
Joint Legislative Audit and Review Commission



**Mitigating the Costs of
Substance Abuse in Virginia**

Joint Subcommittee on Substance Abuse
Prevention and Treatment

July 31, 2008



JLARC

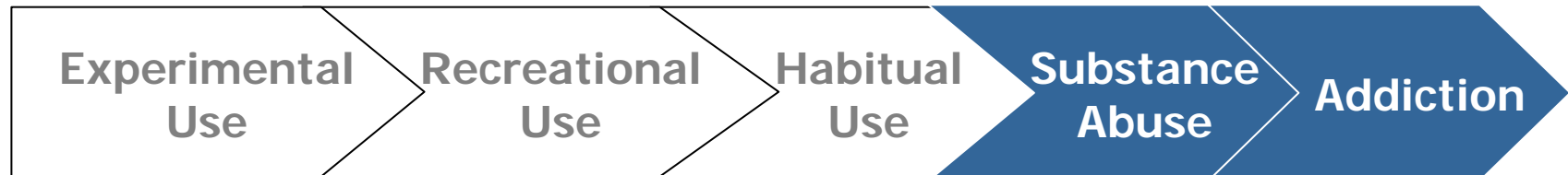
Study Mandate : HJR 683, SJR 395 (2007)

- JLARC directed to
 - Study impact of substance abuse on State and local budgets
 - Determine savings from enhanced substance abuse services
 - Recommend funding initiatives to provide needed services
- HJR 683 focuses on offender population and SJR 395 considers all Virginians
- Senate Joint Resolution 77 (2008) establishes legislative subcommittee to further examine strategies for reducing costs of substance abuse

In This Presentation

- Background
 - Substance Abuse Imposes High Costs on the State and Localities
 - Substance Abuse Treatment Generally Reduces State and Local Costs, but Ongoing Evaluations Needed
 - Access and Effectiveness Could Be Improved for Substance Abuse Treatment
 - Majority of Offenders Do Not Receive Most Appropriate or Effective Substance Abuse Services
 - Effective Prevention System Needed To Mitigate Effects of Substance Abuse
 - Key Findings and Funding Options

Overview of Substance Use and Abuse



- Substance use often begins during adolescence
- Use can escalate into abuse and addiction
- Escalation facilitated by risk factors
 - Genetic predisposition
 - Home and community environment

Study Focuses on Substance Abuse and Addiction

- Affect more than half a million (8.4%) Virginians aged 12 and over
- Involve repeated use in hazardous situations despite adverse physical and social consequences
- Chronic diseases that alter brain functions
 - Relapse common for all chronic diseases

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Substance Abuse Has Numerous Adverse Consequences on Virginia Families and Budget

Category	Adverse Effects on Virginians	Fiscal Impact on State and Localities
■ Public safety	<ul style="list-style-type: none"> – Crimes – Motor vehicle crashes – Fires 	<ul style="list-style-type: none"> – Law enforcement – Adjudication and corrections – Emergency personnel
■ Health outcomes	<ul style="list-style-type: none"> – Medical conditions – Longer hospital stays 	<ul style="list-style-type: none"> – Medicaid – Uninsured – State & local employees
■ Social well-being	<ul style="list-style-type: none"> – Child abuse & neglect – Family breakdown – Inability to care for family 	<ul style="list-style-type: none"> – Child protective services – Foster care – Benefit programs
■ Economic productivity	<ul style="list-style-type: none"> – Lower employment – Lower wages 	<ul style="list-style-type: none"> – Foregone taxes

