

FACT SHEET

Medical Costs and Unrecognized/Untreated Substance Use Disorders: A Case for Health Reform

BACKGROUND

Substance use disorders are a chronic disease identified in about 9.5% of the general population (about 24 million Americans over the age of 12) (Substance Abuse and Mental Health Services Administration. 2006. *Results from the 2005 National Survey on Drug Use and Health: National Findings*. Office of Applied Studies Series H-30, DHHS Publication No. SMA 06-4194. Rockville MD):

- Of those, 3% or 7 million people are current users of prescription drugs taken non-medically (SAMHSA 2006);
- Among the elderly, about 8% have been identified as heavy drinkers;
- Substance use disorders are associated with 4% of world deaths annually (Rehm, J. Center for Addiction and Mental Health, Toronto, CA, 2009) and are the 2nd leading cause of disability (Brundtland, G, Bulletin of the WHO, 2000);
- Pre-deployment data indicates that approximately 9% of military service members are heavy weekly drinkers, 53% engage in binge drinking, and 15% report at least one alcohol-related problem (Jacobson, IG, Ryan MAK, Hooper, TI, et.al. JAMA 2008; 300(6):663-675) with substance dependence and PTSD a significant clinical problem in returning veterans (Eggleston, AM, Straits-Troster, K, Kudler, H., NC Med J 2009; 70(1):54-58);
- Public funding constitutes the vast majority of addiction treatment expenditures – over 80% of all expenditures for treatment;
- Federal, state, and local governments pay twice for this care---in the 20-40% rates of uncompensated healthcare (particularly in hospitals and ERs) and the 50-75% rates of jail and prison costs for untreated addicted offenders.

Yet, only about 10% of those identified are treated in the specialty treatment system and over 40% of those who try to get help are denied treatment because of cost or insurance barriers (SAMHSA 2006).

THE PROBLEM

I. Substance use disorders are prevalent throughout the healthcare system.

- While 9.5% of the general population (about the same as Type II Diabetes) and 2.5 million adolescents suffer from substance use disorders, **SUBSTANCE USE DISORDERS AFFECT 22% OF THOSE IN MEDICAL SETTINGS** (NHSDUH, 2005, Substance Abuse and Mental Health Services Administration, DHHS);
- Among young adults between 18 and 34, between 10% and 20% have substance use disorders, **AND AGAIN, 90% RECEIVE NO CARE** (ibid).

II. Health care costs increase for people with treated and untreated substance use, alcohol and other drug disorders; costs in 2008 were about \$62 billion in healthcare alone (more in crime and welfare costs). Harwood, H, *Updating Estimates of the Economic Costs of Alcohol Abuse in the United States: Estimates, Update Methods, and Data*, prepared by the Lewin Group for the National Institute on Alcohol Abuse and Alcoholism, December 2000. Updated and adjusted for 2008 for the Office of National Drug Control Policy.)

- Individuals with untreated substance use disorders have higher medical costs than those without such disorders (Clark, RE, Samnaliev, M, McGovern, MP. *Psychiatr Serv* 2009;60(1):35-42) especially for emergency department visits and hospitalizations;
 - Individuals with substance use disorders use about 8 times more healthcare services;
 - Families of untreated individuals with substance use disorders have significantly higher medical costs than other families (Ray GT, Mertens, JR, Weisner, C. *Med Care* 2007;45(2):116-122.);
 - In fact, families of such individuals use about 5 times more health care driven by hospitalizations, pharmacy costs, and primary care visits;
 - Drug or alcohol use disorders are identified in about 3% of all hospital stays in the U.S., totaling about \$12 billion in hospital costs (HCUP Statistical Briefs #4 and 39, AHRQ, 2006 and 2007);
 - For the uninsured, the emergency department is the entry point for hospital stays for more than 50% of individuals with drug use disorders and over 75% of those with alcohol use disorders;
 - Among both the uninsured and Medicaid patients, about 25% of hospital stays are the result of alcohol use disorders;
 - Almost 20% of Medicaid hospital costs and nearly \$1 of every \$4 spent on inpatient care by Medicare is associated with substance use.
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III. Care for Veterans

- Although substance use disorders, with and without PTSD, have been increasingly diagnosed among veterans (and are expected to continue to increase), specialty treatment programs have decreased significantly;
- One in eight (about 13%) of non-elderly veterans are uninsured and about half of those are not eligible for VA healthcare (Henry J. Kaiser Family Foundation, Military and Veterans' Health Care Background Brief, on website kaiseredu.org).

IV. Health care costs for businesses are significant due to premature death and illness.

- In 2005, among the 52.6 million adult binge or heavy drinkers, about 80 percent were employed either full or part time. Of the 17.2 million illicit drug users aged 18 or older, nearly 75 percent were employed either full or part time (SAMHSA 2006);
- Yet, while about 70% of individuals with substance use disorders are employed, more than 35% are NOT insured;
- Compared to the insured, uninsured workers are about twice as likely to be heavy alcohol users or to report illicit drug use in the past month and less than 25% report access to EAPs (Galvin DM, Miller, TR, Spicer, RS, Waehrer, GM. J Public Health Policy 2007;28(1):102-117)

SOME SOLUTIONS

I. Treatment Penetration for Substance Use Disorders

In the public sector, States that have increased *treatment* penetration rates have reduced Medicaid costs by over 10% in two years and about 18% within 4 years - this is the best case for how health reform can control costs.

- In one state study, treatment led to a decrease in Medicaid costs of about 5% over a five-year period (Luchansky, B and Longhi, D. 1997. Briefing Paper: *Cost Savings in Medicaid Medical Expenses: An Outcome of Publicly Funded Chemical Dependency Treatment in Washington State. A Five Year Cost Savings Study of Indigent Persons Served by Washington State's Alcoholism and Drug Addiction Treatment and Support Act (ADATSA)*. Olympia, WA: Research and Data Analysis, Department of Social and Health Services.).
- In a separate study, treatment for Medicaid patients in a comprehensive health maintenance organization reduced medical costs by 30% per treatment member; reductions were in all major areas of health care use (Walter, LJ, Ackerson, L, Allen, S. 2005 J Behav Health Serv Res., Jul-Sep;32(3):253-263).

II. Early and Economical Screening and Brief Interventions (SBI) in Healthcare Settings Has Reduced Substance Use and Saved Dollars

- Inpatient and ER costs decline by about 35% and 39% respectively following treatment (Parthasarathy, S, Weisner, C, Hu, TW, Moore, C 2001 J Stud Alcohol; 62(1);89-97);
- Total medical costs per patient per month decline from \$431 to \$200 following treatment (Parthasarathy, S, Mertens, J, Moore, C, Weisner, C. 2003 Med Care;41(3):357-367).

III. Use of Medications in Treatment

- Use of medications in the treatment of substance use disorders has led to significant reductions in healthcare costs in Medicaid populations, primarily related to reductions in hospitalizations;
- For alcohol dependent patients, use of medications in treatment in the private sector again shows a significant reduction in hospital costs and ER costs, while increasing costs for outpatient psychiatric visits, which may be considered a positive finding (Aetna Behavioral Health, Presentation at national meeting on Medication-Assisted Treatment for Substance Use Disorders, 2008).

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The Treatment Research Institute (TRI) is an independent, non-profit research and development organization specializing in science-driven reform of policy and practice in addiction and substance use. TRI was founded in 1991 by A. Thomas McLellan, Ph.D. and colleagues from the University of Pennsylvania's Center for the Studies of Addiction. To learn more, visit the TRI website at www.tresearch.org or contact Bonnie Catone, Director of Communications, at bcatone@tresearch.org.
