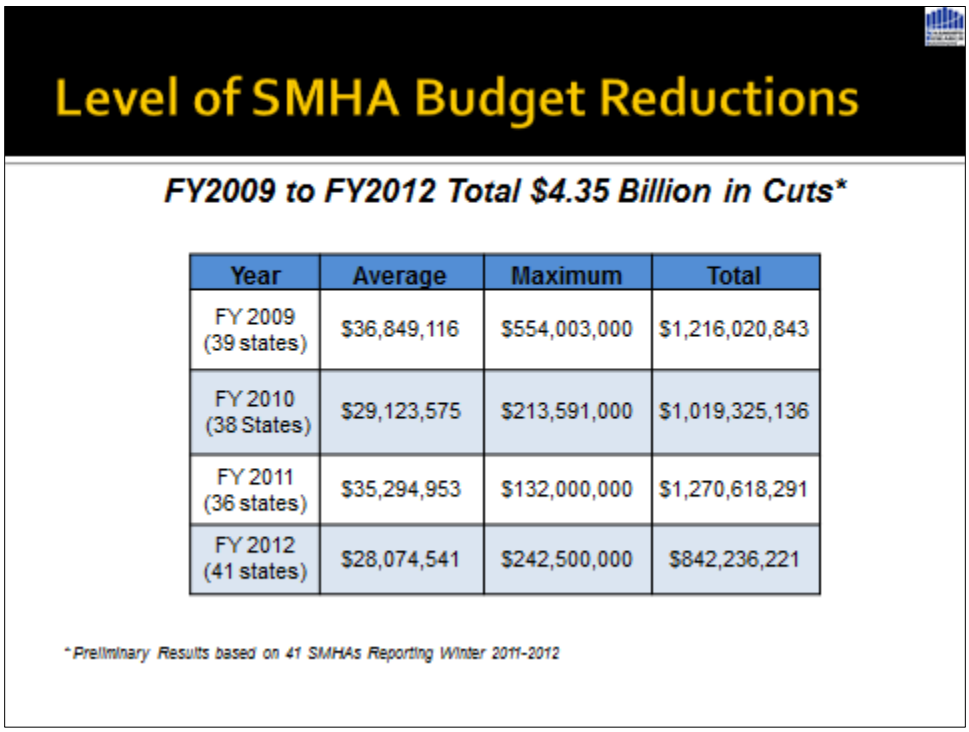
- The benefits of providing care well exceed the costs -- for every dollar spent on substance abuse treatment, seven (7) dollars in future healthcare spending is saved.

To partially offset state budget cuts, NASADAD and NASMHPD strongly support an increase of $50 million in the Federal Substance Abuse and Mental Health Services Administration's Substance Abuse Prevention and Treatment Block Grant, and an increase of $50 million in the Mental Health Block Grant in FY 2013.

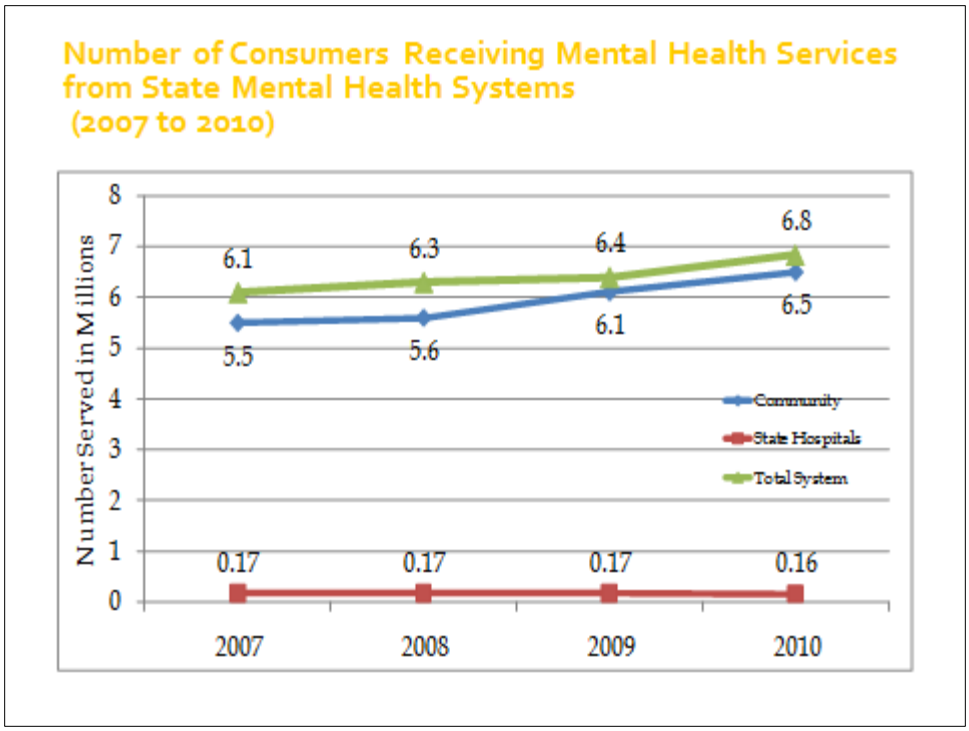
The Impact of State Mental Health Funding Cuts on People with Serious Mental Illnesses and Our Society

