

**Expanding Alcohol/Drug Treatment: An Investment in Health
Care Cost Containment and Public Safety**

Presentation to Colorado State Legislature

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Overview

- Extent of alcohol and other drug (AOD) problems in Washington State
- Savings to state systems and reductions in arrests following AOD treatment
- Policy impacts
- Data system & inter-agency collaborative agreements

Extent of Alcohol and Other Drug (AOD) Problems In Washington State

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Extent of AOD Problems in Washington State—Criminal Justice Populations

- 70% booked arrestees (Seattle/Spokane) tested positive for alcohol and/or drugs (Kabel et al 1996)
- 70% of adult prison inmates have an alcohol/drug problem (Department of Corrections)
- 82% of youth in state correctional facilities have a substance abuse problem (Juvenile Rehabilitation Administration, Department of Social and Health Services)

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Extent of AOD Problems in Washington State—Child Welfare Populations

- 75% of parents of children in therapeutic foster care had documented substance abuse problems (OCAR, 1993)
- 66% of parents of children in foster care had documented substance abuse problems (OCAR 1993)
- 45% of out-of-home placements for children under two years occurred among the 8% of infants born to mothers documented to be using alcohol/drugs during their pregnancy (Cawthon & Shrager, 1995)

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Extent of AOD Problems in Washington State—Other Welfare Populations

- 20% of disabled individuals on Medicaid (Blind, Disabled, GA-X) estimated to need alcohol/drug treatment (Mancuso et al 2005)
- 30% of individuals on GA-U estimated to need alcohol/drug treatment (Mancuso et al 2005)
- 13% of TANF recipients estimated to need treatment (Mancuso et al 2005)

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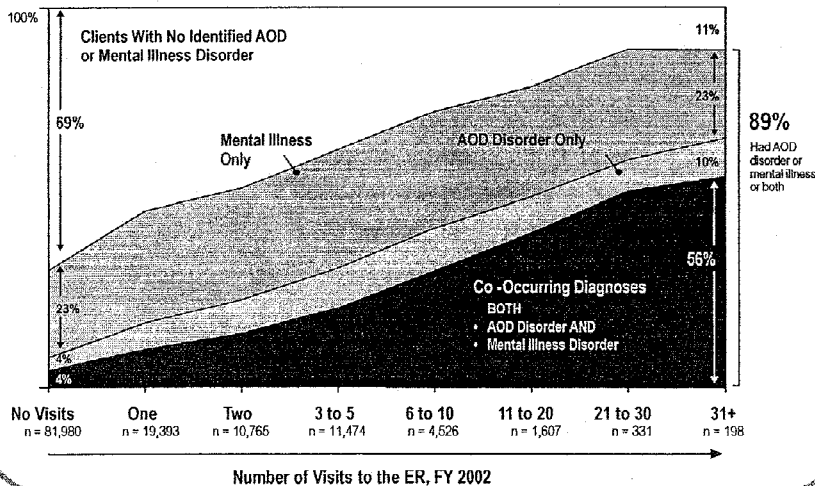
Study of Frequent Visitors to Emergency Rooms (ER)

- Study based on records for all Medicaid aged, blind, disabled clients (n=130,274) eligible between 7/98-6/02
- Persons with AOD and mental health disorders identified from diagnoses in medical claims
- ER events also available in medical claims

Mancuso, Nordlund, & Felver, 2004

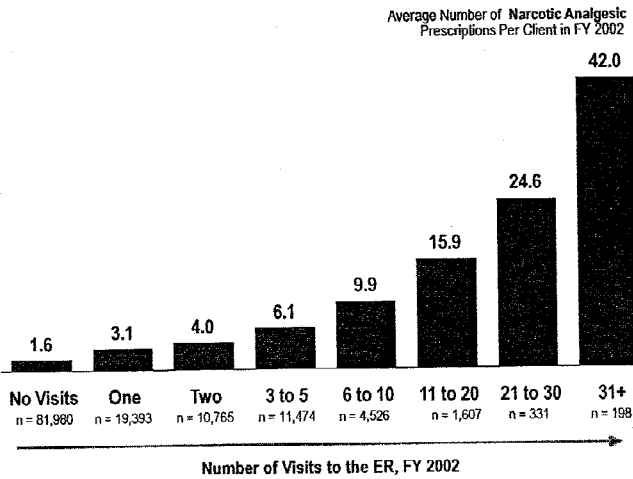
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Two-Thirds of Frequent ER Visitors Have High Rates of AOD Disorders



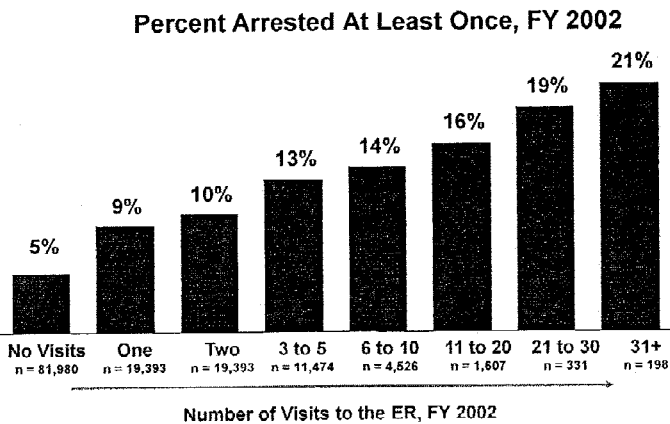
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Frequent Emergency Room Visitors Use High Volumes of Pain Medication



