

FY 2019 State Mental Health Agency Revenues and Expenditures



NRI's 2020-2021 State MH Profile Highlights January 2022

HIGHLIGHTS BASED ON REVENUES AND EXPENDITURES DATA RECEIVED FROM 49 STATES, THE DISTRICT OF COLUMBIA, AND PUERTO RICO AS WELL AS SUPPLEMENTAL INFORMATION FROM THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS.

State Mental Health Agencies (SMHAs) are responsible for administering \$47.9 billion dollars each year to provide mental health services to more than 8.1 million individuals. SMHAs vary widely regarding how they are organized within state governments and how they organize the delivery of mental health services within each state.

Mental Health Expenditures Controlled by State Mental Health Agencies

In state Fiscal Year 2019, 50 states, the District of Columbia and Puerto Rico collectively expended \$47.9 billion to provide mental health services to 8.1 million individuals. States averaged mental health expenditures of \$145 per every resident in their state. Due to differences in how state mental health agencies are organized and structured as well as the types of mental health services offered and the priority populations covered by states, there is considerable variation in the level of expenditures among the states. State mental health expenditures ranged from less than \$20 per state resident (in Puerto Rico), to over \$460 per resident (Alaska).

SMHAs expended 74% of their controlled funds (\$35.4 billion) for Community-based mental health services and 24% (\$11.5 billion) for inpatient care in state psychiatric hospitals.

Expenditures Per Mental Health Consumer Served by SMHA Systems

In FY 2019 the 50 states and District of Columbia provided mental health services to 8.1 million persons (CMHS 2019 Uniform Reporting System (URS)). The average expenditure per mental health service recipient was \$5,600 (with a median of \$5,160 and a range from \$1,111 to \$20,436). Over 8 million of the individuals served by SMHAs in FY 2019 received community mental health services and states expended \$34.6 billion for these services, an average of \$4,426 per individual served (with a median of \$3,384). Average community mental health expenditures per client were highest in the Northeast and West, and lowest in the Midwest and South. States expended \$11.5 billion to serve 135,502 individuals in state psychiatric hospitals, an average of \$84,748 per state hospital patient (with a median of \$90,370). Average expenditures per patient served in state psychiatric hospitals were highest in the Northeast and West, and lowest in the South and Midwest.

Table 1: FY2019 SMHA-Controlled Expenditures for Mental Health and Individual Served in Community and State Psychiatric Hospital Settings

Region	Community Mental Health			State Psychiatric Hospitals			Total SMHA Expenditures		
	Individuals Served	Expenditures	Expend per Individual	Individuals Served	Expenditures	Expend per Individual	Individuals Served	Expenditures	Expend per Individual
Northeast	1,865,181	\$11,531,843,923	\$6,183	18,414	\$2,772,294,335	\$150,554	1,986,032	\$14,564,179,331	\$7,333
Midwest	1,894,553	\$5,602,512,792	\$2,957	31,669	\$2,223,472,337	\$70,210	1,912,680	\$7,974,698,852	\$4,169
South	2,292,160	\$6,642,378,693	\$2,898	59,709	\$3,318,800,847	\$55,583	2,342,961	\$10,254,253,626	\$4,377
West	1,999,647	\$10,802,552,461	\$5,402	24,504	\$3,139,086,004	\$128,105	2,120,880	\$14,024,183,673	\$6,612
US Average	7,818,694	\$34,603,231,546	\$4,426	135,502	\$11,483,537,630	\$84,748	8,371,456	\$46,880,220,275	\$5,600

Numbers based on States, DC. And PR with both available expenditure and clients served data.

¹ Complete FY2019 Community expenditures for MH were not available for Michigan.

