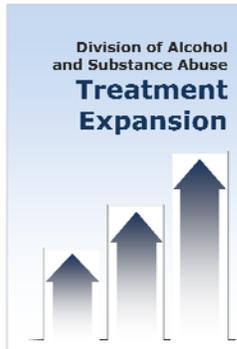




DSHS | DASA Treatment Expansion: Fall 2008 Update

REPORT 4.69 | Expanding access to alcohol/drug treatment



Summary

SENATE BILL 5763, The Omnibus Treatment of Mental and Substance Abuse Disorders Act of 2005 provided expanded funding for alcohol or other drug (AOD) treatment of approximately \$32 million for adults and \$6.7 million for youth. The adult expansion was targeted for adults on Medicaid and General Assistance and was funded primarily by assumed savings in medical and long-term care costs. Youth expansion funds were earmarked for adolescents in households with income below 200 percent of the federal poverty level. No offsetting savings were budgeted for the youth treatment expansion.

Progress in achieving the expansion goals

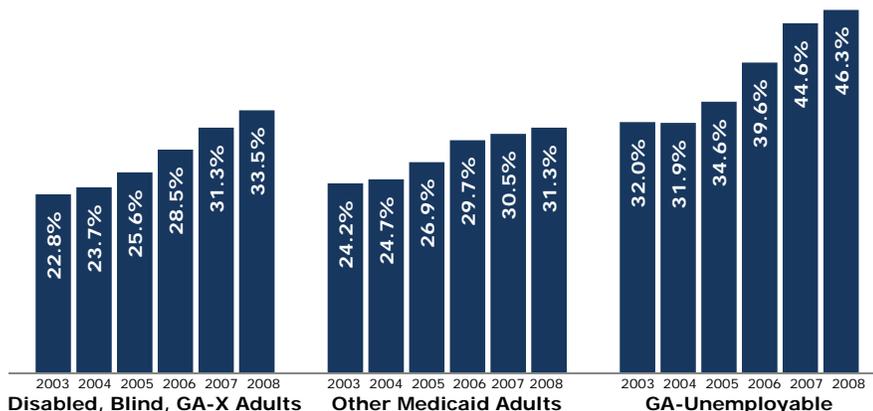
The FY 2008 adult Treatment Expansion appropriation was \$17.3 million. At an average treatment cost of \$2,541 per treated patient per year (including assessment, case management, treatment and county administration costs), the overall expansion goal for FY 2008 was an additional 6,812 patients served in the adult Medicaid and GA-U target populations.

- For the key Medicaid Disabled population, the number of patients in treatment increased from a baseline of 7,906 patients in FY 2005 to 10,797 in FY 2008 (preliminary estimate). The increase in FY 2008 represents 85 percent of the Treatment Expansion goal for the year.
- For the GA-U population, the number of patients in treatment increased from a baseline of 1,658 patients in FY 2005 to 2,914 patients in FY 2008. The increase in FY 2008 represents 96 percent of the expansion goal for the year.
- For the other Medicaid adult population, the number of patients in treatment increased from a baseline of 8,617 patients in FY 2005 to 9,659 patients in FY 2007. The increase in FY 2008 represents 49 percent of the revised expansion goal for the year.
- FY 2008 Treatment levels for youth were above baseline levels in for the first time since the inception of Treatment Expansion.

Treatment Expansion was funded on the assumption that increasing AOD treatment penetration (the proportion of "AOD problem" clients who receive AOD treatment) would dampen the rate of growth of medical and nursing home costs in the Medicaid Disabled and GA-U target populations. The increased numbers of clients in treatment has resulted in significant increases in AOD treatment penetration rates in the adult Treatment Expansion target populations. Increased AOD treatment penetration rates for Medicaid Disabled and GA-U clients coincided with greater reductions in the rate of growth of costs in these populations, relative to other patients in the medical coverage groups without identified AOD problems (see charts on next page).

