

# State Mental Health Results

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

October 2016

## FY 2015 State Mental Health Revenue and Expenditure Study Results

### Highlights

#### SMHA Funding

- SMHAs received most of their revenues (58%) from state government taxes (including state Medicaid match funds), but Medicaid (Federal share and State Match) was the largest single funding source at 50% of SMHA funding.
  - Most new funds came from Medicaid, increasing 11.2% per year between FY'01 and FY'15.
  - From FY'14 to FY'15, state general funds dropped by 2.1%, while Medicaid increased by 7.3%.

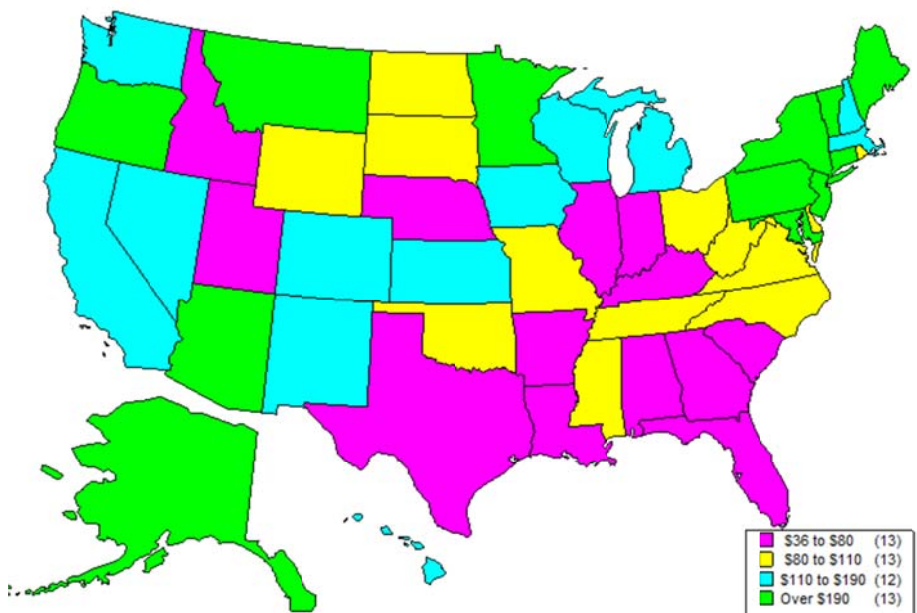
#### SMHA Expenditures:

- State Mental Health Agencies (SMHAs) expended \$43.5 billion (50 states and District of Columbia reporting) on mental health services in FY'15, an average annual increase of 4.6% since FY'01.
- From FY'01 to FY'15, SMHA controlled mental health expenditures grew slightly faster than total state government expenditures (which increased 4.3% per year)
  - In FY'15, SMHA expenditures represented 2.34% of total state government expenditures.
- Adjusted for inflation and state population growth, total state mental health agency expenditures increased by 1.0% annually from FY'01 to FY'15
- Community mental health expenditures increased by 5.6% per year since FY'01, and now represent 75% of total SMHA-controlled expenditures.
- State Psychiatric hospital inpatient expenditures were 22% of total SMHA expenditures (\$9.7 billion).

**Mental Health Expenditures Controlled by State Mental Health Agencies:** In state Fiscal Year 2015, the 50 states and the District of Columbia collectively expended \$43.5 billion to provide mental health services. States averaged mental health expenditures of \$134.34 per every resident in their state, and SMHA-controlled mental health expenditures represented 2.34 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 \$37 per state resident, to over \$400 per resident.

SMHAs expended 75% of their controlled funds (\$32.6 billion) for Community-based mental health services and 22% (9.7 billion) for inpatient care in state psychiatric hospitals.

Figure 1: FY 2015 SMHA-controlled Per Capita Expenditures for Mental Health



In FY'15 the 50 states and District of Columbia provided mental health services to over 7.5 million persons (CMHS 2015 URS data). The average expenditure per mental health service recipient was \$5,830 per client served (with a median of \$5,333 and a range from \$1,406 to \$17,582)

### Expenditures per consumer served in community mental health programs:

In Fiscal Year 2015, SMHAs provided community-based mental health services to 7.3 million consumers (97 percent of consumers served by SMHAs received community based services) with corresponding expenditures of \$32.6 billion (75 percent of all SMHA expenditures). SMHAs expended an average of \$4,484 per client served in the community.