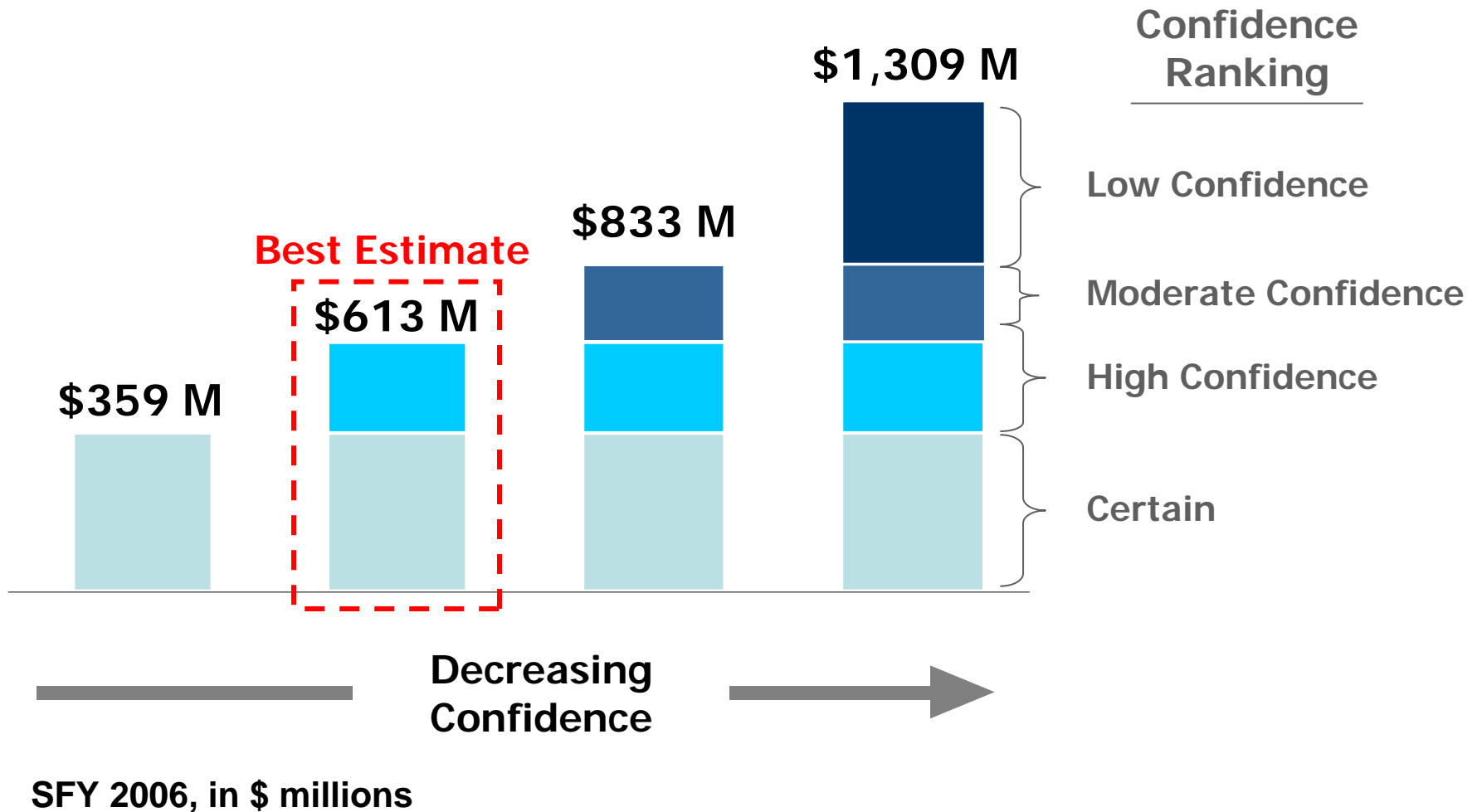
Fiscal Impact of Substance Abuse in Virginia

- Methodology based on review of all reputable national and state studies since 1981
- Fiscal estimate
 - Based on Virginia-specific data
 - Includes only effects attributable to substance abuse
 - Captures impact on State and local budgets
- Certain effects of substance abuse cannot be precisely quantified
 - Confidence rankings assigned to each effect

Finding

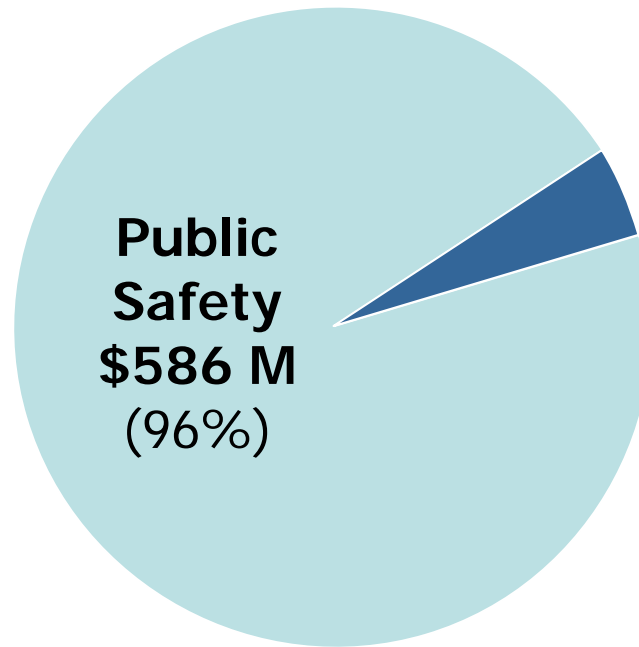
- Adverse effects of substance abuse cost the State and localities between \$359 million and \$1.3 billion in 2006
- Most reliable estimate is \$613 million

Estimated Impact of Substance Abuse on State and Local Budgets Varies Based on Confidence Ranking



