

There Is Not Enough Money for Mental Health

North Carolina at the Bottom In Per Capita Mental Health Expenditures

**The Second Report Card
by the North Carolina Psychiatric Association**

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INTRODUCTION AND EXECUTIVE SUMMARY

A basic principle of North Carolina's Mental Health Reform effort that began in 2001 was that there is enough money in the public mental health system. To assess this, the North Carolina Psychiatric Association studied the latest public nation-wide information on per capita mental health expenditures (this Report and all data exclude spending for developmental disabilities and substance abuse services).¹ From the same source used by the newly-released NAMI report "Grading the States: A Report on America's Health Care System for Serious Mental Illness"² and by the 2000 State Auditor's Report,³ these data reveal:

1. North Carolina's per capita expenditures on mental health have not kept up with inflation, with a 38% decline in constant, inflation-adjusted, dollars from 1990 to 2002 that ranked the state 49th in the country.
2. In FY 2002-03, North Carolina's per capita spending on mental health was 55.1% of national per-capita spending, ranking 43rd in the nation:
 - a. Per capita spending on community mental health was 34.5% of the national per-capita figure, ranking 45th.
 - b. Per capita spending on Residential Treatment and Supported Housing was 5.7% of the national figure. North Carolina ranked 41st of 45 reporting states in FY 02-03.
 - c. When per capita spending on community mental health is combined with Residential Treatment and Supported Housing, North Carolina ranks 50th.
 - d. Per capita spending on Central Office functions was 11.3% of the national figure. North Carolina ranked 47th in FY 02-03.
3. To bring North Carolina's per capita spending on mental health up to 88.8% of the national figure requires \$285.5 million more than we spent in FY 02-03.

¹ For definitions and methodology, see Technical Notes, last page.

² National Alliance on Mental Illness. Grading the States: A Report on America's Health Care System for Serious Mental Illness, published March 1, 2006.

http://www.nami.org/content/navigationmenu/grading_the_states/full_report/full_report.htm Accessed March 1, 2006.

³ DHHS - Study of State Psychiatric Hospitals and Area Mental Health Programs. Office of the State Auditor Report Number PER-0184, released 3/31/00. <http://www.ncauditor.net/EPSWeb/Reports/Performance/PER-0184.pdf> (accessed February 18, 2006). See especially Section 2.5 (Finances and Financial Operations). This source used FY 96-97 data.

I. TOTAL MENTAL HEALTH SPENDING

North Carolina decreases, US increases

Table 1 shows mental health (MH) spending for North Carolina and the United States for fiscal years⁴ (FYs) 2000-01 and 2002-03 (the latest FY for which data are publicly available).

Table 1 shows that, in contrast to the US, NC total MH spending fell from FY 00-01 to FY 02-03, as well as in every subcategory of MH spending except Ambulatory/Community.

Table 1: DMHDDSAS-controlled spending on mental health and population
North Carolina and United States
fiscal years 2000-01 and 2002-03.

	<u>FY 2000-01</u>	<u>FY 2002-03</u>
<u>North Carolina</u>		
State hospital inpatient	\$300,082,913	\$273,490,413
Residential Treatment & Supported Housing	\$8,413,219	\$7,796,075
Ambulatory / Community	\$131,114,638	\$133,868,133
Central Office	\$3,110,126	\$2,106,879
<u>Total</u>	\$450,859,250	\$417,261,500
North Carolina population	8,138,354	8,367,565
<u>US</u>		
State hospital inpatient	\$7,298,364,471	\$7,529,415,330
Residential Treatment & Supported Housing	\$3,971,507,623	\$4,771,823,921
Ambulatory / Community	\$11,199,123,996	\$13,431,433,352
Central Office	\$594,593,227	\$646,011,208
<u>Total</u>	\$23,063,589,317	\$26,378,683,811
US population	283,650,700	289,417,402

⁴ The state FY runs from July 1 through June 30.

