

State Mental Health Results



Information from the National Association of State Mental Health Program Directors Research Institute, Inc (NRI)

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FY 2009 State Mental Health Revenue and Expenditure Study Results

Highlights

SMHA Funding

- SMHAs received most of their revenues (60%) from state government taxes (including state Medicaid match funds), but Medicaid (Federal share and State Match) was the largest single funding source at 48% of SMHA funding.
 - Most new funds came from Medicaid, increasing over 10.0% per year between FY'01 and FY'09.
 - From FY'08 to FY'09, state general funds dropped by 0.7%, while Medicaid increased by 7.4%.

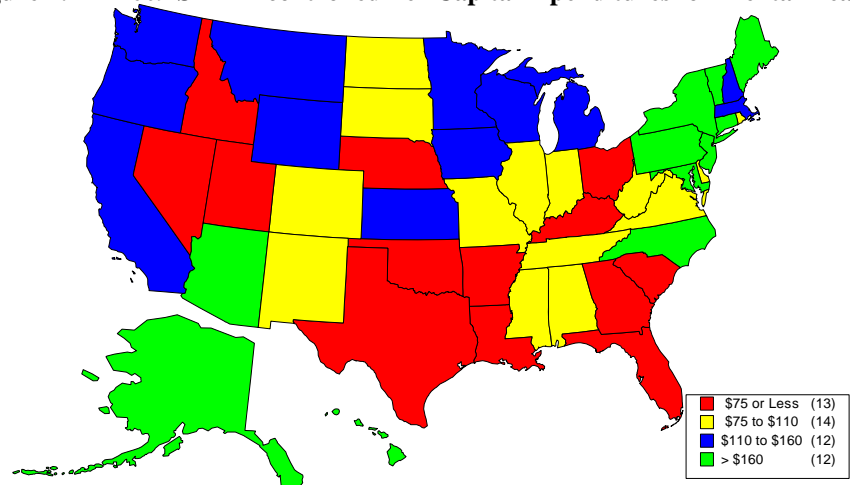
SMHA Expenditures:

- State Mental Health Agencies (SMHAs) expended \$37.6 billion (50 states and District of Columbia reporting) on mental health services in FY'09, an average annual increase of 6.3% since FY'01.
- From FY'01 to FY'09, SMHA controlled mental health expenditures grew slightly faster than total state government expenditures (which increased 5.3% per year)
 - In FY'09, SMHA expenditures represented 2.04% of total state government expenditures.
- Adjusted for inflation and state population growth, total state mental health agency expenditures increased by 1.2% annually from FY'01 to FY'09
 - From FY'08 to FY'09, SMHA per capita inflation adjusted expenditures decreased by 1.7%.
- Community mental health expenditures increased by 7.5% per year since FY'01, and now represent 72% of total SMHA-controlled expenditures.

In Fiscal Year 2009 State Governments were entering an era of the largest state budget shortfalls since the Great Depression of the 1930s. Virtually every state government experienced budget shortfalls between FY 2009 and FY 2011 and projections suggest that budget shortfalls will continue to affect many state governments for at least the next 3 to 5 years. This report shows the expenditures of state mental health agencies in FY 2009, the state fiscal year at the onset of the current economic crisis.

Mental Health Expenditures Controlled by State Mental Health Agencies: In state Fiscal Year 2009, the 50 states and the District of Columbia collectively expended \$37.6 billion to provide mental health services. States averaged mental health expenditures of \$122.90 per every resident in their state, and SMHA-controlled mental health expenditures represented 2.04 percent of total state government expenditures. 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 \$39 per state resident, to over \$200 per resident.

Figure 1: FY 2009 SMHA-controlled Per Capita Expenditures for Mental Health



In FY'09 the 50 states and District of Columbia provided mental health services to over 6.4 million persons (CMHS 2009 URS data). The average expenditure per mental health service recipient was \$5,879,879 per client served (with a median of \$5,362 range from \$1,646 to \$14,371).