Fiscal Impact of Substance Abuse Experienced Primarily by Public Safety Agencies

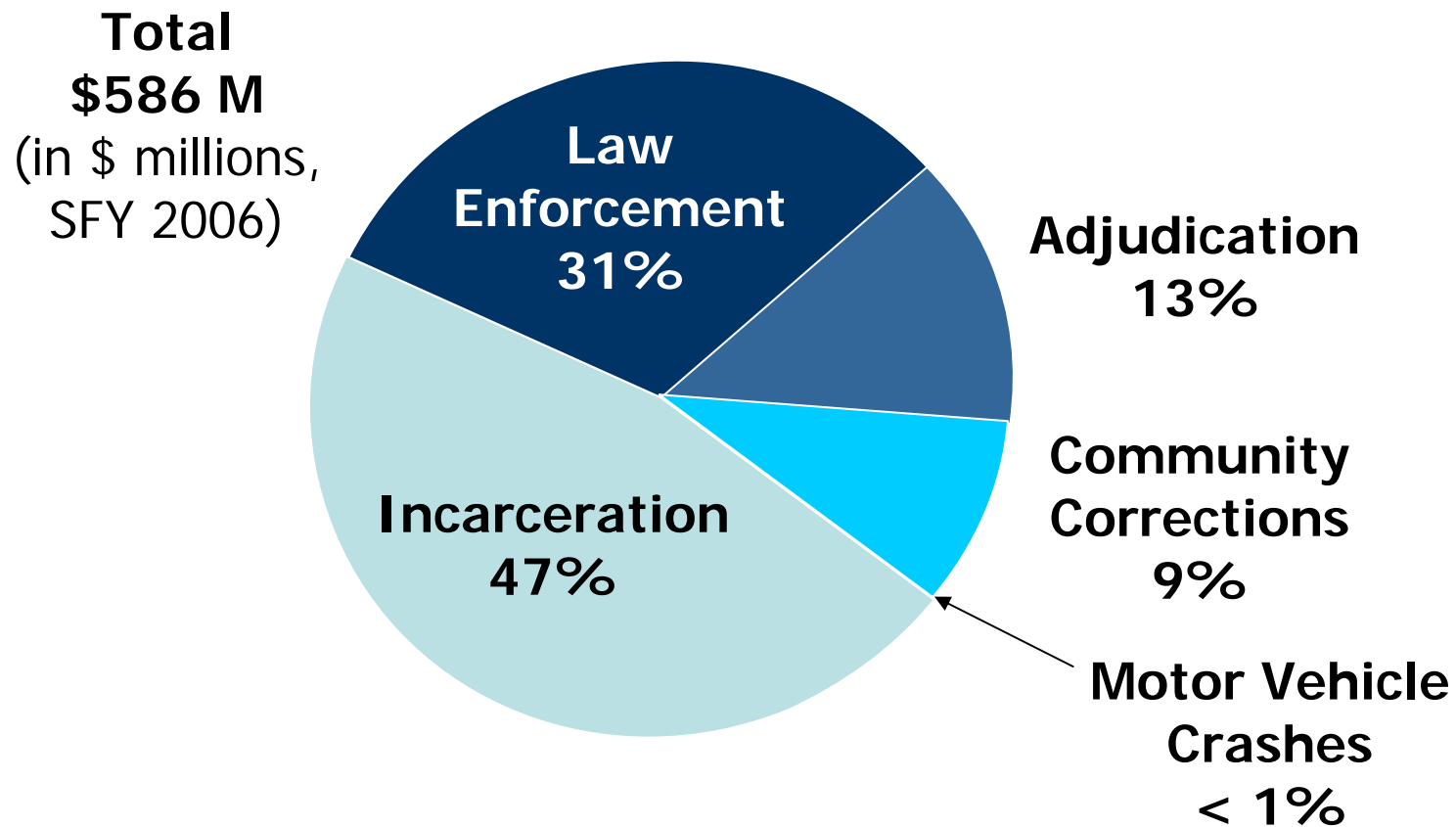
Total
\$613 M
(in \$ millions,
SFY 2006)



Health Care
\$27 M (4%)

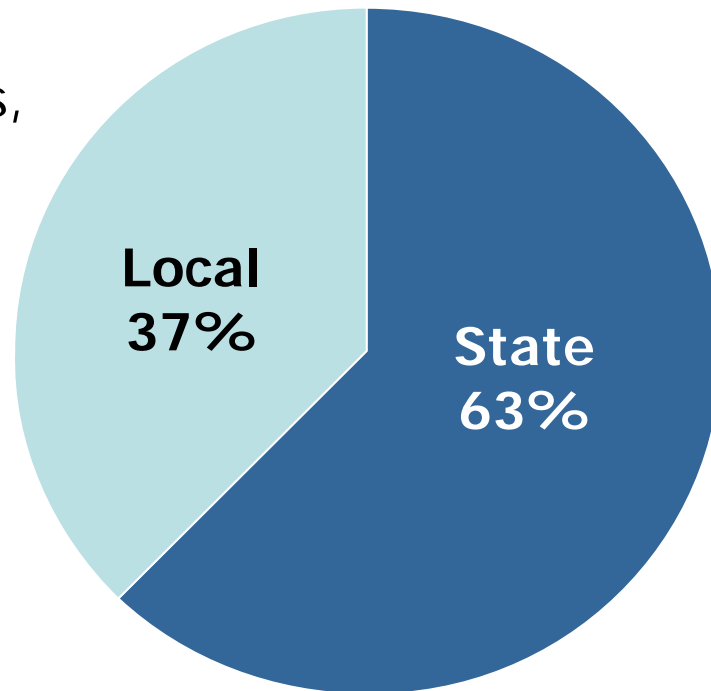
**Public
Safety**
\$586 M
(96%)