Laura Nelson, M.D., Deputy Director, Arizona Division of Behavioral Health Services, and President of the NASMHPD Board of Directors

Dr. Nelson began the program by highlighting that states have been forced to cut mental health agency budgets by a combined total of $4.35 billion over the last four fiscal years, not including fiscal year 2013 where more cuts are expected overall.



However, in the face of the fiscal crisis at the state level and a rapidly deteriorating safety-net for our most vulnerable residents, Dr. Nelson pointed out that the public mental health system has experienced a substantial increase in service utilization. In short, the number of consumers receiving mental health services from the State Mental Health community-based systems alone increased from 5.5 million to 6.5 million from 2007 to 2010—a 10 percent increase—during massive funding cuts over the same period.

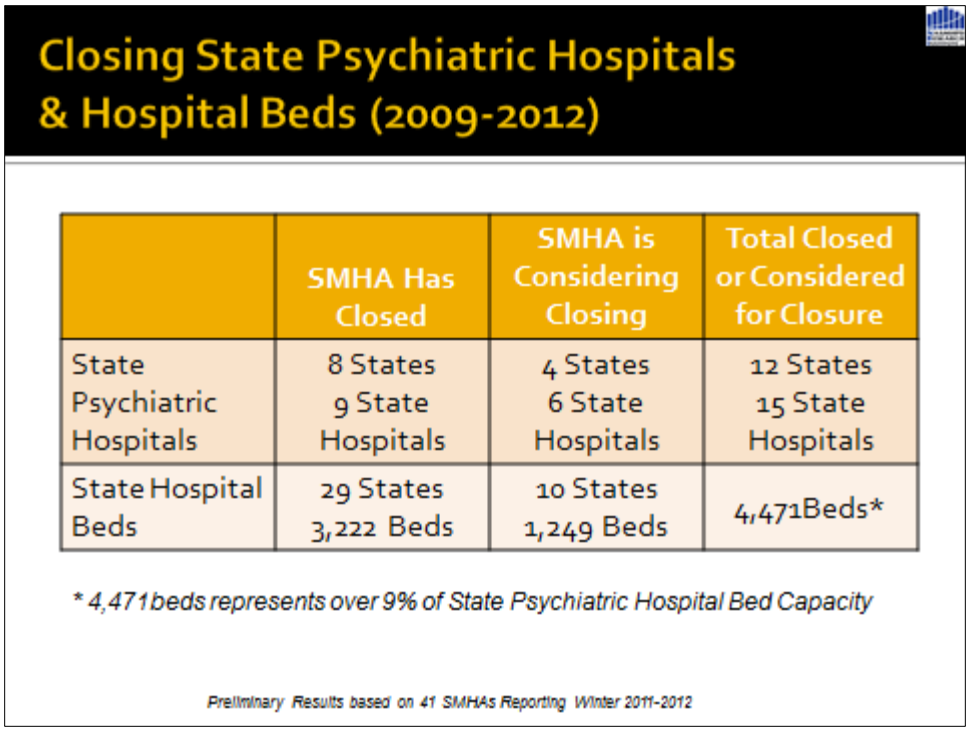


Several states have incurred cuts ranging from a quarter to half of a billion dollars, just in a single fiscal year.

According to Dr. Nelson, these budget cuts are not slowdowns in *baseline* spending. Rather, because states live under balanced budget mandates, they are year-over-year and dollar-for-dollar reductions that impair the ability of State Mental Health Agencies (SMHAs) to finance community-based mental health care, acute care psychiatric beds, and crisis services for a steadily growing patient/consumer population.