Expenditures per consumer served in community mental health programs:

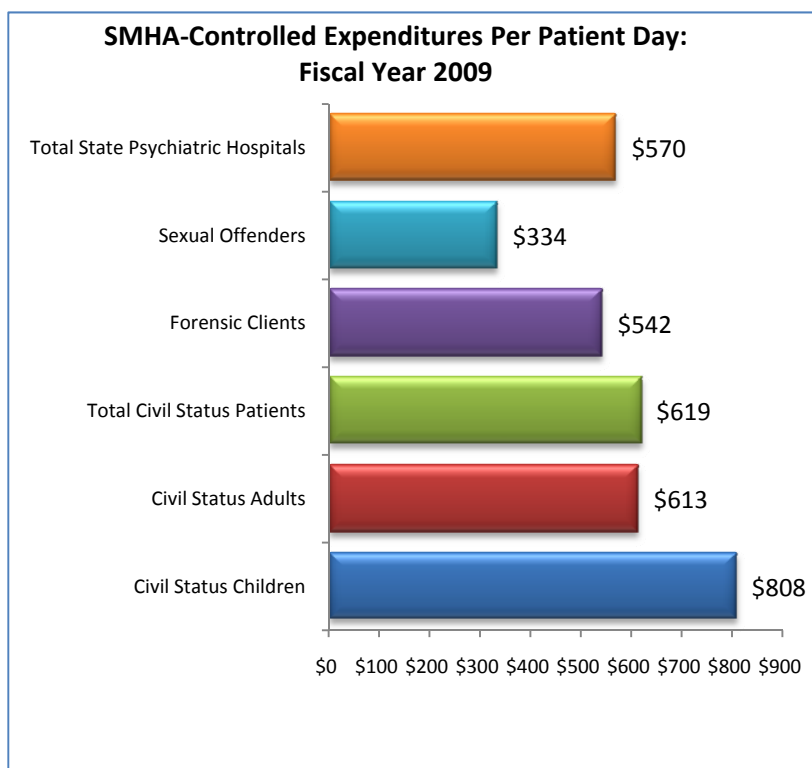
In Fiscal Year 2009, SMHAs provided services to 6.3 million consumers (95 percent of consumers served by SMHAs received community based services) with corresponding expenditures of \$26.5 billion (72 percent of all SMHA expenditures). SMHAs expended an average of \$4,093 per client served in the community. Average community mental health expenditures per client were highest in the Northeast and lowest in the South. Between FY 2003 and FY 2009, the average cost per client served in the community increased by 8%, but varied across the regions.

| Average Cost Per Client Served in the Community | | | | | |
|---|----------------|----------------|----------------|--------------------------|--------------------------|
| Region | 2003 | 2007 | 2009 | Percent change 2003-2009 | Percent change 2007-2009 |
| West | \$4,113 | \$4,074 | \$5,622 | 37% | 38% |
| South | \$1,694 | \$2,255 | \$2,132 | 26% | -5% |
| Northeast* | \$4,554 | \$5,706 | \$5,186 | 14% | -9% |
| Midwest | \$4,798 | \$3,606 | \$3,532 | -26% | -2% |
| US Average | \$3,783 | \$3,869 | \$4,093 | 8% | 6% |

*Massachusetts is excluded due to inconsistent reporting between mental health expenditures and clients served

Expenditures per patient day in state psychiatric hospitals:

