



DSHS | Medical Costs Decline for GA-U Clients

REPORT 4.74 | The Impact of Chemical Dependency Treatment

Medical Costs Decline for GA-U Clients Who Receive Chemical Dependency Treatment

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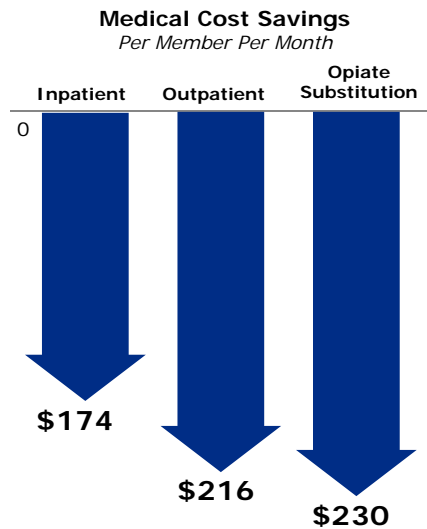
*In collaboration with DSHS Health and Recovery Services Administration
 Division of Alcohol and Substance Abuse*

THE GENERAL ASSISTANCE-UNEMPLOYABLE (GA-U) PROGRAM is a state-funded program providing cash and medical benefits for adults without dependents who are physically or mentally incapacitated and expected to be unemployable for more than 90 days. The majority of GA-U clients have chronic medical conditions, including mental illness and substance use disorders (Mancuso, Nordlund, & Felver, 2006).

This report is based on a published study that investigated potential cost savings for GA-U clients in Washington State who received chemical dependency treatment (Wickizer, Krupski, Stark, Mancuso, & Campbell, 2006). The question addressed in the main analysis was whether GA-U clients receiving chemical dependency treatment had lower subsequent medical costs compared to those GA-U clients who needed, but did not receive, chemical dependency treatment.

Key Findings

Based on regression estimates and controlling for client characteristics such as age, race, baseline expenditures, medical risk, and mental illness, medical costs were significantly reduced for GA-U clients who received chemical dependency treatment.



- A group of GA-U clients who received chemical dependency treatment (n = 3,235) was compared to 4,863 GA-U clients with similar characteristics who appeared to need chemical dependency treatment but did not receive it.
- Cost savings were \$210 per member per month (pmpm), based on a weighted average across three treatment modalities.
- The estimated annual reduction in medical costs for GA-U clients who received chemical dependency treatment was **\$2,520 per person** (p < .01).

Conclusions

The results of this study underscore the importance of making chemical dependency treatment available for GA-U clients. Findings are consistent with other studies that have found that chemical dependency treatment provided to individuals with established need can significantly reduce use of emergency rooms and inpatient medical care (Cartwright, 2000; Holder, 1987; Parthasarathy, Weisner, Hu, & Moore, 2001).

The medical cost savings estimates reported here likely underestimate the total treatment impact for these clients, since they do not include cost savings associated with decreased service utilization in mental health and other adult social service and criminal justice settings.

TECHNICAL NOTES

Study Population

Individuals are eligible for GA-U if deemed unemployable for at least 90 days because of a physical or mental incapacity.

Treatment Group. Clients of the Department of Social and Health Services (DSHS) with at least one month of GA-U eligibility during 1999-2000 who entered chemical dependency treatment during fiscal years 2000 and 2001 were divided into three groups, based on modality of treatment(s) received:

1. Inpatient (with or without outpatient, n = 1,409),
2. Outpatient only (n = 1,473), and
3. Methadone maintenance (i.e. opiate substitution treatment, n = 353).

Comparison Group. The comparison group was composed of DSHS clients with at least one month of GA-U eligibility (1999-2000), with indicated need for chemical dependency treatment based on administrative data, but who did not receive chemical dependency treatment during the study period (1999-2002). Treatment need was indicated by at least one of the following:

1. A substance dependence or psychosis diagnosis,
2. Receiving detoxification services, and/or
3. Referral to chemical dependency treatment with no record of treatment.

Baseline Medical Expenses. Mean medical expenses per member per month in 1999 were \$320 for the treatment group and \$572 for the untreated clients in the comparison group. To put these costs in context, the average medical costs for GA-U clients without an apparent need for chemical dependency treatment indicated had average medical costs \$347 per member per month.

Outcome Measure of Medical Expense. A summation of all medical expenses for FY2002 served as the dependent variable in the main analysis. This includes all medical expenditures for which these clients were eligible during the follow up period, including some Medicaid expenses that were incurred following transition to GA-X, another category of medical eligibility. About one-third of the GA-U clients included in these analyses transitioned to GA-X during the study period.

Statistical Techniques

A multiple linear regression model was used to estimate the impact of treatment on medical cost, while controlling for client characteristics associated with costs. Cases were weighted based on months of GA eligibility in the outcome year. The model adjusted for the following covariate factors:

- Gender
- Race (white versus non-white)
- Age in year 2000
- 1999 health risk score (pharmacy-based score)
- 1999 health risk score (diagnostic-based score)
- Documented mental health problem (yes/no), including diagnosis of:
 - Depression
 - Psychosis
 - Bipolar/mania



PRIMARY REFERENCE

Wickizer, T. M., Krupski, A., Stark, K. D., Mancuso, D., & Campbell, K. (2006). The effect of substance abuse treatment on Medicaid expenditures among general assistance welfare clients in Washington state. *Milbank Q*, 84(3), 555-576. <http://www.milbank.org/840304.html>

ADDITIONAL REFERENCES

Cartwright, W. S. (2000). Cost-benefit analysis of drug treatment services: review of the literature. *J Ment Health Policy Econ*, 3(1), 11-26.

Holder, H. D. (1987). Alcoholism treatment and potential health care cost saving. *Med Care*, 25(1), 52-71.

Mancuso, D., Nordlund, D., & Felver, B. E. M. (2006). GA-U Clients: Challenges and Opportunities (No. 6.54). Olympia, WA: Department of Social and Health Services Research and Data Analysis.

Parthasarathy, S., Weisner, C., Hu, T. W., & Moore, C. (2001). Association of outpatient alcohol and drug treatment with health care utilization and cost: revisiting the offset hypothesis. *J Stud Alcohol*, 62(1), 89-97.

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or <http://www1.dshs.wa.gov/dasa/> or through the Washington State Alcohol|Drug Clearinghouse by calling 1-800-662-9111 or 206-725-9696 (within Seattle or outside Washington State), by e-mailing clearinghouse@adhl.org, or by writing to 6535 Fifth Place South, Seattle, Washington 98108-0243.