



Cost Effectiveness of Substance Abuse Treatment

Economic Costs of Illicit Drug Abuse¹

- The overall economic cost of illicit drug abuse in the U.S. in 2002, the latest year in which estimates are available, was estimated at \$181 billion. Costs rose 5.34% annually between 1992 and 2002.
 - About 70% of these costs stemmed from lost productivity due to premature death, illness related to drug abuse, and criminal activity that leads to illicit careers and incarceration.
 - Health care costs comprised 9% of total costs, while criminal justice and social welfare costs comprised 20% of total costs. Between 1992 and 2002, health care costs related to drug abuse rose approximately 3% per year.

Funding for Treatment

- In 2003, the latest year in which estimates are available, national expenditures for substance abuse treatment amounted to an estimated \$21 billion, which represented more than one percent of total health care spending.² Public funds made up an estimated 77% of substance abuse treatment expenditures.

Estimated Cost Savings of Treatment

- Hundreds of studies over the past two decades have found significant reductions in drug use and cost savings as a result of treatment. The primary economic benefits of treatment stem from a reduction in crime (incarceration and victimization costs) and health care costs.³

Selected Cost-Benefit Analysis Findings⁴

Year	Author	Type of Treatment	Location	Net Economic Benefits Per Client
2003	Salome et al.	Outpatient	Chicago Target Cities Project	\$881 at 6 months post treatment
2002	French, Salome, & Carney	Residential	5 Programs in Washington	\$21,329 (83% from reduced criminal activity)
2004	Carey & Finigan	Drug Court	Portland, Oregon	\$4,789, including victim costs
2003	Barnoski & Aos	Drug Court	Washington State, 6 courts	\$6,779, including victim costs
2004	Logan et al.	Drug Court	Kentucky, 3 courts	\$5,446

2004	Loman	Drug Court	St. Louis, Missouri	\$2,615 per graduate at 24-month follow-up: \$7,707 per graduate at 48-month follow-up
2005 ⁵	Ettner et al.	Probation	California	\$7,500 reduction in crime and incarceration per person treated, \$3,000 increase in employment earning, and \$200 reduction in costs for emergency room visits

- The 2005 study by Ettner et al. at UCLA confirmed previous estimates that every \$1 invested in substance abuse treatment programs saves society approximately \$7 in the form of reduced medical expenses, reduced costs of crime, and increased employment earnings.⁶

Estimated Cost Savings from Treatment in Illinois

- At least \$3,200 per person treated is generated in employment earnings and reduced health care costs.⁷
- A 2003 report estimated that 16% of adult Illinois residents need substance abuse treatment, and that more than 90% of them (1.4 million) do not receive treatment.⁸ According to the studies cited above, treatment has a net benefit that varies from \$881 to \$21,329 per individual. **Even if just 5% of Illinois citizens needing treatment received it** (i.e., 70,000 additional individuals), **between \$61 million and \$1.5 billion would be saved** in health care and criminal justice costs and increased employment earnings.
- Providing treatment as an alternative to incarceration for just half of the nonviolent, drug-involved offenders sent to prison each year would **save Illinois taxpayers nearly \$167 million per year**, not to mention future health care and criminal justice savings.⁹

¹ Office of National Drug Control Policy (2004). *The Economic Costs of Drug Abuse in the United States, 1992-2002*. Washington, DC: Executive Office of the President (Publication No. NCJ-207303).

² Mark, T. L., Levit, K. R., Coffey, R. M., McKusick, D. R., Harwood, H. J., King, E. C., Bouchery, E., Genuardi, J. S., Vandivort-Warren, R., Buck, J. A., and Ryan, K. (2007). *National Expenditures for Mental Health Services and Substance Abuse Treatment, 1993-2003*, SAMHSA Publication No. SMA 07-4227. Rockville, MD: Substance Abuse and Mental Health Services Administration.

³ Belenko, S. Patapis, N., & French, M. (2005). *The Economic Benefits of Drug Treatment: A Critical Review of the Evidence for Policy Makers*. Treatment Research Institute at the University of Pennsylvania.

⁴ *Considered the gold standard of economic evaluation, a cost-benefit analysis compares the economic cost of a program to its economic benefits. [Reference for all publications except Ettner et. al.] Ibid.*

⁵ [Reference for Ettner et. al.] The Robert Wood Johnson Foundation. (2006). *Economic Benefits of Treating Substance Abuse Outweigh Costs*. Research Highlight. Retrieved May 23, 2008, from <http://www.rwjf.org/pr/product.jsp?id=15905>.

⁶ Ibid.

⁷ Ibid.

⁸ Illinois Household Survey (2003). http://www.srl.uic.edu/Publist/DASA/IL_Household_Survey.pdf.

⁹ Approximately 40,000 individuals are admitted to the Illinois Department of Corrections every year, and of these, some 20,000 are sentenced for non-violent property or drug crime convictions. Research estimates confirm that about half of these individuals (10,000) meet the diagnostic criteria for abuse or dependence. The annual incarceration cost for these 10,000 individuals totals \$226 million per year, whereas the cost to provide probation, community-based treatment, and case management would be \$59 million. Center for Health and Justice at TASC. (2007). *Improving Public Safety through Cost-Effective Alternatives to Incarceration in Illinois*. http://www.centerforhealthandjustice.org/IllinoisNoEntry_Final.pdf