Incarceration Accounts for Nearly 1/2 of Public Safety Costs Attributable to Substance Abuse



State Absorbs Greatest Share of Substance Abuse Costs

Total
\$613 M
(in \$ millions,
SFY 2006)



Substance Abuse Services Provided to Mitigate Adverse Effects

- Community services boards (CSBs) provide most public substance abuse treatment in Virginia
 - Overseen by DMHMRSAS
 - Serve individuals and referrals from State agencies
- Criminal justice agencies also offer substance abuse services to offenders
 - Most agencies have treatment budget
 - Treatment options have increased for some offenders

Finding

- In 2006, the State and local governments spent \$102 million to provide substance abuse treatment and prevention services

Most Substance Abuse Treatment Spending Incurred in CSBs

Entity	State and Local Cost (SFY 2006, \$ millions)
Community Services Boards (CSB)	\$81.5 M
Department of Corrections and Jails	\$11.0 M
Juvenile Justice	\$2.0 M
Drug Courts	\$1.7 M
Local Probation	\$0.8 M
State Employees	\$0.7 M
Medicaid	\$0.4 M
Total Treatment	\$98.1 M
Total Prevention	\$4.3 M

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
Substance Abuse Services and Populations Evaluated Where Data Available




- Focused on populations served rather than specific services or programs
 - Exceptions: therapeutic communities, transitional therapeutic communities, and drug court treatment
- Measured impact of treatment relative to comparison groups
 - How did costs imposed by populations change during 18-month periods before and after treatment completed?
 - How did treatment affect recidivism and employment?

Finding






- Most populations examined for this study imposed lower net costs after treatment, relative to not completing treatment
 - Total net cost reduction for populations examined exceeds \$6 million
- Majority of populations also experienced better recidivism and employment outcomes

Incarceration-Based Treatment Completion Mostly Reduced Costs and Improved Recidivism

	Change in Net Cost	Recidivism After Treatment	Employment / Earnings After Treatment
Prison Inmates in Therapeutic Communities (TC) Treatment Completers vs. Non-Completers			n/a
Jail Inmates in TC Treatment Completers vs. Non-Completers			
Jail Inmates in Services Other Than TC Treatment Completers vs. Non-Completers			










 Better
  Mixed
  Worse




Completing Transitional TC (TTC) Did Not Reduce Costs and Other Outcomes Were Mixed

Prison Inmates Completing TTC	Net Cost After Treatment	Recidivism After Treatment	Employment / Earnings After Treatment
vs. Prison Inmates Completing TC Only			
vs. Prison Inmates Not Participating in TC or TTC			n/a

 Better
  Mixed
  Worse

Treatment Completion Reduced Costs and Improved Outcomes for Offenders on Probation

	Change in Net Cost	Recidivism After Treatment	Employment / Earnings After Treatment
Adults on State Probation Treatment Completers vs. Non-Completers			
Adults on Local Probation Treatment Completers vs. Non-Completers			
Juveniles on Probation Treatment Completers vs. Non-Completers			













 Better
  Mixed
  Worse




Completing Chesterfield and Richmond Adult Drug Court Programs Reduced Costs and Improved Outcomes

Adults Completing Drug Court	Net Cost After Treatment	Recidivism After Treatment	Employment / Earnings After Treatment
vs. Drug Court Non-Completers	●	●	●
vs. State Probation Treatment Completers	●	●	●
vs. Jail Treatment Completers	●	●	●

● Better
 ● Mixed
 ● Worse

Treatment Completion Usually Reduced Costs of Non- and Former Offenders, But Other Outcomes Mixed

	Change in Net Cost	Recidivism After Treatment	Employment / Earnings After Treatment
Non-Offenders			
Adult Treatment Completers vs. Non-Completers			
Juvenile Treatment Completers vs. Non-Completers			
Former Offenders			
Adult Treatment Completers vs. Non-Completers			
Juvenile Treatment Completers vs. Non-Completers			

 Better
  Mixed
  Worse













Ongoing Evaluations of Substance Abuse Services Critical for Efficiency and Effectiveness




- Help decision makers make best use of finite resources
 - Invest in effective services
 - Prioritize services for certain populations
 - Assess whether and where changes are needed
 - Determine which providers are most effective
- *Code of Virginia* requires agencies to evaluate substance abuse treatment programs provided

Finding

- State agencies have not conducted comprehensive, robust evaluations to determine the effectiveness of their substance abuse treatment services

Most Agencies Lack Tools to Conduct Adequate Evaluations

State Agency	Services Delivered in	% of State/Local Treatment Spending	Adequacy of Current Evaluations		
			Robust Design	Comprehensive Scope	Data Collection
DMHMRSAS	40 CSBs	87%			
Corrections	40 Prisons	9%			
Juvenile Justice	6 Correctional Centers	2%			
Supreme Court of Virginia ^a	29 Drug Courts	2%			

 **Adequate**
  **Needs Improvement**
  **Lacking**

^a Evaluation of drug court treatment programs is underway but has not yet been produced. Adequacy based on planned evaluation scope.