\$47.9B

Billion Expended by SMHA Systems providing MH Services

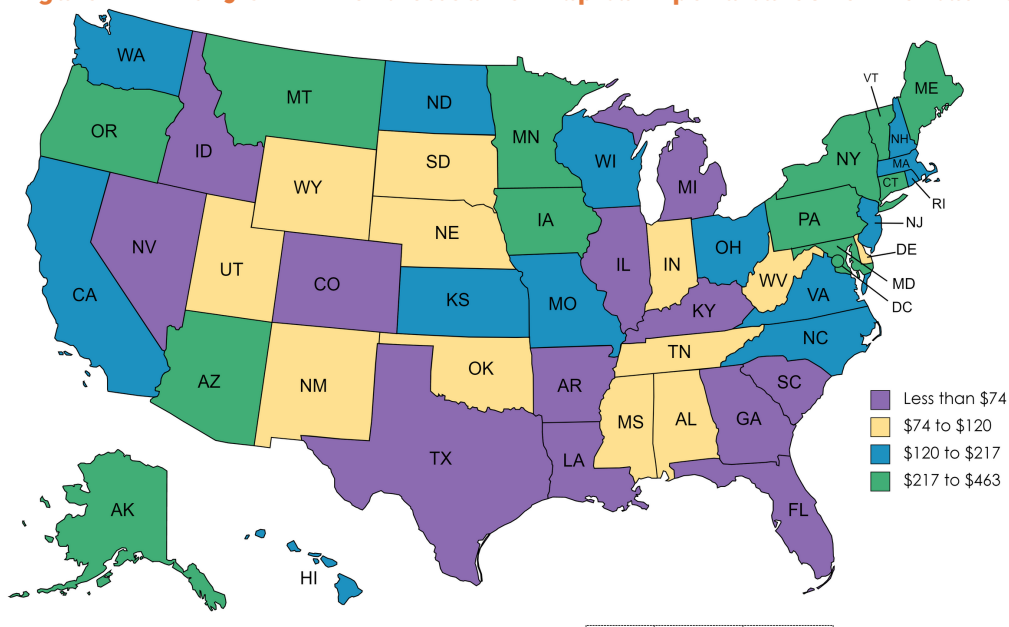
\$5,489

Average Expenditure per Individual Served

74%

Of SMHA funds Support Community Mental Health Services

Figure 1: FY2019 SMHA-Controlled Per Capita Expenditures for Mental Health

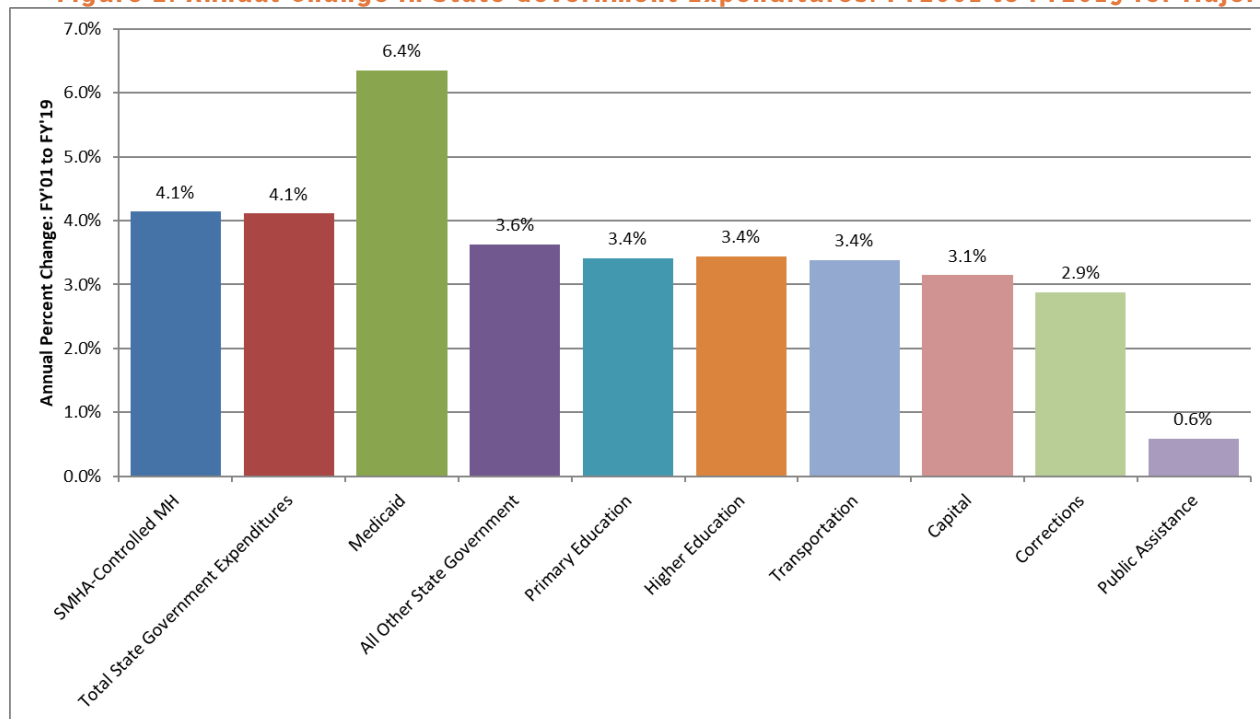


SMHA Expenditures as a Part of Overall State Government Spending

From FY 2001 to FY 2019, total state government expenditures grew by an average of 4.1% per year, while state Medicaid expenditures grew by an average 6.4% per year (National Association of State Budget Officers, 2021). SMHA-controlled expenditures for mental health grew 3.8% per year, a rate slightly slower than total state government expenditures, but similar to many other state government agencies that grew at under 4% per year (see Figure 2).

