

## Cost Review: Drug Abuse, Treatment, Incarceration

Drug misuse—its health and social consequences and current responses through the criminal and treatment systems – are costly for communities and all levels of government. Several states have taken the initiative and incorporate cost-effectiveness analyses into their designs for re-structuring drug policies.

### COSTS OF DRUG USE

According to the Office of National Drug Control Policy<sup>1</sup>, the economic cost of drug abuse in 2002 was estimated to be approximately \$181 billion with an average annual increase of 5.3 percent. This estimate factors in the cost of health and crime consequences, both of which include the loss of productivity due to disability, death and withdrawal from the legal workforce. The staggering annual increase in costs can largely be attributed to increasing rates of law enforcement, adjudication, and incarceration. Spending on drug abuse treatment and prevention services reportedly account for only 3 percent of the total societal cost of drug abuse.<sup>1,2</sup> All health-related costs were estimated to be 8.1 percent of total costs with an annual increase of 4.1 percent. Productivity loss, or the indirect costs of drug abuse, which included loss from criminal activities and incarceration as well as illness and mortality, accounted for 71 percent of cost.

### Health Costs

Health-related costs include the cost of treatment for specific diseases and medical consequences, health administration, hospital care, drug abuse treatment costs, prevention and training. Drug-related deaths (estimated at 23,500 in 2000) and illness were also partially incorporated in the calculations for productivity loss. In 2002, the total estimated cost of drug related deaths was approximately \$25 billion at an annual increase of 0.9 percent since 1992. Drug abuse-related illnesses were also shown to have a high rate of increase nationwide at 8.9 percent annually; its productivity loss resulted in a cost of \$33 billion in 2002.<sup>1</sup>

A literature review of health problems by the National Institute of Health, Office of Policy and Analysis found drug abuse to have the third highest level of costs at \$180 billion (2002) with alcohol abuse having the highest at \$185 billion (1998) followed by heart disease with \$183 billion (1999).<sup>1</sup> Many of these costs are born by the public sector. A new study from the Substance Abuse Policy Research Program examined at the medical records of approximately 150,000 Medicaid recipients in six states and found that the 29 percent of patients diagnosed with alcohol or other drug addictions cost these six states alone an extra \$104 million for medical care and \$105.5 million for behavioral healthcare.<sup>3</sup> Drug abuse remains one of the top five costliest health problems in America.

### Criminal Justice Costs

It is estimated that \$36.4 billion per year of the total costs attributed to drug abuse were mostly spent on criminal justice system and crime victim costs – the largest proportion distributed for operations of state and federal corrections at \$14.2 billion, followed by state and local police protection at \$9.8 billion<sup>1</sup>. As of 2001, care for an individual inmate in New York was estimated to cost \$36,835—35 percent higher than the national average<sup>5</sup>. The Legal Action Center found the average cost of incarceration per individual a year to be \$44,000 in 2007.<sup>6</sup> In New York, about 70-80 percent of all incarcerated individuals have a drug or alcohol problem. There are currently nearly 13,000 people incarcerated for drug offenses in New York – 80 percent of whom did not commit a violent crime. Studies estimate that incarcerating people for drug offenses costs New York over \$500 million per year.<sup>6,7</sup>

### Cost-Effectiveness of Treatment

The Substance Abuse and Mental Health Services Administration (SAMHSA) estimated the expenditure on treatment for drug use totaled \$8.5 billion in 2001 with state and local governments paying for 38 percent of those costs.<sup>8</sup> A 2004/2005 survey found that in New York an estimated 424,000 people were in need of treatment and not receiving it.<sup>9</sup> Cost of treatment services in New York are estimated to range from \$18,000 to \$25,000 per person per year for residential models and from \$4,000 to \$10,000 per person per year for outpatient treatment models.<sup>10</sup> Treatment programs range from six months to two years. The New York State Office of Alcohol and

Substance Abuse Services estimated the cost of treatment for individuals referred through the criminal justice system to be \$30,000.<sup>6</sup>

Research has repeatedly shown that investment in treatment is valuable and, furthermore, produces better outcomes with more cost-effectiveness than incarceration<sup>11</sup>. The Justice Policy Institute reported that if an individual receives treatment while incarcerated, there is, on average, an estimated benefit of \$1.91 to \$2.69 for every \$1 invested in prison programs. “Benefit” is measured for taxpayers by program costs and for crime victims by lower crime rates and less recidivism. There is also an estimated \$8.87 benefit for every \$1 invested in therapeutic community programs outside of prison. They found that other community-based substance abuse treatment programs generate \$3.30, drug courts generate \$2.83 and intensive supervision programs to generate \$2.45 in benefits for every \$1 spent.<sup>12, 13</sup>

Several states have already taken significant steps to divert people convicted of low-level drug offenses to treatment and other services. The California Substance Abuse and Crime Prevention Act of 2000 (SACPA) diverts people convicted of non-violent drug-related crimes to community-based treatment, education, or training and probation. A fiscal evaluation estimated that for every \$1 allocated to fund SACPA, \$2.50 was saved resulting in a net savings to the state and local governments of \$173.3 million per year in avoided criminal justice costs, reduced trial court costs, and reduced arrest rates of drug court participants. There were also noted social benefits including increased employment for drug treatment participants, improved health outcomes and decreased drug usage.<sup>14</sup>

A study of one of the country’s oldest drug courts in Portland, Oregon found that over a ten year period, direct cost savings from this program totaled approximately \$9 million for taxpayers. There were also additional cost savings of \$79 million over those 10 years. These savings are reflected in several positive social outcomes, including a 31 percent decrease in re-arrests.<sup>15</sup>

New York’s own Kings County Drug Treatment Alternative-to-Prison (DTAP) program provides treatment as an alternative to prison for people convicted of a second time non-violent felony drug offense. Studies have found this program to produce a cost savings of \$38 million for the 971 DTAP clients it has graduated at an average cost of \$32,975 per client. These savings are seen in the significantly decreased recidivism rates, health care and public assistance as well as in the increased employment earnings by the individuals.<sup>16</sup> A recently released report by The Legal Action Center estimates that expanding treatment alternatives to incarceration for people convicted of non-violent drug related offenses could save New York State approximately \$270 million per year.

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