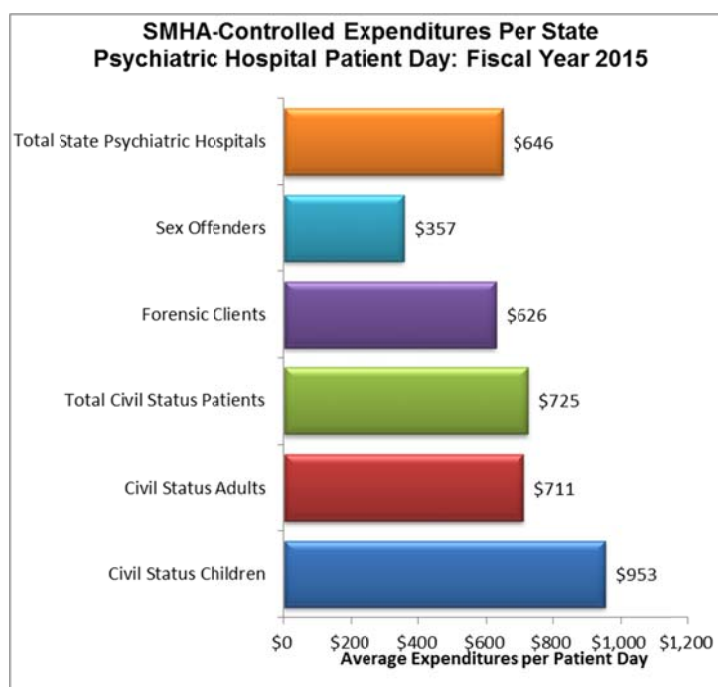
Average community mental health expenditures per client were highest in the West and lowest in the South. Between FY 2003 and FY 2015, the state expenditures cost per client served in the community increased by 10%, but varied across the regions.

Average Cost Per Client Served in the Community					
Region	2003	2009	2015	Percent change 2003-2015	Percent change 2009-2015
West	\$4,113	\$5,622	\$7,283	77%	30%
South	\$1,694	\$2,132	\$2,569	52%	21%
Northeast*	\$4,554	\$5,186	\$5,138	13%	-1%
Midwest	\$4,798	\$3,532	\$3,601	-25%	2%
<b>US Average</b>	<b>\$3,783</b>	<b>\$4,093</b>	<b>\$4,484</b>	<b>19%</b>	<b>10%</b>

\*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 2015, SMHAs provided inpatient services to 163,276 patients in state psychiatric hospitals (represented 2 percent of all consumers served by SMHAs) with corresponding expenditures of \$9.7 billion. Inpatient care in state psychiatric hospitals had an average cost of \$646 per patient day. Costs per patient day in 2015 ranged from \$187 to \$1,307 and were highest in the Midwest; averaging 13% higher than the US mean. Between 2003 and 2015, the US total cost per patient day in state hospitals increased by 57% (from \$410 in 2003 to \$646 in 2015). 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 status adult and sex offender patients.