The number of consumers receiving mental health services from the State Mental Health community-based systems increased from 5.5 million to 6.5 million from 2007 to 2010—a 10 percent increase—during massive funding cuts over the same period.

In the face of the fiscal crisis, SMHAs have sought to maintain access to essential services while reducing capacity. Nationwide, state psychiatric hospital beds have been reduced by 4,500 beds over the last four years, while demands for services have increased.



A recent nationwide survey of more than 6,000 emergency departments showed that 70 percent reported what is known as "boarding psychiatric patients" for hours or days, and 10 percent reported boarding persons with psychiatric conditions for *several weeks*. According to Dr. Nelson, there are simply not enough dedicated psychiatric beds available in the community to admit these patients so they receive the right treatment in a timely fashion. The net effect of "boarding" is to reduce access to emergency department beds so that they are reserved for the victims of heart attacks, strokes, and auto accidents.

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Dr. Nelson said that all these cuts come at a price. The hardest hit initiatives are those providing mental health services to lower-income people and uninsured adults, many of whom recently lost health insurance coverage in the recession. These consumers are typically individuals who are still ineligible for Medicaid. The bottom line is that community mental health services, especially for indigent persons with severe mental illnesses like schizophrenia and bipolar disorders, have been substantially cut.

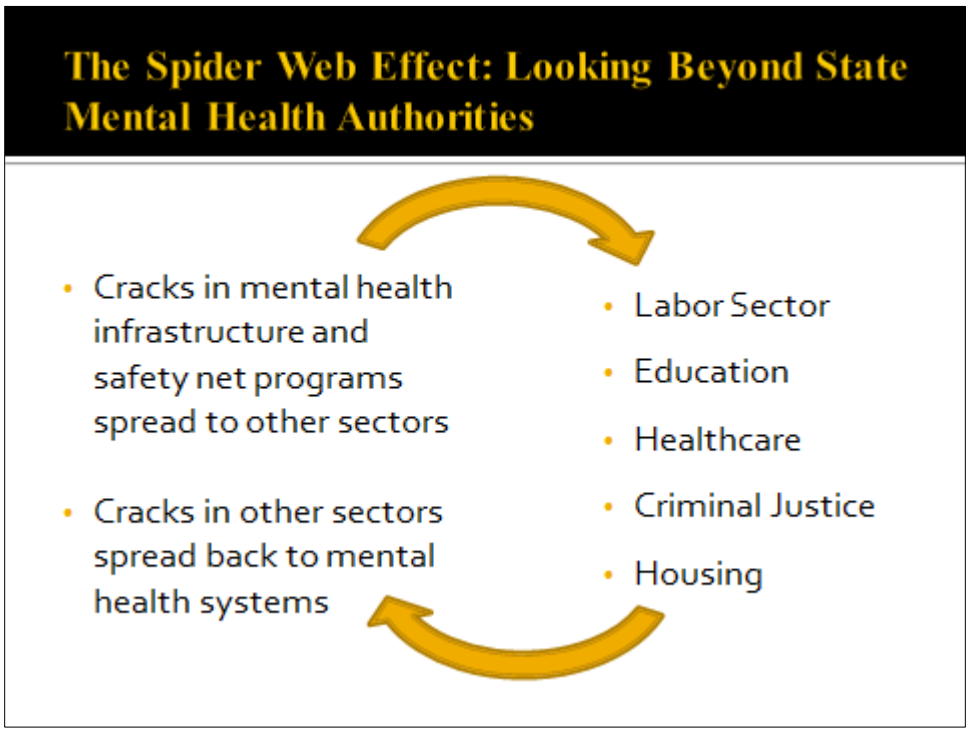
Ironically, all of the cuts in mental health spending are adding costs to other sectors and state agency budgets. Due to mental health cuts, we are simply increasing emergency department costs, increasing acute care costs and adding to the caseloads in our criminal, juvenile justice and corrections systems. Toss in increased homelessness and unemployment among these individuals, and

our costs in treating the homeless and in the unemployment service area are increasing as well.

The unintended consequences of cutbacks are taking a devastating toll on other state agencies, and most importantly on our most vulnerable mental health consumers.

Dr. Nelson highlighted that instead of providing timely, evidence-based services to mental health consumers, we are spending money in all the wrong places. The unintended consequences of cutbacks are taking a devastating toll on other state agencies, and most importantly on our most vulnerable mental health consumers.

