



**The National Center on  
Addiction and Substance Abuse  
at Columbia University**



# **SHOVELING UP II:**

## **The Impact of Substance Abuse on Federal, State and Local Budgets**

**May 2009**

*A Report by*

*The National Center on Addiction and Substance Abuse  
at Columbia University*



## **SHOVELING UP II**

***The Impact of Substance Abuse on Federal, State and Local Budgets***

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**Federal, state & local governments spent**

**\$467.7 billion in 2005**

**on substance abuse & addiction,**

**10.7 % of total spending**

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### **95.6% of Federal & State Substance-Related Spending is on the Burden to Public Programs**

- Health Care
- Adult Corrections
- Juvenile Justice
- Courts
- Elementary & Secondary Education
- Income Support
- Child Welfare
- Mental Health
- Developmental Disabilities
- Public Safety
- Workforce

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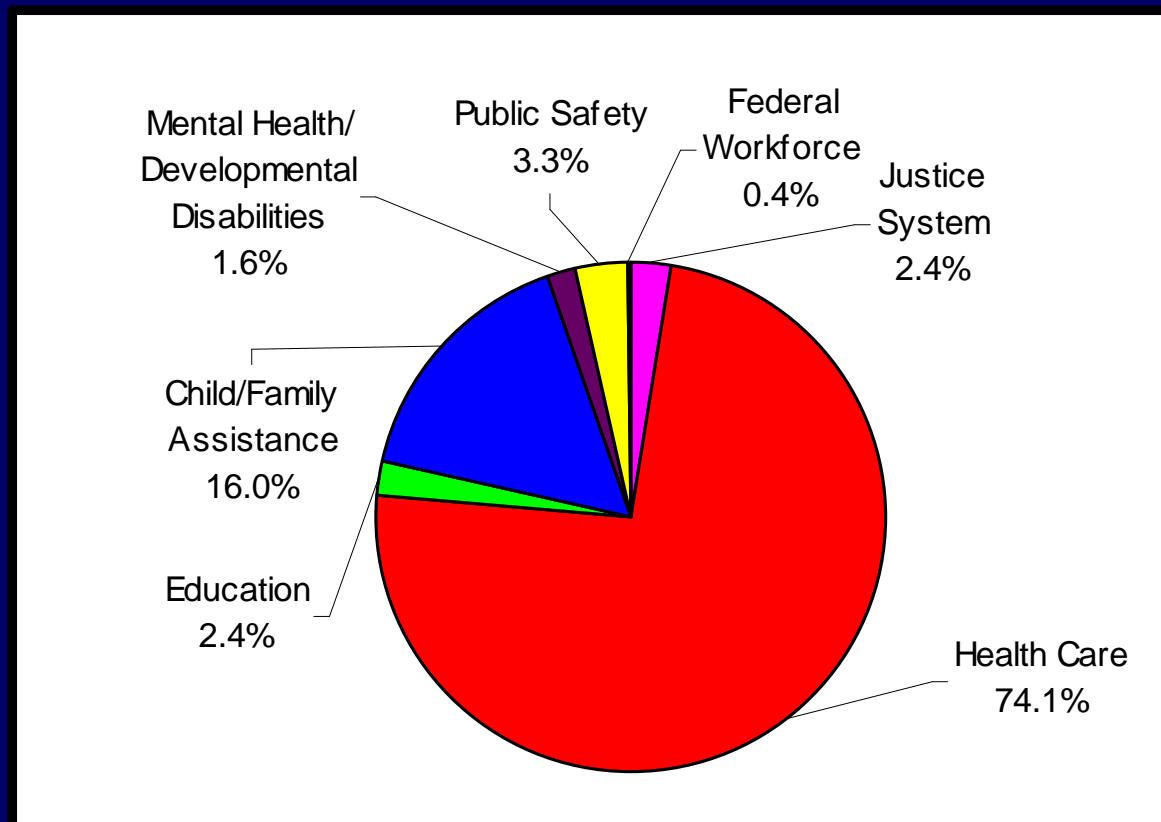
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## Burden of Substance Abuse & Addiction on Federal Programs by Budget Sector (Percent) Total = \$229.9 Billion



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### **Federal Medical spending for untreated addiction fy 2005**

- Total \$170 billion
- Medicare and Medicaid \$157.8 billion
- Veterans Health \$9 billion
- Indian Health Service \$1.2 billion
- Other \$2.1 billion
- *Treatment and prevention \$4 billion*



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### **Addiction treatment reduces Medicaid costs immediately**

- Working age disabled Medicaid clients Washington State with addiction diagnosis, treatment v no treatment
- \$267 per client per month net cost offset **AFTER** addiction treatment deducted
- Cost offsets highest for treatment completers



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### **Screening and Brief intervention can reduce Medicaid costs**

- Disabled working age Medicaid Patients in Washington State who received SBI compared with matched group that did not
- \$366 per member per month reduction in Medicaid Cost
- Significant reduction in inpatient hospital use



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### **Excess cost of adults and children family members of members with AOD disorders\***

- Adult AOD family members cost \$611(31%) more than adult comparison family members in year before index date.
- Child AOD family members cost \$242 (28%) more than child comparison family members in year before index date.

*\*Independent of gender, age, census block income group, and family size*

*\*All differences are statistically significant*

Ray GT, Mertens JR, Weisner C. The excess medical cost and health problems of family members of persons diagnosed with alcohol or drug problems. *Med Care*. Feb 2007;45(2):116-122.

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### **Family medical costs five years after treatment**

- No difference between abstinent families and matched control
- Non-abstinent families had 25% higher costs than abstinent and control families

Weisner C, Mertens J, Parthasarathy S, Moore C. Integrating primary medical care with addiction treatment: A randomized controlled trial. (2001) *Journal of the American Medical Association* 286(14):1715-1723.

Weisner C, Mertens J, Parthasarathy S, Moore C, Hu TW, Hunkeler E, Selby J. (2000). The outcome and cost of alcohol and drug treatment in an HMO: Day hospital versus traditional outpatient regimens. *Health Services Research* 35(4):791-812.

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# **Potential Medicare and Medicaid Cost Savings in next ten years**

- **\$152 Billion**
  - Screening, brief intervention and referral can avoid \$6.5 billion in hospital costs a year
  - Evidence based addiction treatment can avoid \$8.7 billion in alcohol and drug related medical office and outpatient visits a year



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### **4.4% of Federal & State Substance-Related Spending is in the Familiar Categories of:**

- Prevention
- Treatment
- Research
- Regulation & Compliance
- Interdiction