Treatment expansion has resulted in increased treatment for the target populations

PENETRATION |
Proportion of clients with an alcohol/drug problem who receive treatment



Medical savings per treated patient exceed original budget assumptions

We used an evaluation approach that combined difference-of-difference and intent-to-treat design elements to reduce potential biases in the measurement of Treatment Expansion impacts.

Expressed in terms of per-member per-month effects for the additional patients entering treatment in the 2005-07 Biennium—above the number necessary to maintain baseline treatment penetration rates—we found:

- For adult **Medicaid Disabled** patients, **medical savings** are estimated to be **\$308** per treated patient per month in the 2005-07 Biennium, compared to \$200 in the original appropriation.
- For adult **Medicaid Disabled** patients, **nursing home savings** are estimated to be **\$57** per treated patient per month—the same as in the original appropriation.
- **Medical savings** for **GA-U patients** are estimated to be **\$181** per treated patient per month, compared to \$119 in the original appropriation.

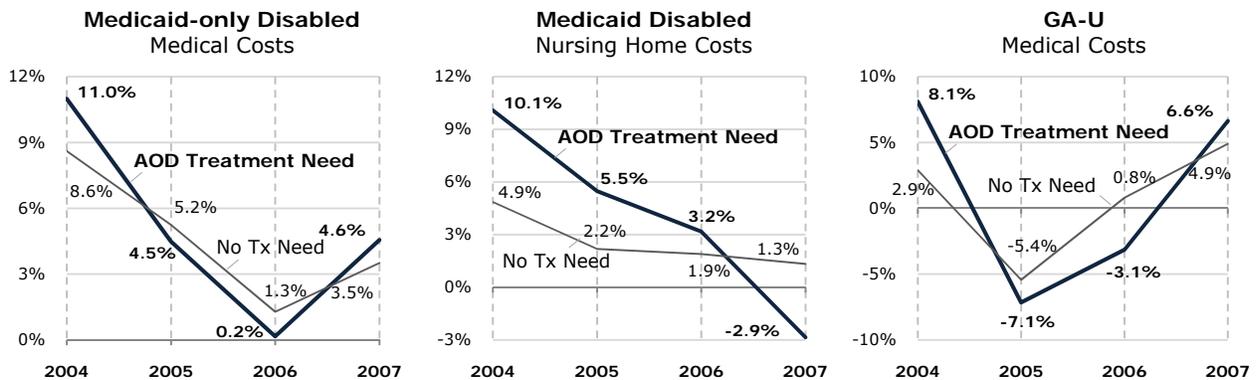
| FISCAL YEAR 2006 | Assumed | Actual | Difference |
|----------------------------|-------------------|--------|------------|
| Disabled – Medical Savings | \$200 | \$308 | + \$108 |
| Disabled – NH Savings | \$58 ¹ | \$57 | \$-1 |
| GA-U – Medical Savings | \$119 | \$181 | + \$62 |

Total medical cost savings for Medicaid-only Disabled patients were \$15.4 million in the 2005-07 Biennium. Nursing home savings for Medicaid Disabled patients were \$2.9 million over the biennium, while medical cost savings for GA-U patients were estimated to be \$2.4 million. Combining all three savings components, total estimated savings were \$20.7 million (all funds) in the 2005-07 Biennium. These estimates include the unbudgeted savings resulting from the ongoing impact of increases in AOD treatment penetration associated with the criminal justice treatment expansion that began in FY 2005.

Total 2005-07 Biennium Treatment Expansion AOD treatment expenditures for adults were \$18.5 million, while total treatment expenditures for youth were \$3.1 million (all funds). FY 2008 Treatment Expansion expenditures were \$16,257,000 for adults and \$775,000 for youth (all funds). This does not include ongoing AOD treatment expenditures associated with the criminal justice treatment expansion that was initiated prior to the 2005-07 Biennium.

Treatment Expansion has reduced relative rates of growth in medical and nursing home costs for clients with alcohol/drug problems

YEAR TO YEAR CHANGE | Percent change in PMPM costs from prior year



¹ Savings assumed in original 2005-07 Biennium appropriation.