Recommendation

- The Departments of Mental Health, Mental Retardation and Substance Abuse Services; Corrections; and Juvenile Justice should conduct needs assessments to identify the human and technology resources necessary to conduct adequate evaluations. Results should be presented to the joint legislative subcommittee studying substance abuse (SJR 77).

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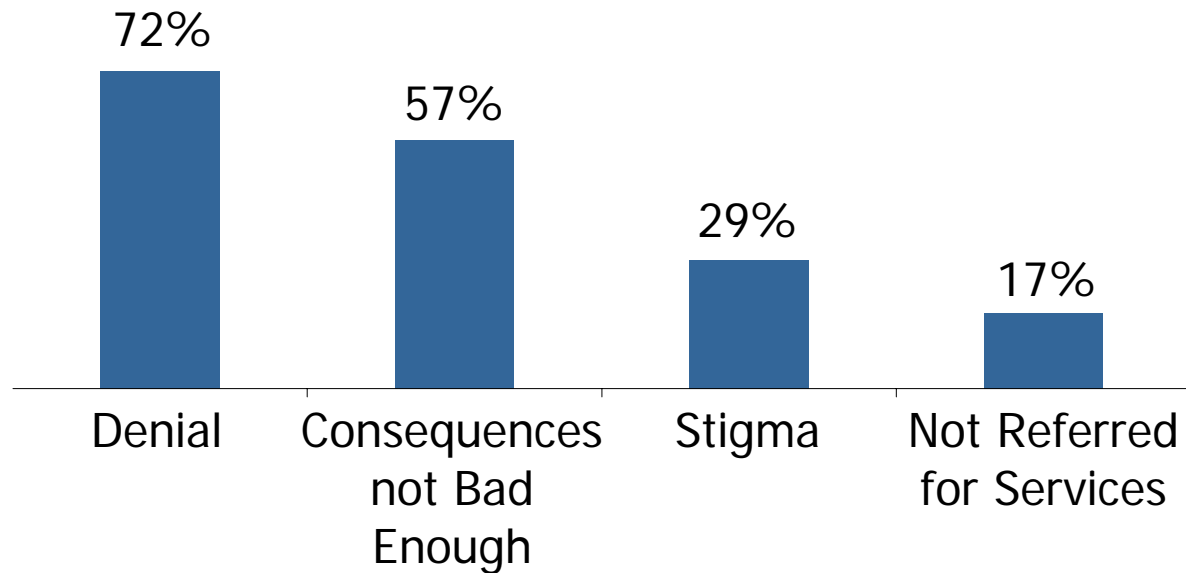
Maximizing Benefits of Substance Abuse Treatment Requires Multi-Pronged Approach

- For substance abuse services to generate the greatest cost reductions to the State and localities, Virginians with substance use disorders must
 - seek treatment,
 - have the support and resources needed to participate in services,
 - obtain services that are most appropriate to meet their needs, and
 - receive treatment that has been proven effective.

Finding

- Majority of Virginians with substance use disorders do not seek treatment

Majority of Virginians Not Seeking Substance Abuse Services* , Largely Due to Denial



* An estimated 50% (JLARC staff survey) to 90% (national survey) of Virginians do not seek needed services

Finding

- Logistical and affordability barriers can preclude Virginians from participating in substance abuse treatment

Inadequate Transportation and Child Care Most Frequently Reported Barriers to Access

- 82% of survey respondents indicated lack of transportation or child care prevents clients from attending treatment
- Some but not all CSBs offer support
 - 54% provide some transportation assistance
 - 27% provide some child care assistance

Cost Often Precludes Virginians From Accessing Needed Substance Abuse Services

- Affordability is a barrier for at least 25% of Virginians who seek substance abuse services from CSBs
 - Primarily for costly higher-intensity services
- Private providers generally unaffordable
 - Less than 40% discount fees
 - Most likely to provide high intensity services

Private Insurance and Medicaid Coverage Often Do Not Mitigate Cost Barriers

- Less than 10% of CSB clients have private insurance, and coverage often limited, especially for high-intensity services
- Medicaid coverage of services began July 2007, but providers not accepting it reportedly due to inadequate rates

Recommendations

- The Department of Mental Health, Mental Retardation and Substance Abuse Services should evaluate whether CSBs consistently and effectively use sliding-scale structures that minimize fees charged to lowest-income clients while maximizing overall fee revenues.
- The Department of Medical Assistance Services should evaluate whether Medicaid reimbursement rates are high enough to incentivize providers to participate in the State plan.

