

# Research Briefs

Policy Implications from Research Results  
Presented at the April 2003 OHREC Public Meeting



## The Price for Cutting Oregon Health Plan Substance Abuse Programs

***What is the improvement in health and functioning per dollar spent on substance abuse programs?***

- There have been over 60 studies of cost effectiveness and cost benefit of substance abuse treatment<sup>1</sup>.
- Health consequences of not receiving treatment will be felt very quickly in hospitals, emergency rooms and jails, all of which are far more expensive than substance abuse treatment.

***What are the impacts if substance abuse goes untreated?***

In a study commissioned by Oregon in 1996, Finigan<sup>2</sup> estimated societal cost, considering health care, employment, and criminal justice savings and found:

***For every dollar spent on treatment, the ensuing year sees \$5.60 in savings in societal/taxpayer cost in Oregon.***

***Doing the Math – An illustration***

- Number of Oregonians (adults) losing chemical dependency benefits that would otherwise receive treatments – **9,000**
- Cost if treated (estimated at \$1,800 per client) - **\$16.2 million**
- Societal/Taxpayer cost savings if treated (\$5.60 per dollar spent) – **\$90.7 million**

**Net savings: \$74.5 million**

***What does this mean today, with current budget cuts?***

- Based on the studies, with the cuts to Oregon Health Plan (OHP) Standard population, 60% of OHP Adults (8,000-9,000 aged 18-64) statewide are no longer covered for these services.
- For certain types of treatment, methadone and detox, the percentages are even higher.

<sup>1</sup> Reviewed by Harwood et al (2002) for CSAT-funded National Evaluation Data Services

<sup>2</sup> Finigan, M (1996). Societal outcomes and cost savings of drug and alcohol treatment in the state of Oregon. Salem, OR: Oregon Dept. of Human Resources

**What did the original OHP accomplish?**

- Access rates (adults) to substance abuse treatment more than doubled with the onset of OHP, from 4% of the Medicaid population in 1993 to over 8% in 1998.
- This increase was not a simple cost shift from other publicly funded sources. All publicly-funded admissions to substance abuse treatment increased over this same time period
- Significant declines in alcohol, drug and psychiatric problems 6 months after treatment entry. Improvement persisted through 12 months. These outcomes as good or better than non-managed care comparison sample.

**What study is this data from?**

A series of federally funded studies of the impact of managed care on substance abuse treatment for the Medicaid population, 1996-present.

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**Who supported the study?**

This research was funded by the Federal Center for Substance Abuse Treatment and the National Institute on Drug Abuse.

**Methodology used?**

Included statewide administrative data, prospective longitudinal studies of clients in treatment, qualitative document reviews and key stakeholder interviews. Comparison group was State of Washington (non-managed care) data.

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*This is the first research briefing from OHREC, a unique collaborative of Oregon health services researchers, state agencies, stakeholders and advocates sharing and studying the impact of changes to the Oregon Health Plan. OHREC is designed to facilitate communication of research findings to policymakers, both statewide and nationally. Initial funding for the formation of the collaborative has been through Oregon's Robert Wood Johnson State Coverage Initiatives Grant through the Office of Oregon Health Policy and Research.*