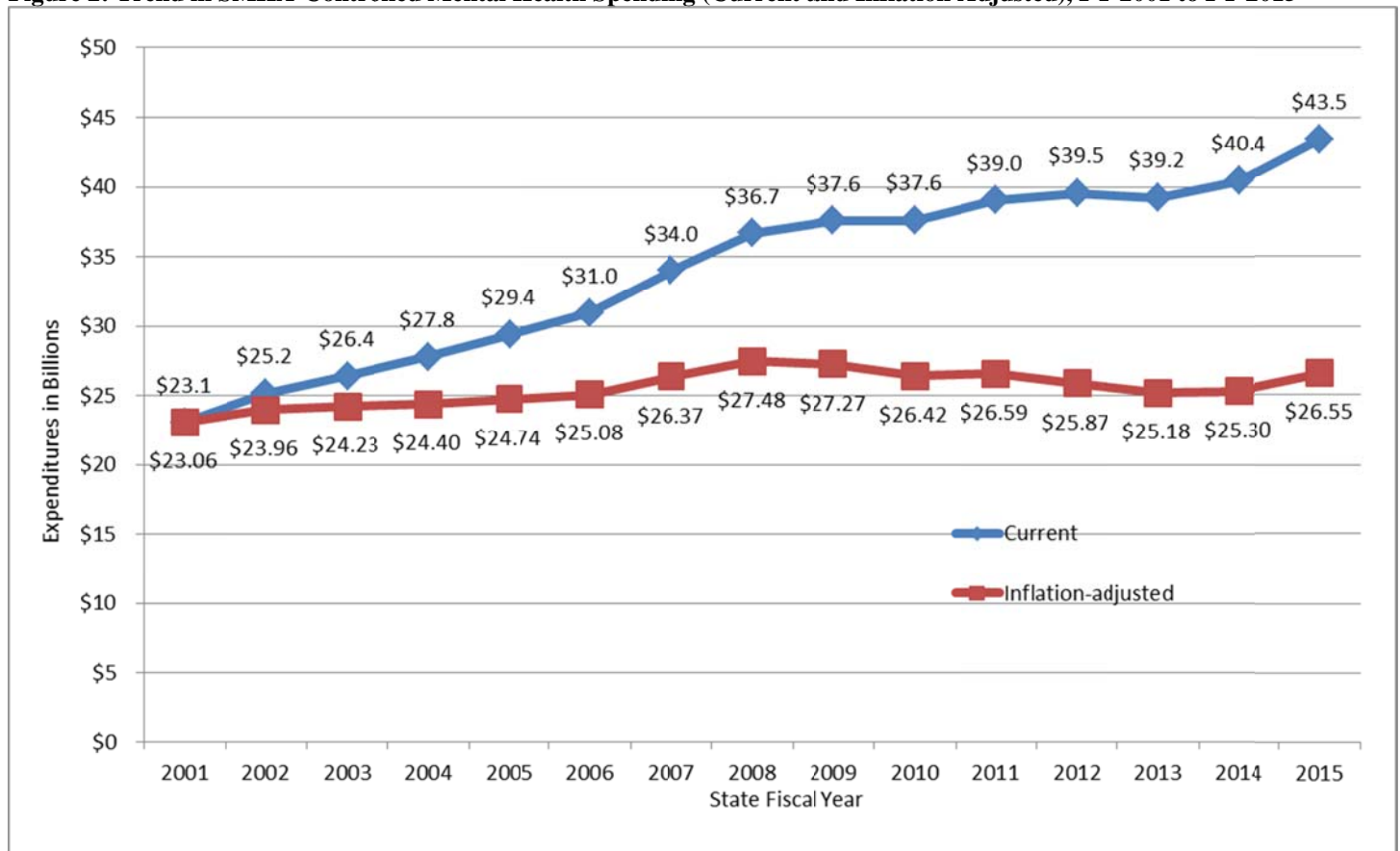
### State Mental Health Expenditures as a Part of Overall State Government Spending

From FY 2001 to 2015, total state government expenditures grew by an average of 4.3% per year, while state Medicaid expenditures grew by an average 7.1% per year. SMHA-controlled expenditures for mental health grew 4.6% per year, a rate slightly faster than total state government expenditures, but slower than overall Medicaid (by 4.6% per year). From FY 2014 to FY 2015, overall state government expenditures grew by 6.8% while Medicaid grew by 17.4% and SMHA expenditures grew by 7.5%. The growth in SMHA expenditures from FY 2014 to FY 2015 was not uniform, with expenditures for mental health increasing in 40 states and decreasing in 11 states, while total state government expenditures increased in 47 SMHAs and decreased in 3 states.

**Change in SMHA-Controlled Expenditures from Fiscal Year 2001 to Fiscal Year 2015:** SMHA-controlled expenditures for mental health services increased from \$23 billion in FY 2001 to \$43.5 billion in FY 2015 (51 SMHAs reporting), an increase of 88.5% (or an average annual increase of 4.6% per year). Adjusted for inflation and population growth, SMHA controlled expenditures increased slightly by only 1.0% per year from FY'01 to FY'15. From FY'01 to FY'15, 46 SMHAs reported an increase in total mental health expenditures, while 15 states

reported a decline in total mental health expenditures. From FY'01, SMHA-controlled expenditures have failed to keep pace with population growth and inflation in 27 states, while in 24 states the expenditures surpassed inflation and population growth.

**Figure 2: Trend in SMHA-Controlled Mental Health Spending (Current and Inflation Adjusted), FY 2001 to FY 2015**



From FY'01 to FY'15 expenditures for **community mental health services** increased by 5.6% per year, while **state psychiatric hospital-inpatient** expenditures increased by 2.0% per year. When controlled for inflation and population growth, community mental health expenditures increased by 1.2% per year, while state psychiatric hospitals related expenditures decreased by 2.3% per year.