Finding

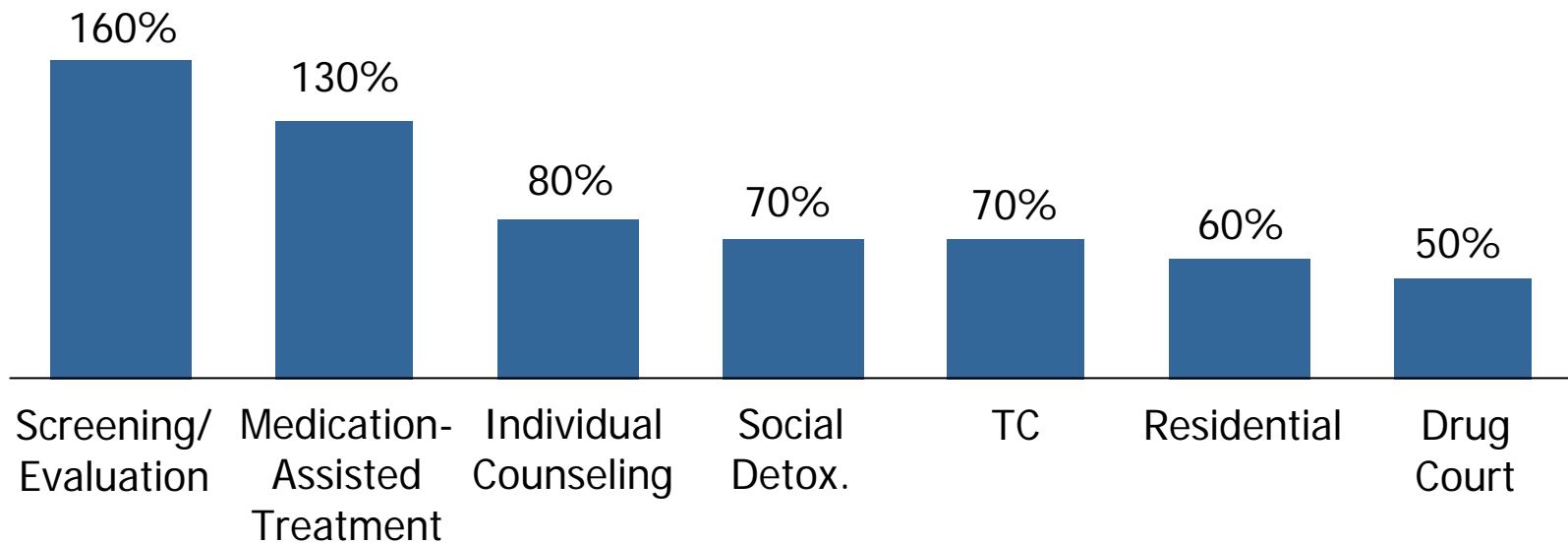
- Many Virginians are unable to receive the most appropriate substance abuse treatment due to service gaps and insufficient capacity

Continuum of Substance Abuse Services Contains Gaps

- 75% of survey respondents indicated that service gaps hindered access to adequate services
 - Most frequently for higher-intensity services
- Virginians may receive readily available rather than most appropriate care
 - Compromises effectiveness of treatment

Insufficient Capacity Delays Access to Treatment and Lowers Participation Rates

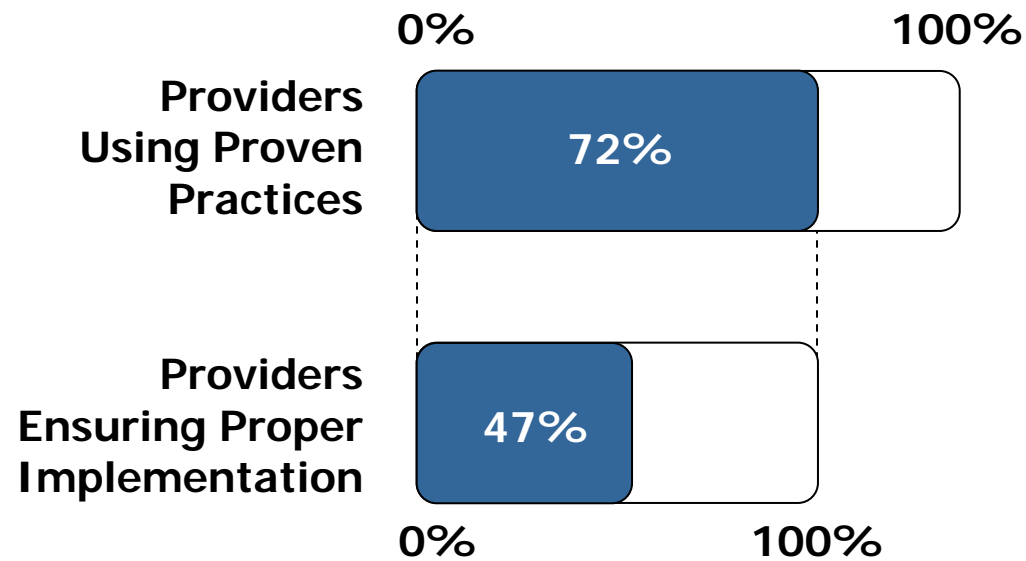
Capacity Expansion Needed to Meet Demand (2007)



Finding

- Effectiveness of substance abuse services may not be maximized in Virginia because proven practices are not consistently adopted or implemented

Effectiveness of Existing Services Could Be Better Ensured



Recommendations

- The Department of Mental Health, Mental Retardation and Substance Abuse Services should
 - determine the level and nature of resources needed to help CSBs identify and implement proven practices, and report results to the joint legislative subcommittee studying substance abuse (SJR 77), and
 - encourage CSBs to use more proven practices by setting utilization targets and providing incentives.