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20% of Frequent ER Visitors Were Arrested in the Last Year



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AOD Treatment Leads to Significant Savings to State Systems & Reductions in Arrests

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Study of All SSI Recipients in Washington State

- Study of all SSI recipients in WA State between 7/97 and 12/01 (n=128,913)
- 16% identified as having a need for AOD treatment (n=20,952)
 - ✦ 50% rec'd AOD treatment (n=10,380)
 - ✦ 50% did not (n=10,572)
- Study compared costs of treated and untreated groups

Estee & Nordlund, 2003

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AOD Treatment Resulted in Significant Medicaid Savings

If Untreated \$1,371

Monthly Medicaid Cost
For Persons Who Do
Not Enter Treatment

Costs Include:

- Medical
- Mental Health (State Psychiatric, Community Psychiatric, Outpatient Mental Health)
- Nursing Home

\$252

NET
SAVINGS

If Treated \$1,119

AOD Treatment Cost
\$162 *Includes Detoxification*

Monthly Medicaid Cost
For Those Who Receive
Alcohol Or Drug Treatment
\$957

0

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Other Outcomes following AOD Treatment

- 35% reduction in average monthly emergency room costs for persons who received AOD tx versus non-treated persons (represents \$154 per client per month reduction in costs)
- 29% decline in cost of an emergency room visit for treated versus non-treated persons
- 20% decline in number of subsequent emergency room visits for treated versus non-treated persons

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AOD Treatment Leads to Reductions in Arrests

- 16% reduced likelihood of subsequent arrest for persons entering AOD treatment
- 34% reduced likelihood of subsequent felony conviction for those entering AOD treatment
- 43% reduced likelihood of subsequent arrest for persons *completing* AOD treatment

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Policy Impacts

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Policy Impacts

- Because of anticipated cost offsets, DASA received an additional \$32 million dollars for additional treatment for Medicaid-eligible adults in July, 2005
 - Intent is to increase penetration rate from 26% to 42% in a 2-year period
 - 6,495 additional adults will receive tx in FY 06, 11,745 additional in FY 07
- DASA received over \$6.7 million for additional treatment for youth in July, 2005
 - Intent is to increase penetration rate from 31% to 37%
 - 1,051 additional youth will receive tx in FY06 and 1,051 additional in FY07

Actual Cost Savings Per Treated Patient Are Better Than Expected

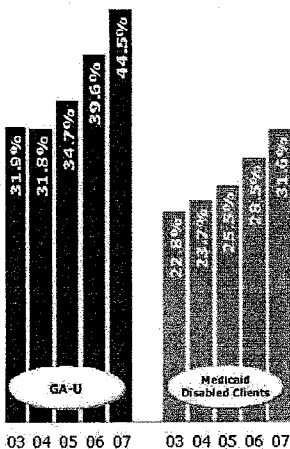
Medical savings per treated client are exceeding the original budget assumptions.



2005-07 BIENNIUM	Assumed	Actual	Difference
Disabled - Medical Savings	\$200	\$295	+ \$95
Disabled - NH Savings	\$58	\$58	+ \$0
GA-U - Medical Savings	\$119	\$166	+ \$47

Treatment Expansion Has Increased DASA Penetration Rates

DASA Penetration Rate



- Treatment Expansion has resulted in dramatic increases in penetration rates for GA-U and Medicaid Disabled clients.
- The number of GA-U clients served increased by 1,008 from SFY 2005 to SFY 2007.
- The number of Medicaid Disabled clients served increased by 2,115 from SFY 2005 to SFY 2007.

BOTTOM LINE: Despite slower than expected ramp-up, impressive gains in treatment penetration have been achieved and cost savings on a per-treated-client basis have been better than expected.

Data Systems & Inter-Agency Collaborative Agreements

Databases Where Information Resides

- Substance Abuse database (TARGET) contains records of publicly funded AOD treatment in WA State
- Medicaid Management Information System (MMIS)
 - Medicaid-paid medical use/costs
 - Some MH treatment/costs
 - Some AOD treatment/costs

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Acquiring Data

- Negotiation
- Legislation
- Being in same department is helpful
- Data sharing agreements

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Maintaining Collaborative Relationships with Data-Sharing Partners

- Sharing findings with data-sharing partners prior to dissemination
- Conducting analyses of interest to data-sharing partners

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Summary

- High cost of not funding alcohol/drug treatment
 - Significant medical costs
 - High ER use
 - High rate of arrests & convictions
- Funding treatment results in significant cost offsets and reduced arrests/convictions

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Conclusion

Funding Alcohol/Drug Treatment is an
Investment
in
Health Care Cost Containment
and
Public Safety

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Next Steps

- Conduct continuing research to document cost offsets with treatment expansion

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