State mental health agency spending cuts are having what some are calling a "spider-web" effect as the budget cuts' effects spread out from the center. It hurts front line caregivers and providers, increases the burden on local law enforcement agencies and other sectors such as housing and employment agencies, and consequently cracks in those sectors spread back to mental health systems in a vicious cycle.



Dr. Nelson said from 2007 to the beginning of this fiscal year, the Veterans Administration (VA) National Suicide Prevention Hotline received a total of 559,000 calls.

She further clarified that this number of calls *does* include non-veterans. With the terrible toll that the Iraq and Afghanistan wars has taken on our service members, we expect that SMHAs will be called upon to address the needs of many in this population who are unable to obtain services through the VA due to access

problems, among many issues. However, State Mental Health Agencies around the country have taken up the challenge and are already doing just that, Dr. Nelson said.

NASMHPD is favoring an increase of $50 million in the SAMHSA Mental Health Block Grant in FY 2013, to bring that block grant to a total of approximately $495 million.

Dr. Nelson recommended two courses of action in the form of federal assistance to partially offset the budget cuts incurred over the last four years:

First, the National Association of State Mental Health Program Directors is on record as strongly favoring an increase of $50 million in the Substance Abuse and Mental Health Services Administration's (known as SAMHSA) Mental Health Block Grant in FY 2013, to bring that block grant to a total of approximately $495 million. The Block Grant is the only federal program available to help public mental health agencies recover state and county service dollars lost during the current fiscal crisis.

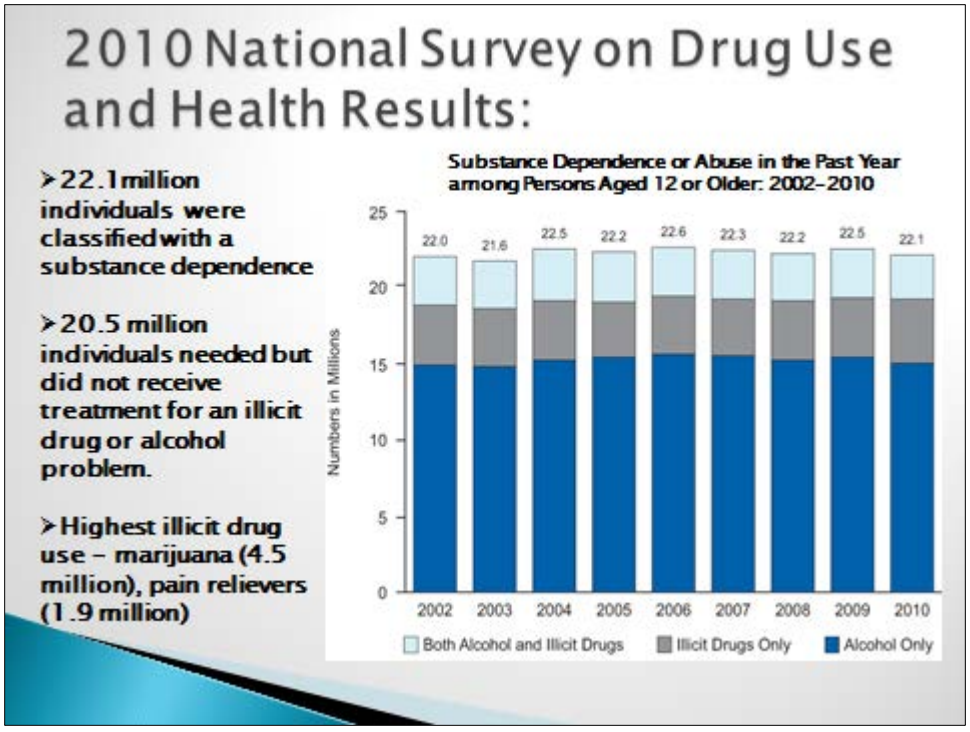
Second, now is *not* the time to reduce any appropriations at SAMHSA. In the fiscal crisis we now confront, SAMHSA funding across programs for homeless Americans with psychiatric illnesses, children with serious mental and emotional disturbances, and returning veterans with PTSD are even more important.

Dr. Nelson concluded that Congress should consider these common-sense investments in our nation's overall health, not just our mental health systems. "We believe the crisis in mental health funding and its consequences represents a public health crisis," Dr. Nelson declared.