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Multiple Agencies Supervise Offenders Depending on Type and Severity of Crime

Type of Supervision	Offense	Overseeing Agency	Entity Supervising
Probation	Juvenile	Juvenile Justice	Court Services Units (CSUs)
	Adult Misdemeanor	Criminal Justice Services	Community-Based Probation Offices
	Adult Felony	Corrections	State Probation and Parole Offices
Incarceration	Juvenile	Juvenile Justice	Correctional Centers
	Adult Misdemeanor	Compensation Board	Jails
	Adult Felony	Corrections	State Prisons

Finding

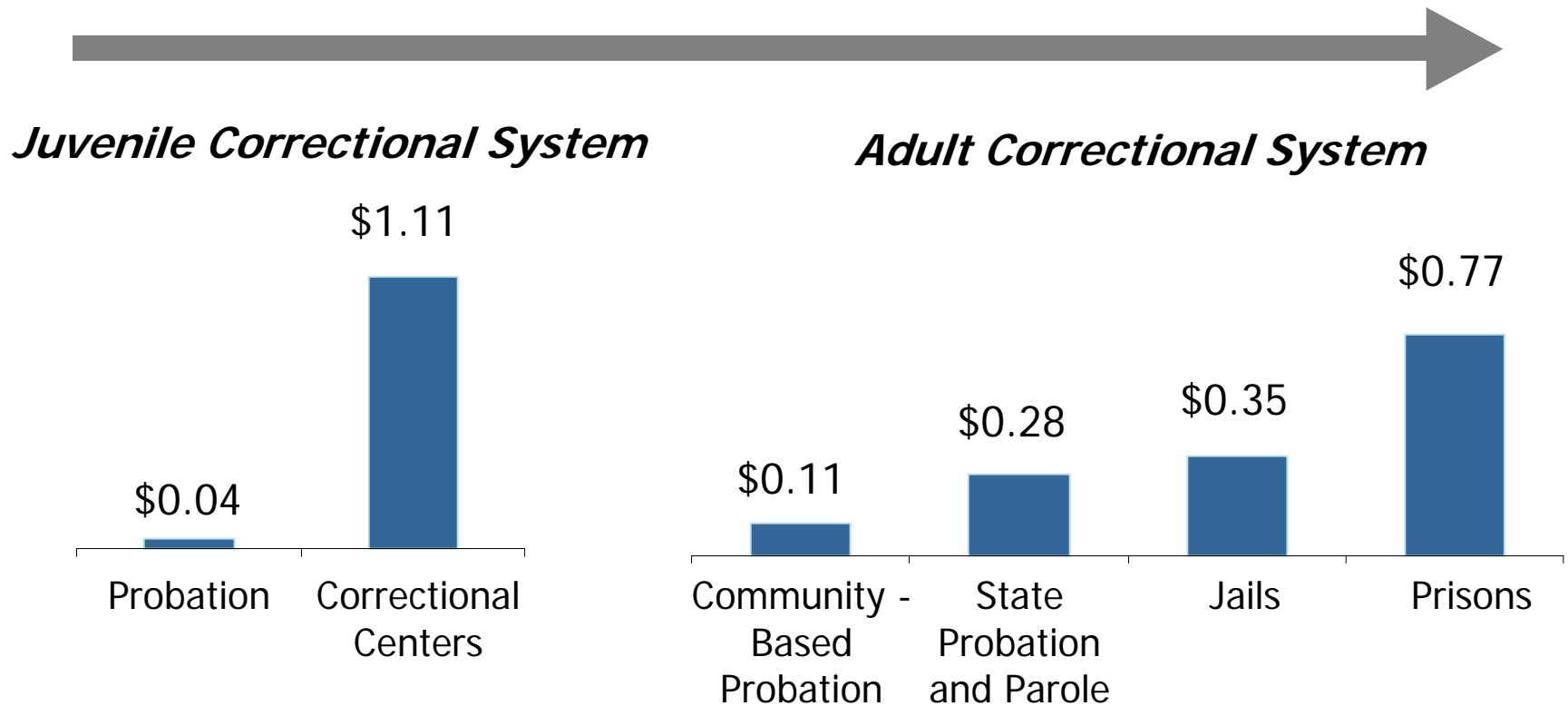
- Majority of offenders do not receive adequate treatment, especially those convicted of less serious crimes