During the period (from FY 2015 to FY 2019), SMHA expenditures for mental health grew by 10.1%, slower than overall state government expenditures that increased by 14.4%, or Medicaid that grew by 15.4%. The growth in SMHA expenditures from FY 2015 to FY 2019 was not uniform, with expenditures for mental health increasing in 33 states and decreasing in 17 states, while total state government expenditures increased in 45 states and decreased in 5 states.

Figure 2: Annual Change in State Government Expenditures: FY2001 to FY2019 for Major



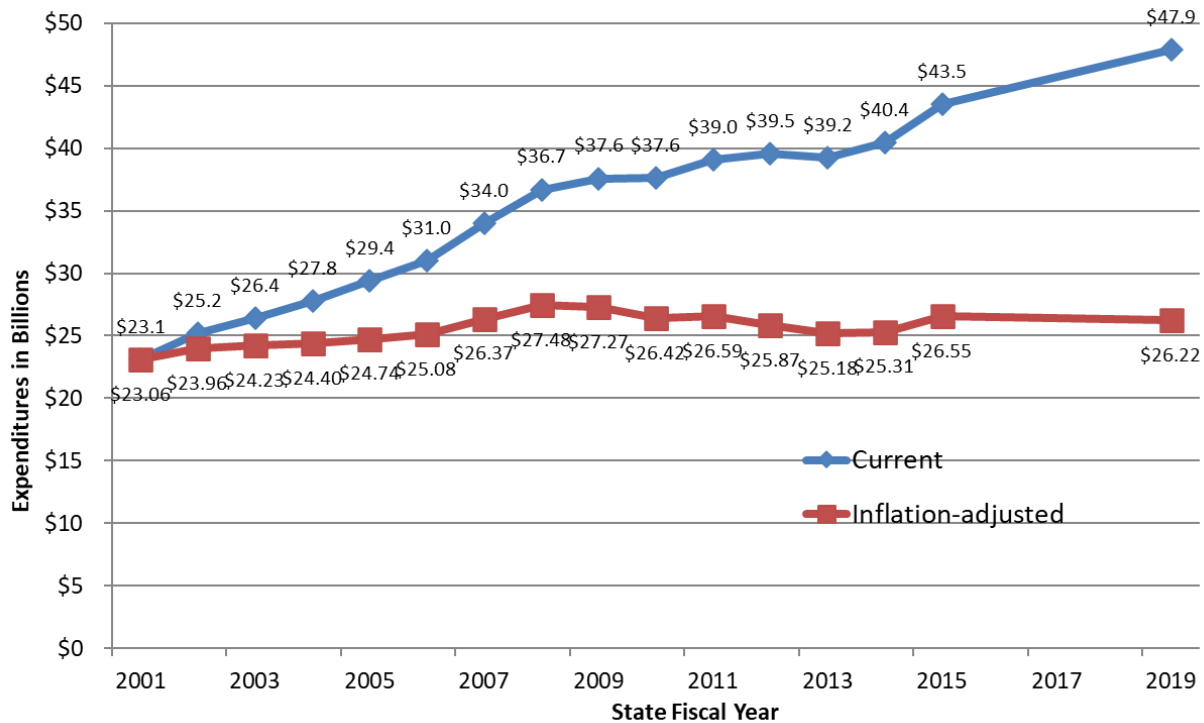
Change in SMHA-Controlled Expenditures from FY 2001 to FY 2019