The Impact of the State Budget Crisis on Substance Abuse Service Systems

Mark G. Stringer, Director, Missouri Division of Alcohol and Drug Abuse, President of the NASADAD Board of Directors

Mr. Stringer said that in 2010, over 22 million individuals were classified with a substance dependence. Unfortunately, nearly 21 million Americans needed but did not receive treatment for an illicit drug or alcohol problem.



A key message that Mr. Stinger highlighted in his remarks is that the demand for both substance abuse and mental health services far exceeds the supply with serious consequences. "Every name on a waiting list is a potential tragedy."

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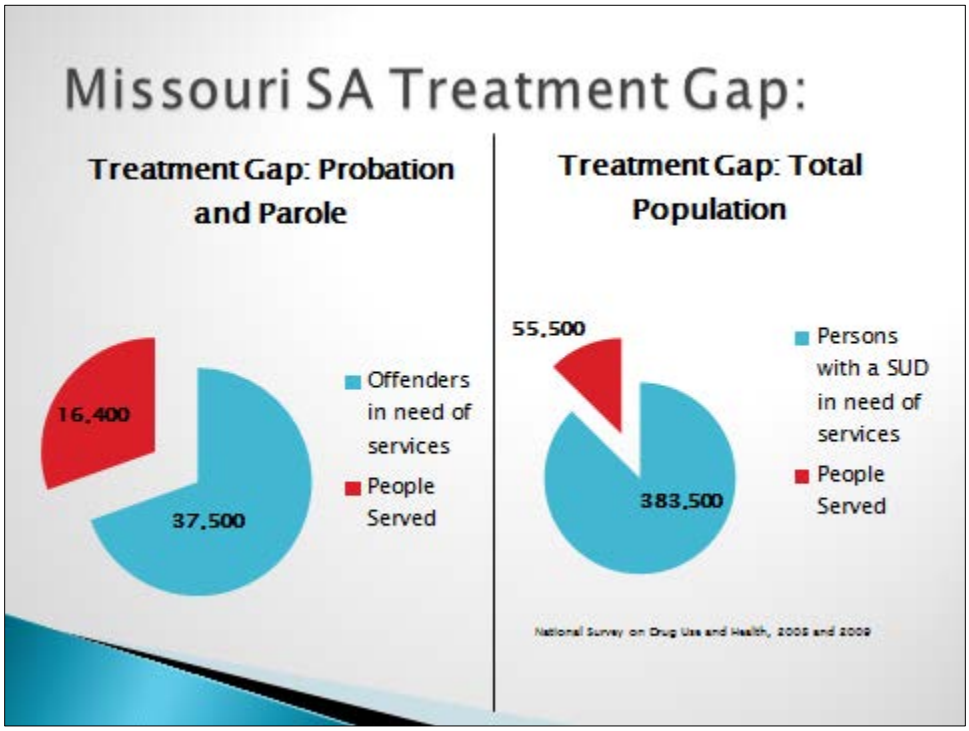
In Missouri, 439,000 people are in need of substance abuse services and there has been a significant increase in heroin-related deaths. Missouri's excise tax on cigarettes is the lowest in the country and the excise tax on beer is the second lowest in the U.S.

Mr. Stringer said the impact of substance abuse on state government is substantial—in the neighborhood of $1.3 billion annually. Societal costs for

Missouri are estimated at $7 billion.