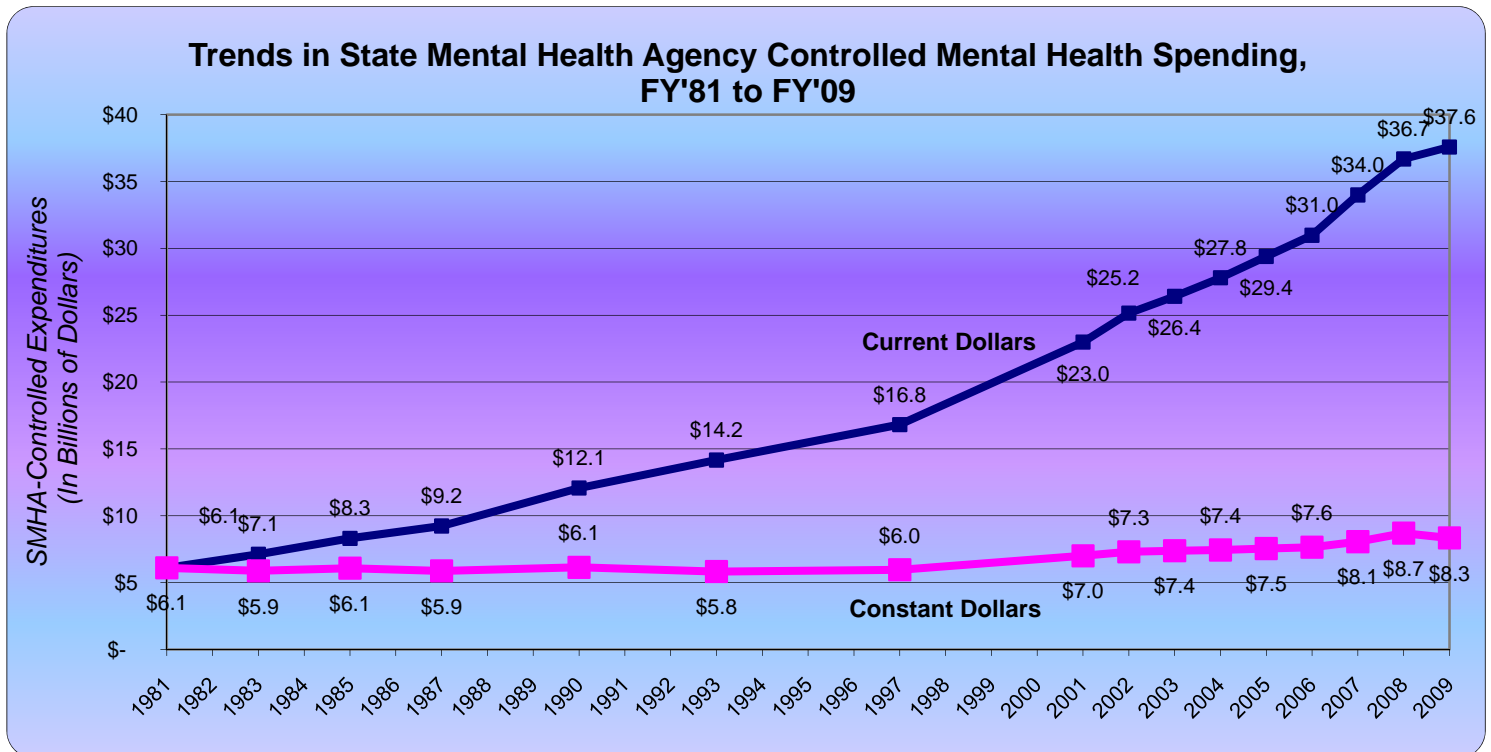
In Fiscal Year 2009, SMHAs provided inpatient services to 163,276 patients in state psychiatric hospitals (representing 2 percent of all consumers served by SMHAs) with corresponding expenditures of \$9.8 billion. Inpatient care in state psychiatric hospitals had an average cost of \$570 per patient day. Costs per patient day in 2009 ranged from \$292 to \$1,295 and were consistently highest in the Northeast; averaging 28% higher than the US mean. Between 2003 and 2009, the US total cost per patient day in state hospitals increased by 32% (from \$410 in 2003 to \$570 in 2009). When adjusting for inflation, the US total cost per patient day increased by 5%. Average expenditures per patient day for children and civil status adults were higher than patient day costs for forensic and sex offender patients.



State Mental Health Expenditures as a Part of Overall State Government Spending

From FY 2001 to 2009, total state government expenditures grew by an average of 5.3% per year, while state Medicaid expenditures grew by an average 6.3% per year. SMHA-controlled expenditures for mental health grew at the same rate as Medicaid (by 6.3% per year), a rate slightly higher than overall state expenditures. From FY 2008 to FY 2009, overall state government expenditures grew by 2.9%, while Medicaid grew by 5.2% and SMHA expenditures grew by 2.1%. The growth in SMHA expenditures from FY 2008 to FY 2009 was not uniform, with expenditures for mental health increasing in 33 states and decreasing in 18 states, while total state government expenditures increased in 43 SMHAs and decreased in 7 states (and Medicaid spending grew in 45 states and decreased in only 5 states).

Change in SMHA-Controlled Expenditures from Fiscal Year 2001 to Fiscal Year 2009: SMHA-controlled expenditures for mental health services increased from \$23 billion in FY 2001 to \$37.6 billion in FY 2009 (51 SMHAs reporting), an increase of 63.5% (or an average annual increase of 6.3%). Adjusted for inflation and population growth, SMHA controlled expenditures increased slightly by only 1.2% per year from FY'01 to FY'09. From FY'08 to FY'09, 31 SMHAs reported an increase in total mental health expenditures, while 19 states reported a decline in mental health expenditures. From FY'01, SMHA-controlled expenditures have failed to keep pace with population growth and inflation in 26 states, while in 25 states the expenditures surpassed inflation and population growth.



