

Substance abuse adds millions to Medicaid's total health care costs

January 5 2009

People with substance abuse disorders cost Medicaid hundreds of millions of dollars annually in medical care, suggesting that early interventions for substance abuse could not only improve outcomes but also save substantial amounts of money, according to a comprehensive study that examined records of nearly 150,000 people in six states.

"Substance abuse probably costs Medicaid programs a lot more than they think," said Robin E. Clark, PhD, associate professor of family medicine & community health of the Center for Health Policy and Research at the University of Massachusetts Medical School. "We found that the medical care costs for all health problems among those with substance abuse issues are quite significant, which means that there could be a huge cost savings if prevention or early treatment programs were started to improve the health of substance abusers."

The most striking finding, Clark said, was that as the patients with substance abuse disorders got older, the medical care costs increased at a far higher rate than behavioral health costs.

"It suggests that there are not a lot of substance abuse services that successfully target the older age group, and that there could be substantial savings and health benefits by focusing on these populations," he said.

Clark's study, "The Impact of Substance Use Disorders on Medical Expenditures for Medicaid Beneficiaries with Behavioral Health

Disorders," published December 30 in the online edition of the journal *Psychiatric Services*, was funded by the Robert Wood Johnson Foundation's Substance Abuse Policy Research Program (SAPRP). The study looked at records from 148,457 people in Arkansas, Colorado, Georgia, Indiana, New Jersey, and Washington in 1999. It used claims for Medicaid benefits of those with behavioral health diagnoses, and compared those who had and did not have substance abuse disorders. Clark said, "Although more recent data were unavailable at the study's beginning, there is no reason to believe the relationships we observed here would be different with current Medicaid claims." The study broke new ground by examining medical costs, such as treatment for asthma, diabetes and cardiovascular disease, of those with substance abuse disorders. Earlier studies may have underestimated Medicaid costs for those with such disorders because they did not factor in the medical care expenditures.

The study found that 29 percent of the Medicaid patients were diagnosed with substance abuse disorders in the six states, ranging from a low of 16.1 percent in Arkansas to 37.1 percent in New Jersey and 39.6 percent in Washington. For people with substance abuse disorders, the six states alone paid \$104 million more for medical care and \$105.5 million more for behavioral health care than for those patients who did not have an alcohol or drug abuse diagnosis. If the findings were extrapolated to the entire country, the extra costs for those with substance abuse disorders would easily run into the hundreds of millions of dollars.

The researchers said possible explanations for the higher medical costs included generally higher prevalence of physical illness among older people, the cumulative health impact of long-term substance abuse, greater reluctance among older adults to seek addiction treatment in specialty settings, and more severe chronic disease among older adults with addictions.

All six states showed that medical care and behavioral health care costs were higher with those who abused drugs and alcohol compared to those who did not. But the median Medicaid cost per state varied widely.

In New Jersey, people classified as having severe mental illness and a substance abuse disorder cost a median of \$5,345 for behavioral health, compared to a median of \$1,601 for a person without a substance abuse disorder. In Washington, though, the cost for someone with a substance abuse disorder was less than half that - \$2,131 - versus \$795 for someone without those disorders. These spending differences reflect wide variation in coverage of behavioral health treatment across states. The researchers said that providers in states with poor coverage may bill for treatment under different diagnostic codes in order to receive reimbursement.

Source: Burness Communications

Citation: Substance abuse adds millions to Medicaid's total health care costs (2009, January 5) retrieved 4 May 2024 from <https://medicalxpress.com/news/2009-01-substance-abuse-millions-medicaid-total.html>

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