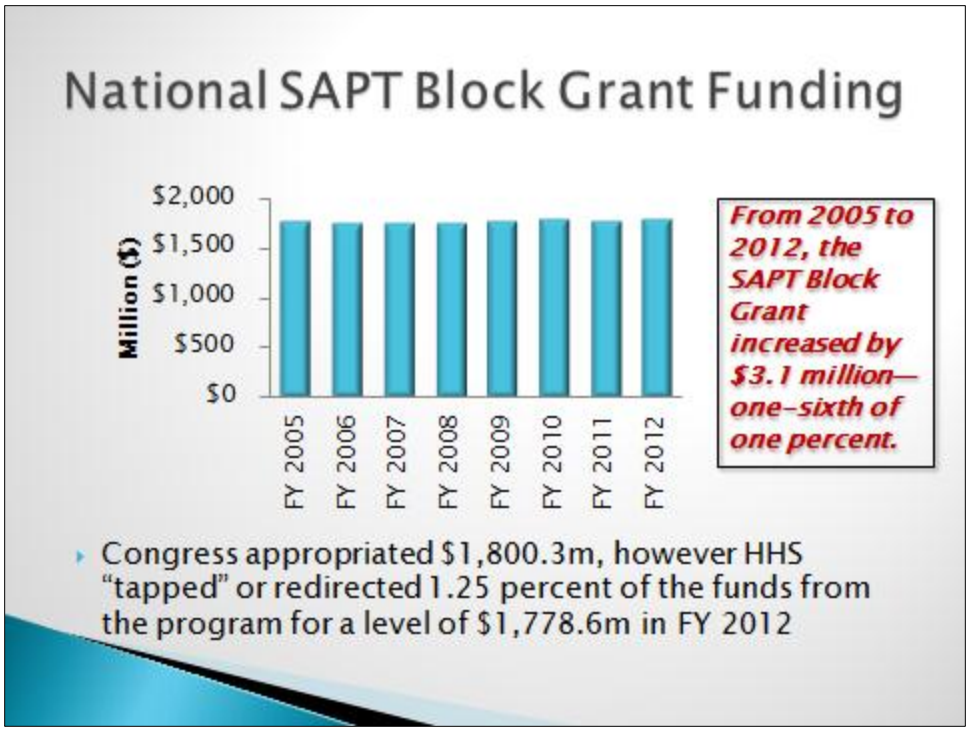
Most of the cost to state government is related to the burden of substance abuse and addiction, particularly on the criminal justice and education systems. He said that an important segment of the population they serve is offenders on probation or parole. They serve only 16,400 out of those 37,500 individuals in need of treatment. The problem of inadequate funding is compounded by, and in large part the cause of, a serious shortage of qualified professionals in the substance abuse field.



State government spends more money dealing with the burdens of substance abuse than on its prevention or treatment. The average cost to treat a substance-addicted individual is $1,346 versus a $17,300 cost to society not to treat.

According to Mr. Stringer, there continues to be substantial clandestine methamphetamine manufacturing in rural Missouri. Missouri leads the nation in the number of meth-lab seizures (U.S. DEA) 2,058 labs in 2011.

The SAMHSA Substance Abuse Prevention and Treatment Block Grant (SAPTBG) represents 23 percent of Missouri's Division of Alcohol and Drug Abuse budget and is on average 42 percent of states' substance abuse expenditures.



The Division of Alcohol and Drug Abuse (ADA):

- Administers grant funds for prevention, outpatient, residential, and detoxification services to community-based programs;
- Provides technical assistance;
- Operates a certification program that sets standards for SUD programs and providers; and
- Partners with the Department of Corrections, Medicaid Agency and Education Agency among others to deliver effective services.

These funds are used for:

- "At Risk" Populations;
- Residential, Outpatient, and Detoxification Programs; and
- Community Coalitions.

Mr. Stringer said that Missouri's SAPTBG outcomes include:

- At discharge from treatment, about 73 percent of Missouri's ADA consumers have been abstinent for at least 30 days.
- Current alcohol use among 6th-12th graders declined from 27.1percent in 2006 to 19.8 percent in 2010.

- Under a program to reduce the number of people returning to prison, offenders under community supervision who receive and complete treatment have a return rate of 11 percent, compared to 27 percent for those who do not receive treatment.
- Twenty (20) public and private universities implementing prevention programs have seen a decline in binge drinking among students from 50 percent in 2004 to 33 percent in 2010.
- But National SAPT block grant funding from 2005 to 2012 increased by $3.1 million—one-sixth of one percent!

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Mr. Stinger said that investment in substance abuse treatment programs would yield significant cost savings:

- Annual cost (Missouri's portion) for alcohol and drug-related crashes—$ 288.2 million.
- Lifetime costs to care for 16 new babies impacted by fetal alcohol spectrum disorder—$32 million.
- Annual cost (Missouri's portion) for alcohol and drug-related hospital and emergency room visits—$77.2 million.

NASADAD is requesting a $50 million increase to SAMHSA's SAPTBG in FY 2013.

The Impact of Reduced Mental Health Resources on Emergency Department Care

Mark Pearlmutter, MD, FACP, Chair and Vice President of the Emergency Medicine Network, Steward Health Care, Boston, MA, representing the American College of Emergency Physicians (ACEP)

In his presentation on the "Impact of Reduced Mental Health Resources on Emergency Department Care," Dr. Pearlmutter said that utilization of the emergency department (ED) for mental health and/or substance abuse (MH/SA) conditions has been steadily increasing for years, and this increase in psychiatric patients has negatively affected access to emergency healthcare services for all patients.