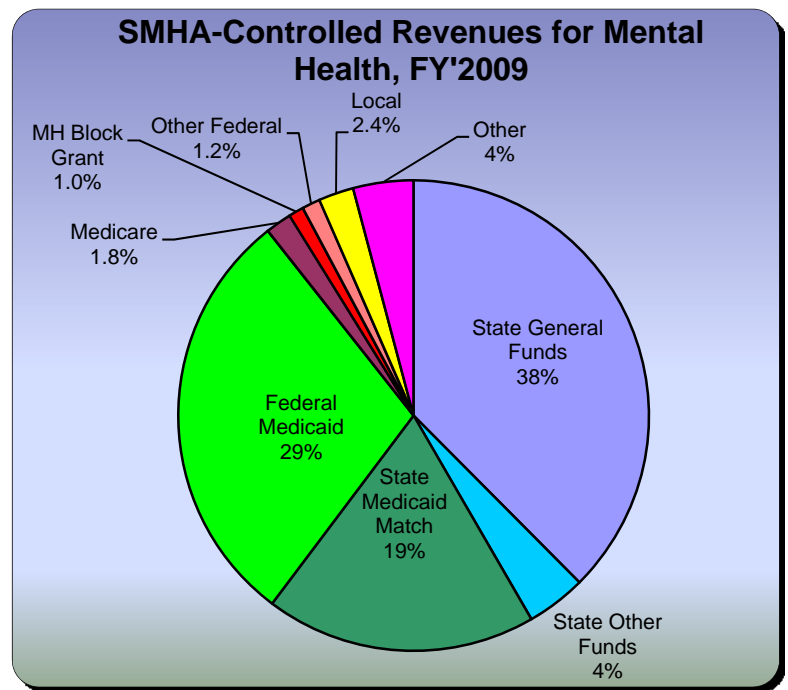
From FY'01 to FY'09 expenditures for **community mental health services** increased by 7.5% per year, while **state psychiatric hospital-inpatient** expenditures increased by 3.8% per year. When controlled for inflation and population growth, community mental health expenditures increased by 2.3% per year, while state psychiatric hospitals declined by 1.2% per year.

From FY'01 to FY'09, 48 SMHAs increased their expenditures on community mental health services, while 3 SMHAs decreased their community mental health expenditures. Fewer SMHAs (45) increased their psychiatric inpatient hospital expenditures, while 6 decreased their expenditures. Since FY'01, inflation and population adjusted expenditures for community mental health increased in 31 states, while they declined in 20 states. Inflation and population adjusted State Psychiatric hospital expenditures declined in 36 states and increased in only 14 states.

From FY'08 to FY'09, community mental health expenditures increased in 32 states and declined in 18 states, while state psychiatric hospital expenditures increased in 31 states and declined in 18 states. From FY'08 to FY'09, inflation and population adjusted expenditures for community mental health declined in 30 states and increased in 21 states, while state psychiatric hospital expenditures decreased in 33 states and increased in only 18 states.

State Tax Dollars Remain the Major Source of Funding of SMHAs:

In FY'09, 60% of SMHA funding was derived from state government sources (including the state government share of Medicaid). This is a slight decline from 67% in FY'01. In FY'09, state tax dollars accounted for \$23.1 billion of funding for SMHA mental health services. These funding sources included state general and special funds of over \$16.0 billion (a slight decrease from \$16.1 billion in FY'08), and state Medicaid match of \$7.1 billion. The federal government was the second largest funder of SMHA services, with FY'09 dollars totaling \$12.7 billion (33% of total SMHA funding). The majority of federal revenues came from Medicaid (\$11.1 billion), followed by Medicare (\$689.3 million), Other Federal Funds (\$477.3 million), and the Community Mental Health Block Grant (\$397.1 million). Local Governments contributed \$924.0 million (2.4%) and all other funds contributed the remaining \$1.6 billion. Total Medicaid funds (State Match and Federal Share) received by SMHA-funded programs represented \$18.3 billion (48%) of SMHA resources.



SMHA Revenue Trends Over Time: From FY'01 to FY'09, SMHA general fund revenues from states increased by 3.6% per year. Medicaid funding (federal and state match) increased 10.0% per year to \$18.3 billion, representing a slower increase than the prior decade (FY'90 to FY'01 increased an average of 16% per year.) Other federal funds (including the Mental Health Block Grant) increased 1.8% per year over this time period. 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'01 to FY'09, 65% of new SMHA funds were from Medicaid, while 26% of new SMHA funds were derived from State General Revenues to the SMHA. Over the longer time period from FY'81 to FY'09, over half (54%) of all new funds were from Medicaid, while state general funds were the source of 35% of new funds to SMHAs.