SMHA-controlled expenditures for mental health services increased from \$23.1 billion in FY2001 to \$47.9 billion in FY 2019, an increase of 107.5% (or an average annual increase of 4.1% per year). Adjusted for inflation and population growth, SMHA controlled expenditures increased only slightly (by 0.7%) per year from FY 2001 to FY 2019. From FY 2001 to FY 2019, 47 SMHAs reported an increase in total mental health expenditures, while 5 states reported a decline in total mental health expenditures. From FY 2001, SMHA-controlled expenditures have failed to keep pace with population growth and inflation in 27 states, while in 25 states the expenditures surpassed inflation and population growth.

From FY 2001 to FY 2019 expenditures for **community mental health services** increased by 4.4% per year, while **state psychiatric hospital-inpatient** expenditures increased by 2.5% per year. When controlled for inflation and population growth, community mental health expenditures increased by 0.2% per year, while state psychiatric hospital related expenditures decreased by 1.6% per year.

From FY 2001 to FY 2019, 44 SMHAs increased their expenditures on community mental health services, while 8 SMHAs decreased their community mental health expenditures. From FY 2001 to FY 2019, 45 SMHAs increased their psychiatric-inpatient hospital expenditures, while 7 decreased their expenditures. Since FY 2001, inflation and population adjusted expenditures for community mental health increased in 29 states, while they declined in 22 states. Inflation and population adjusted State Psychiatric hospital expenditures declined in 37 states and increased in only 15 states.

Figure 3: SMHA-Controlled Per Capita Expenditures for Mental Health, FY2001 to FY2019, in Current and Constant (Inflation Adjusted) Dollars



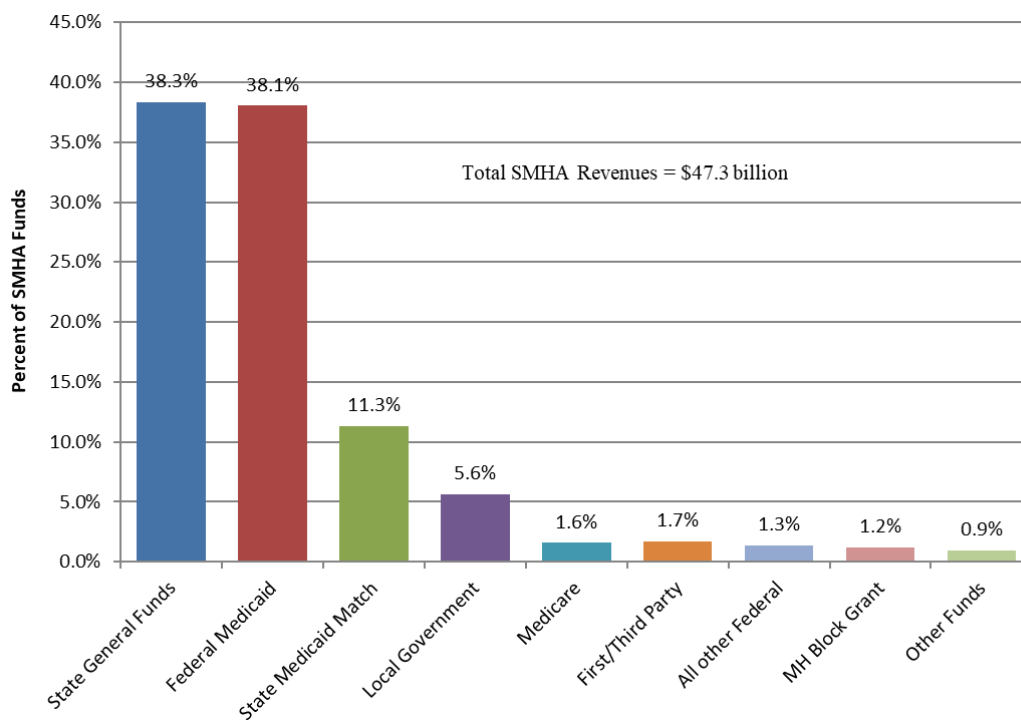
From FY 2015 to FY 2019, community mental health expenditures increased nationally by 8.4% to \$35.4 billion, but did not increase in all states. Thirty-two (32) states reported an increase in community mental health expenditures and 19 states reported a decrease in expenditures. State psychiatric hospital expenditures increased from \$9.7 billion in FY 2015 to \$11.5 billion in FY 2019 (an increase of 18.7%). From FY 2015 to FY 2019, expenditures for state psychiatric hospitals increased in 41 states and decreased in 10 states. From FY 2015 to FY 2019, inflation and population adjusted expenditures for community mental health increased in 23 states and declined in 28 states, while state psychiatric hospital expenditures increased in 28 states and decreased in 23 states.