The shortage of inpatient psychiatric beds is a nationwide occurrence and this problem exists in all sites and settings.

He commented that the shift away from public psychiatric hospitals to other settings, such as EDs , is the consequence of federal and state healthcare budget reductions.

These cuts led to placing psychiatric patients in outpatient and community-based treatment facilities, or "deinstitutionalization," and has resulted in a decrease in the number of inpatient and residential psychiatric beds for state and county mental health hospitals from approximately 400,000 nationwide in 1970 to 50,000 in 2006.

Dr. Pearlmutter said that while this is partially offset by an increase of 50,000 private and general hospital psychiatric beds during this time, a large gap remains in the treatment of people with serious mental illnesses.

The shortage of inpatient psychiatric beds is a nationwide occurrence and this problem exists in all sites and settings (rural/urban/suburban/teaching/non-teaching).

Increasingly limited outpatient resources and a general increase in substance abuse have shifted much of the burden of care for psychiatric patients to the ED, according to Dr. Pearlmutter.

Under the federal law, Emergency Medical Treatment and Labor Act (EMTALA), hospitals are required to screen and stabilize patients who present to the ED regardless of their ability to pay or insurance status.

In 2007, 12 percent of all ED visits in the U.S. (one out of every eight) involved a diagnosis related to a mental health and/or substance condition.

Dr. Pearlmutter highlighted that the EMTALA mandate, coupled with the fact that psychiatric patients have trouble accessing other parts of the healthcare system, has led to a substantial increase in ED utilization.

In 2007, 12 percent of all ED visits in the U.S. (one out of every eight) involved a diagnosis related to a mental health and/or substance condition. With over 136 million patient visits annually, more than 16 million Americans are treated for a MH/SA condition a year.

Once in the ED, psychiatric patients board twice as long as other patients. Emergency departments spend twice as much time looking for available beds and the psychiatric patients' resource-intensive care has an impact on the quality of care for *all* ED patients.

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Nearly 41 percent of MH/SA-related ED visits resulted in a hospital admission, which is two and a half times higher than ED visits related to other conditions.

Many individuals with mental illness are repeat users of the ED.

The Impact of the State Budget Crisis on Law Enforcement Officials

Sheriff Brian Gootkin, Gallatin County, State of Montana, and on behalf of the Montana Council of Mental Health Centers

State mental health agencies aren't the only ones feeling the pain— local law enforcement agencies say they're bearing the brunt of the cuts, according to Brian Gootkin, Sheriff of Gallatin County, Montana.

Police forces are experiencing a significant increase in psychiatric emergencies, which is a direct result of mental health funding reductions.

In Gallatin County, Montana — an area twice the size of Rhode Island, encompassing Bozeman and part of Yellowstone National Park —Sheriff Gootkin oversees 48 deputies. He said his force is "experiencing a significant increase" in psychiatric emergencies, which he said was a "direct result of mental health funding reductions" and that his officers have become an involuntary component of the State of Montana's emergency psychiatric response teams.

When the police are called for a psychiatric emergency, Sheriff Gootkin said his deputies are required to handcuff the patient and transport him or her in the back of the patrol car to the nearest facility, which may be up to two hours away. The lengthy process has a major impact on the day-to-day operations of law enforcement, he explained, but it is nothing in comparison to his colleagues in Custer County, Montana, where the nearest state hospital is nearly six hours away and there are only three deputies.

People in psychiatric crisis need to receive community-based mental health services staffed by licensed professionals—not in the back of a patrol car.

The increase in psychiatric calls has a direct impact on public safety, Gootkin argued. According to Sheriff Gootkin, "Every deputy that is diverted to the Montana State Hospital or even to a local hospital is not on patrol maintaining public order and deterring crime." While his officers have some mental health training, they are not mental health professionals, and he does not intend for his team to operate in that capacity. "Their job is to be deputy sheriffs," declared Sheriff Gootkin.

He pleaded to federal lawmakers in Helena and in Congress to stop cutting funds for community-based mental health services. He reiterated that people in psychiatric crisis need to receive community-based mental health services staffed by licensed professionals—not in the back of a patrol car.