Majority of Offenders Not Receiving Adequate Treatment, Especially for Less Serious Crimes

- Most criminal justice agencies indicate being unable to meet the needs of the majority of offenders
- Less serious offenders least likely to receive adequate treatment
 - Treatment budget generally higher for agencies serving more serious offenders
- Many offenders commit increasingly serious crimes over time

Average Treatment Budget Per Offender Per Day Increases with Supervision Intensity (2006)

Increasing Supervision Intensity



Insufficient Resources Prevent Criminal Justice Agencies From Assessing and Serving Offenders

- Most criminal justice agencies lack staff to screen or assess for substance use disorders
 - Previously available resources eliminated in 2002
- Treatment budgets insufficient to meet demand for assessments and treatment
 - Currently prioritizing resources toward court-ordered services and offenders with greatest needs

Recommendation

- The Departments of Corrections, Criminal Justice Services, and Juvenile Justice should determine the resources needed to provide offenders with screenings and assessments, and report results to the joint legislative subcommittee studying substance abuse (SJR 77).

Finding

- Insufficient continuity of care and re-entry initiatives may undermine effectiveness of institution-based substance abuse treatment

Lack of Continuity of Care and Re-Entry Services Undermine Treatment Effectiveness

- 70% of adult probation offices reported inadequate continuity of care with jails and prisons
 - Majority of released inmates do not readily engage in community-based substance abuse treatment
 - Most inmates face general barriers to re-entry such as lack of employment and housing
 - Can undermine recovery and precipitate recidivism

Recommendation

- The General Assembly may wish to consider funding a pilot through which 5 prison-based transition specialists would coordinate reentry with community-based transition specialists authorized during 2008 Regular Session.

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Prevention Efforts Aimed at Curbing Substance Use and Abuse Among Youths

- Numerous prevention programs administered primarily by CSBs and school divisions
- '06 Prevention funding = \$21.5 million and declining
 - 80% federal, 20% local, 0% State
- Prevention focused on school-aged children
- Efforts coordinated by Governor's Office for Substance Abuse Prevention (GOSAP) in Virginia

Finding

- Effectiveness of Virginia prevention programs is largely unknown
- Limited information exists to measure changes in community-level outcomes related to substance abuse

Existing Evaluation Efforts Insufficient to Promote Effectiveness and Accountability

- Not all prevention programs required to be evaluated
- Program outcomes tracked and evaluated are not standardized across programs and localities
- Limited local knowledge on conducting evaluations
- Existing evaluations not reviewed by State agencies due to insufficient staff

Recommendation

- The Department of Mental Health, Mental Retardation and Substance Abuse Services and Virginia Department of Education should
 - determine the level and nature of resources needed to track, evaluate, and review outcomes for local prevention programs,
 - facilitate the development of standard outcome measures, and
 - report results to the joint legislative subcommittee studying substance abuse (SJR 77).

Youth Surveys Not Adequately Capturing Changes in Community-Level Outcomes

- Youth surveys help identify community-level trends in indicators of substance use
- Prior and planned youth surveys are not sufficiently comprehensive
 - Not all school divisions willing to participate
 - Sample size insufficient to draw local or regional conclusions
- Comprehensive survey may be needed to continue receiving federal funding

Recommendation

- The General Assembly may wish to consider
 - requiring all school divisions to participate in youth surveys
 - supplementing funding so that more comprehensive survey can be conducted and the results can be used for local and regional analyses

Finding

- Collaboration is strong between prevention agencies, but Virginia appears to lack a statewide prevention system with a clear plan

Prevention System Needed to Improve Allocation of Resources

- Governor's Office for Substance Abuse Prevention (GOSAP) enhanced collaboration across agencies
- Majority of GOSAP members indicate statewide prevention system has not yet been achieved
- Greater visibility and stability could help solidify system

Finding

- Effectiveness of prevention initiatives may be undermined because some high-risk groups are unserved or underserved

High-Risk Youths Frequently Underserved, Yet Most Likely to Impose Costs in Future

- Underserved high-risk groups include school dropouts, children of substance abusers, and delinquent/violent youths
- Preventing substance abuse in high-risk groups presents greatest cost reduction opportunity

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Key Findings

- Adverse consequences of substance abuse cost the State and localities more than \$613 million in 2006
- Most substance abuse services evaluated reduced costs and generated other positive outcomes
- Opportunities exist for Virginia to increase positive effects of substance abuse services
 - Maximize effectiveness of existing services through evaluations, use of proven practices, and reentry efforts, then
 - Consider expanding availability of services, starting with offenders

Potential Funding Options

- HJR 683 and SJR 395 direct JLARC staff to examine funding needs
- Ensure that ABC funds transferred for substance abuse services are appropriated for this purpose
 - \$18 million of \$73 million transfer (FY 06) may be used for other purposes
- Redirect portion of growth in ABC revenues toward substance abuse services
 - Sunday sales, new retail outlets will increase annual State revenues by \$20 million by 2010

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and on the table by the door.