State Tax Dollars Remain the Largest Source of Funding

In FY 2019, 49.6% of SMHA funding was from state government sources (including the state government share of Medicaid). This was a shift from 67% of funding from state sources in FY 2001. In FY 2019, state tax dollars accounted for \$23.5 billion of funding for SMHA mental health services. These funding sources included state general and special funds of \$18.1 billion (an increase from \$12.2 billion in FY 2001), and state Medicaid match of \$5.4 billion. The federal government was the second largest funder of SMHA services, with FY 2019 dollars totaling \$20 billion (42.2% of total SMHA funding). The majority of federal revenues came from Medicaid (\$18 billion), followed by Medicare \$745 million, the Community Mental Health Block Grant \$572.8 million, and Other Federal Funds (\$628.9 million). Local Governments contributed \$2.7 billion (5.6%) and all Other funds contributed the remaining \$1.2 billion (2.6%). Total Medicaid funds (State Match and Federal Share) received by SMHA-funded programs represented \$23.4 billion (49%) of all SMHA funding.

Medicaid paid for 62.4% of community mental health services (\$21.2 billion from combined state and federal Medicaid). Medicaid only contributed 17% of funds for state psychiatric hospital (\$2.1 billion from combined state and federal Medicaid). State General and Special funds contributed 75.1% of state psychiatric hospital funds (\$9.3 billion), while state general and special funds contributed 23.7% of community mental health service funds (\$8.1 billion). The Medicaid Institutions for Mental Disease (IMD) requirement greatly limits the ability of psychiatric hospitals to bill Medicaid for psychiatric inpatient services to individuals between the ages of 21 and 64.