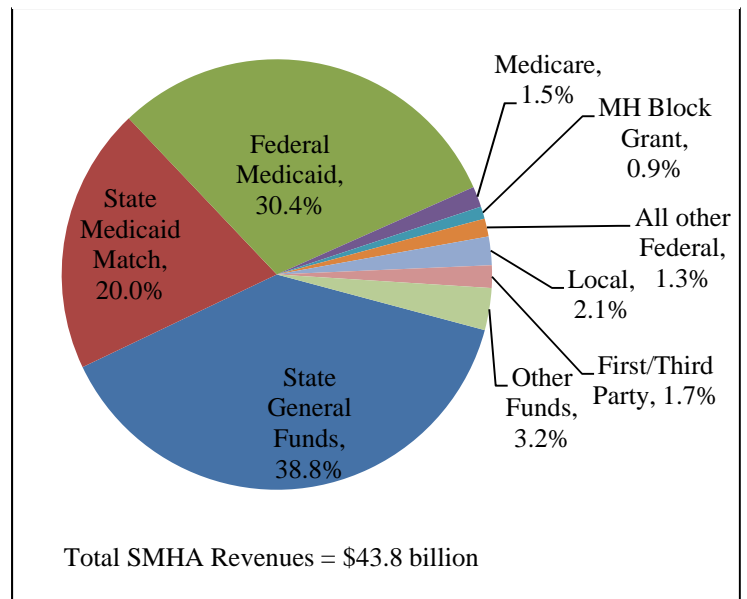
From FY'01 to FY'15, 45 SMHAs increased their expenditures on community mental health services, while 6 SMHAs decreased their community mental health expenditures. Fewer SMHAs (39) increased their psychiatric-inpatient hospital expenditures, while 12 decreased their expenditures. Since FY'01, inflation and population adjusted expenditures for community mental health increased in 33 states, while they declined in 18 states. Inflation and population adjusted State Psychiatric hospital expenditures declined in 41 states and increased in only 10 states.

From FY'14 to FY'15, community mental health expenditures increased in 39 states and declined in 12 states, while state psychiatric hospital expenditures increased in 34 states and declined in 16 states. From FY'14 to FY'15, inflation and population adjusted expenditures for community mental health increased in 32 states and declined in 19 states, while state psychiatric hospital expenditures decreased in 26 states and increased in 23 states.

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

In FY'15, 59% of SMHA funding was derived from state government sources (including the state government share of Medicaid). This is a shift from 67% of funding from state sources in FY'01. In FY'15, state tax dollars accounted for \$32.2 billion of funding for SMHA mental health services. These funding sources included state general and special funds of over \$17 billion (an increase from \$16.1 billion in FY'08), and state Medicaid match of \$6.8 billion. The federal government was the second largest funder of SMHA services, with FY'15 dollars totaling \$15 billion (34.2% of total SMHA funding). The majority of federal revenues came from Medicaid (\$13.3 billion), followed by Medicare (\$677 million), the Community Mental Health Block Grant (\$408.6 million), and Other Federal Funds (\$349.4 million), and. Local Governments contributed \$941.4 million (2.1%) and all other funds contributed the remaining \$2.1 billion (4.9%). Total Medicaid funds (State Match and Federal Share) received by SMHA-funded programs represented \$22.1 billion (50%) of all SMHA funding.

**Figure 3: Funding Sources of State Mental Health Agencies: FY 2015**



Medicaid paid for 61% of community mental health funds (\$19.6 billion from combined state and federal Medicaid), while due to the IMD restriction, Medicaid only paid 22% of state psychiatric hospital funding (\$2.4 billion from combined state and federal Medicaid). State General and Special funds contributed 69% of state psychiatric hospital funds (\$7.4 billion), while state general and special funds contributed 27.3% of community mental health service funds (\$8.8 billion).

**SMHA Revenue Trends Over Time:** From FY'01 to FY'15, SMHA general fund revenues from states increased by 3.8% per year. Medicaid funding (federal and state match) increased 11.2% per year to \$22.1 billion. Other federal funds grew at 2.7% per year and the Mental Health Block Grant increased only 1.1% per year from FY 2001 to 2015. 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'15, 66% of new SMHA funds were from Medicaid, while 24% of new SMHA funds were derived from State General and Special funds for mental health.

**Figure 4: SMHA-Controlled Revenues for Mental Health Services: FY 2001 to FY 2015**