Sheriff Gootkin's fear is that if we continue to go down this dangerous path, both public safety in Gallatin County and access to emergency medical care will be compromised. He concluded, "The result will have a huge impact, not only on people with mental illness, but the entire community."

The Impact of the State Budget Crisis on Persons in Recovery: Investing in Substance Abuse and Mental Health Pays Rich Dividends

Mental health and substance abuse disorders cost American businesses an estimated $175 billion annually in absenteeism and lost productivity.

Lindsey Glass, filmmaker, screenwriter, Cofounder of Reach Out Recovery; and Faces and Voices of Recovery member

Ms. Glass said that mental health and substance abuse disorders cost American businesses an estimated $175 billion annually in absenteeism and lost productivity, and over 75 percent of people with a drug or alcohol problem are employed.

Ms. Glass said that Faces & Voices of Recovery's goal is to be a nationally-recognized mouthpiece of the organized recovery community.

Their recent accomplishments include:

- Training tens of thousands of advocates;
- Incubating and strengthening a growing network of grassroots recovery community organizations;
- Enactment of new federal policies to end discrimination facing people with addiction;
- Organizing Rally for Recovery! which successfully brought over 80,000 individuals together for an annual national day of advocacy and recognition;
- Sponsoring "Recovery Voices Count," a non-partisan civic engagement campaign where tens of thousands of voters were registered and candidates educated about issues of importance to the recovery community.

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Ms. Glass noted that people with co-occurring mental illness and substance abuse disorders have life expectancies 35 years shorter than individuals without these illnesses.

Faces & Voices of Recovery believes that the nation's response to the crisis of addiction should be based on sound public health science and the grassroots engagement and involvement of the recovery community, including people in recovery, their families, friends and allies. Organized in identifiable and mobilized networks of recovery communities and allied organizations that foster collaboration, advocacy and public education about the reality of addiction recovery.

Ms. Glass said they envision a day when public and private policies have been implemented at the local, state and federal levels to help individuals and families get the help they need to recover, including access to effective care treatment, peer and other recovery support services. Policies that discriminate against people in or seeking recovery need to be reversed and removed.

According to Ms. Glass, over 23 million Americans have yet to recover from their addiction illness, and the 20 million Americans in recovery will likely see their progress compromised by state budget cuts. But with timely, appropriate treatment, they can lead new and productive lives, free from addiction to alcohol and other drugs and be active in a growing national recovery movement.

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She said the public will accord individuals and their families dignity and they will receive respectful, nondiscriminatory care on the same basis as people with other health conditions. But budget cuts threaten the progress that has been made by millions of Americans. Their "faces and voices of recovery" from all walks of life could serve powerfully to educate the public, policy-makers and the media about the reality of addiction recovery, creating widespread public understanding of the many pathways to recovery.

Ms. Glass said the following efforts could create a fertile opportunity for *Faces & Voices* to capitalize on and leverage its successes including:

- Implementation of national healthcare reform;
- Recognition of innovative peer recovery support services;
- State and national policy-makers' attention to recovery, health, and
- Wellness and a maturing network of recovery community organizations.

Given this environmental context, Faces & Voices of Recovery will focus on three priorities over the next three years:

- **Mobilizing and organizing** to raise the national profile of the organized recovery community and help more Americans find recovery by demonstrating that over 20 million Americans from all walks of life have found.
- **Building the capacity of Recovery Community organizations** to thrive and participate in local, state and national policy arenas, deliver peer recovery support services; and mobilize the local recovery community.
- **Addressing public policy** to reduce the discrimination that keeps people from seeking recovery or moving on to better lives once they achieve it.

Ms. Glass highlighted that the benefits of providing care well exceed the costs—for every dollar spent on substance abuse treatment, 7 dollars in future healthcare spending is saved.

For every dollar spent on substance abuse treatment, 7 dollars in future healthcare spending is saved.

The return on investment in treatment services is comparable to, or greater than, widely accepted and positively perceived interventions such as pay-for-performance diabetes care that returns less than 3 dollars for every dollar invested.

Following the presentations, Rob Morrison, Executive Director, NASADAD, moderated a question and answer session.

For more information about the briefing, please contact Robert W. Glover, Ph.D. Executive Director, NASMHPD, at bob.glover@nasmhpd.org, or call at 703-739-9333. You may also contact Joel E. Miller, M.S.Ed., Senior Director of Policy and Healthcare Reform, NASMHPD, at joel.miller@nasmhpd.org, or call at 703-682-7552.