Figure 4: Percent of SMHA-Controlled Funding, By Major Sources: FY2019

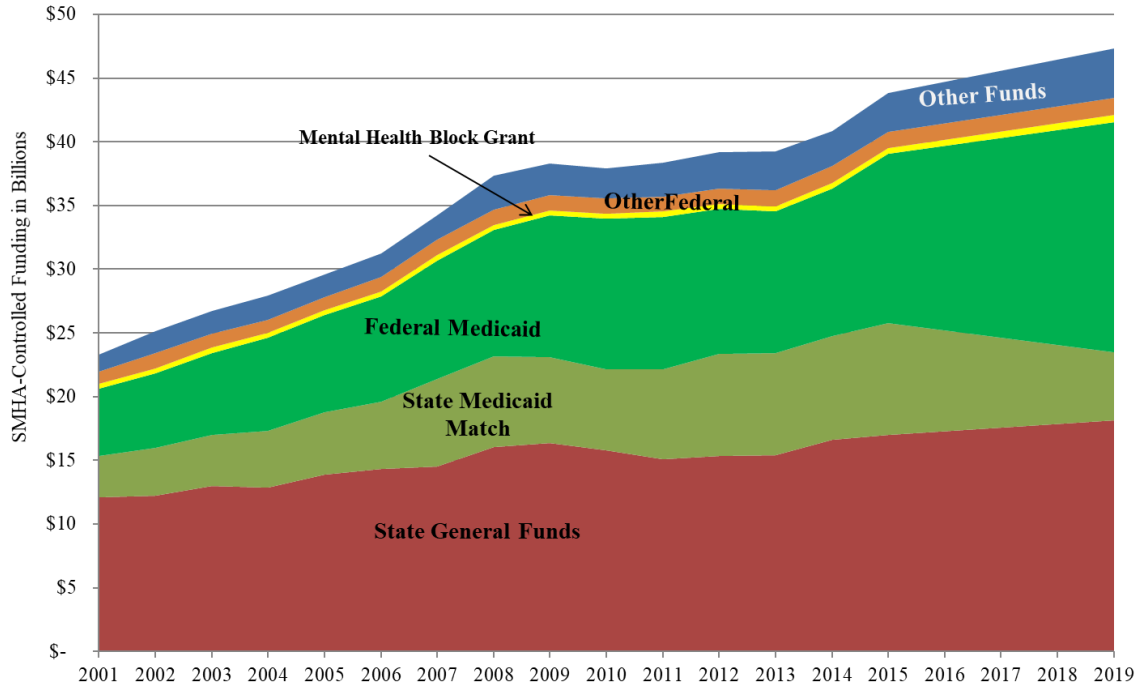


SMHA Revenues Over Time

From FY 2001 to FY 2019, SMHA funds from all sources from \$23.3 billion to \$43.6 billion, a total increase of 103.5% (an average annual increase of 4.0% per year) (see Figure 5). Over this 18 year time period, state general fund revenues for SMHA systems increased from 12.1 billion to \$18.1 billion, a total increase of 49.9% (an average annual increase of 2.3% per year). Medicaid funding (federal and state match) increased from \$8.5 billion to \$23.4 billion, a total increase of 174.5% over 18 years (an average annual increase of 5.8% per year).

Other funding sources grew more slowly, the Mental Health Block Grant increased an average of 2.4% per year and all other Federal funds grew at 1.8% per year from FY 2001 to FY 2019. Local Government, first and third party sources, and all other funding sources grew from \$1.3 billion to \$3.6 billion in FY 2019, an average annual increase of 6.2% per year.

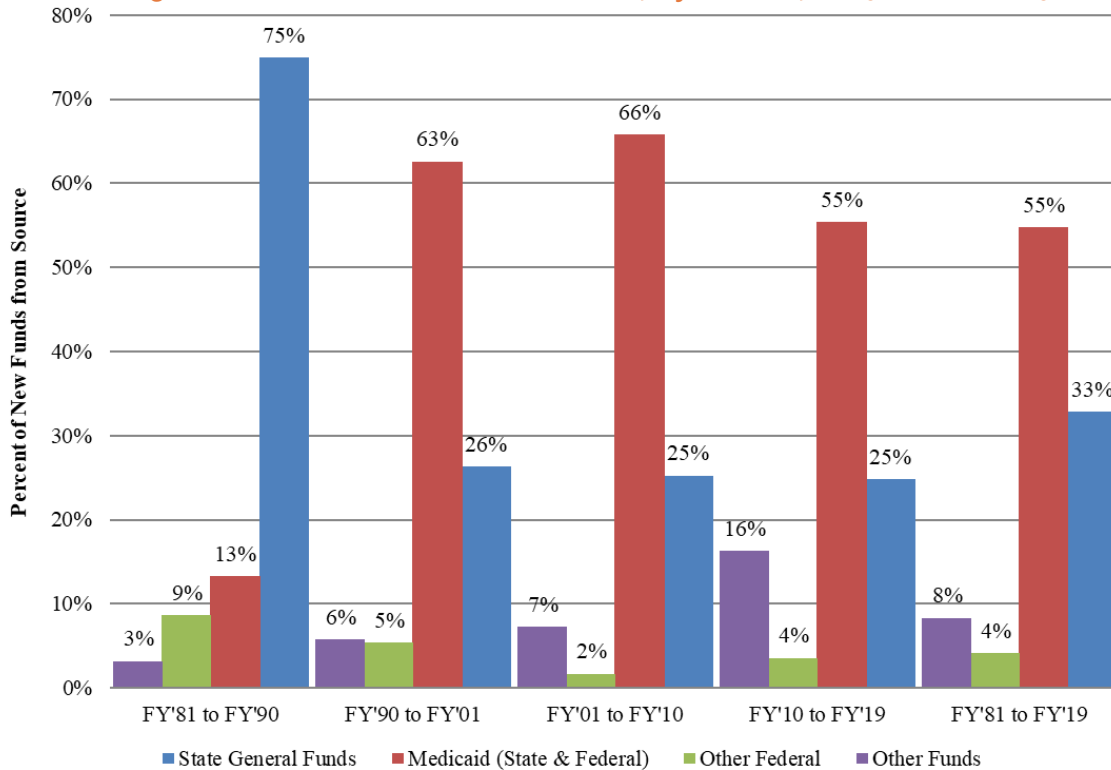
Figure 5: SMHA-Controlled Revenues for Mental Health Services: FY2001 to FY2019



Medicaid has been the major source of new SMHA funds for the past 30 years

As a result of the different rates of growth in funding, most of the new funds available for SMHA funded services have come from Medicaid. From FY 2010 to FY 2019, 55% of new SMHA funds were from Medicaid, while 25% of new SMHA funds were derived from State General and Special funds for mental health, a slight decrease in the growth of Medicaid over the prior two decades, (Medicaid accounted for 63% of new SMHA funds from FY 1990 to FY 2001, and for 66% of new SMHA funds from FY2001 to FY 2010) (see Figure 6)

Figure 6: Sources of New SMHA Funds, by Decade, FY1981 to FY2019



NRI Revenues and Expenditure Study data sources

NASMHPD began compiling data on expenditures and funding sources of SMHAs in 1982, with the collection of FY 1981 data with funding from the National Institute of Mental Health (NIMH). NASMHPD developed a standard methodology that relies on actual expenditures (information supplied by states after the end of their fiscal year instead of a focus on budgeted or planned expenditures). NASMHPD used this standardized methodology to compile SMHA expenditure data through the 1980s and the NASMHPD Research Institute (NRI) took over conducting these studies after its creation in 1987. From FY 2001 until FY 2015, NRI worked with states and the Substance Abuse and Mental Health Services Administration (SAMHSA) to annually compile and report this fiscal data using a consistent standardized methodology.

After the FY 2015 report, the SAMHSA funding for the annual collection and reporting of SMHA fiscal data ended. In 2019, in response to requests from states for updates on the expenditures and financing of SMHA systems and the related policy and services information from the NRI's State Mental Health Agency Profiles System, the NRI Board of Directors initiated a project to restart collection of the State Profiles and SMHA Fiscal Data relying on financial support from state governments. Over 30 States have generously contributed financial support to allow the collection of this FY 2019 SMHA fiscal data and 2020-2021 State Profiles information.

For the SMHA Expenditures and Funding Sources, NRI has relied on two sources. Most of the SMHAs submitted complete FY'2019 SMHA data using the same reporting definitions and templates as were used for the FY'1981 to FY'2015 NRI report. For states that were unable to complete reporting using the NRI templates, public information from the 2019 Uniform Reporting System (URS) was used. The URS Table 7 overall design collects the same universe of data as the NRI report, but in less detail. For example, the URS data while collecting total state hospital expenditures, does not collect subtotals by Age, or Forensic Status, details collected through the NRI study protocol.

Constant dollar (inflation adjusted) expenditures are calculated using the Medical Component of the Consumer Price Index (CPI) for All Urban Consumers. Inflation rates downloaded from Bureau of Labor Statistics: <https://data.bls.gov/pdq/SurveyOutputServlet>

State Population estimates are from the U.S. Census Bureau and are state estimates of the Civilian Population in every state. Note, for Puerto Rico estimates of Resident population are used because Civilian population estimates were not available.

**For Additional Information About this Report, or the SMHA Profiles Project,
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