II. TOTAL MENTAL HEALTH SPENDING, PER CAPITA

North Carolina decreases, US increases

Table 2 shows per-capita Mental Health spending for NC and the US:

1. North Carolina total per capita MH spending in FY 2002-03 ranked 43rd in the nation.

Table 2: Comparing per-capita DMHDDSAS-controlled spending on mental health
North Carolina and United States
fiscal years 2000-01 and 2002-03.

		<u>FY 2001</u>	<u>FY 2003</u>
<u>Total</u>	<i>NC per capita</i>	\$55.40	\$50.26 ⁵
	<i>US per capita</i>	\$81.31	\$91.14
	<i>NC as % of US</i>	68.1%	55.1%
	<i>NC rank</i>	39 th	43 rd
<u>State hospital inpatient</u>	<i>NC per capita</i>	\$36.87	\$32.68
	<i>US per capita</i>	\$25.73	\$26.02
	<i>NC as % of US</i>	143.3%	125.6%
	<i>NC rank</i>	9 th	22 nd
<u>Residential Treatment & Supported Housing</u>	<i>NC per capita</i>	\$1.03	\$0.93
	<i>US per capita</i>	\$14.00	\$16.49
	<i>NC as % of US</i>	7.4%	5.7%
	<i>NC rank</i>		41 st (of 45 reporting)
<u>Ambulatory / Community</u>	<i>NC per capita</i>	\$16.11	\$16.00
	<i>US per capita</i>	\$39.48	\$46.41
	<i>NC as % of US</i>	40.8%	34.5%
	<i>NC rank</i>		45 th
	<i>NC rank (when combined with Residential Treatment & Supported Housing)</i>	51 st (last)	50 th
<u>Central Office</u>	<i>NC per capita</i>	\$0.38	\$0.25
	<i>US per capita</i>	\$2.10	\$2.23
	<i>NC as % of US</i>	18.2%	11.3%
	<i>NC rank</i>		47 th

⁵ As described in Technical Notes, below, from: Table: SMHA Mental Health Per Capita Expenditures for State Mental Hospitals, Community-Based Programs, And State Mental Health Support Activities By Type of Service Setting and By State, FY 2003. <http://www.nri-inc.org/RevExp/RE03/tables/03t3.pdf> Accessed February 2006

2. In total MH spending, as well as in every subcategory, NC per-capita spending fell between FY 00-01 and FY 02-03. This bucked national trends, since by contrast US per-capita spending rose in every subcategory.
3. NC total per-capita MH spending fell from 68.1% of US per-capita spending in FY 00-01 to 55.1% in FY 02-03.
4. Increasing NC per-capita MH spending to 88.8% (given that NC per capita income is 88.8% of US per capita income⁶) of the national per-capita average would bring MH spending to \$702.75 million,⁷ or \$285.5 million more than MH spending in FY 02-03.
5. While NC per-capita MH spending on state hospital inpatient services is higher than US per-capita spending (125.6% of US spending in FY 02-03), in the other subcategories it is dramatically lower than US per-capita spending. In FY 02-03:
 - a. NC per-capita MH spending on Ambulatory/Community is only 34.5% of US per-capita spending, ranking 45th in the country (and 50th when combined with Residential Treatment and Supported Housing).
 - b. NC per-capita MH spending on Central Office is only 11.3% of US per-capita spending, ranking 47th in the country.
 - c. NC per-capita MH spending on Residential Treatment and Supported Housing is only 5.7% of US per-capita spending, ranking 41st of 45 states.

III. PER CAPITA CHANGE IN MENTAL HEALTH EXPENDITURES, 1990-2002

North Carolina -- third from the bottom in the country

Measured in constant (inflation-adjusted) dollars, North Carolina per capita MH spending fell 38.0% from 1990 to 2002. Only two states did worse. The national average was a 2.8% increase in constant dollars.

Table 3: Change in per-capita MH spending 1990-2002⁸

	<u>Constant dollars</u> (adjusted for inflation)
North Carolina	-38.0%
United States	2.8%

⁶ <http://www.infoplease.com/ipa/A0104652.html> (2004 data) NOTE: Per capita personal income was computed using midyear population estimates of the Bureau of the Census. *Source*: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*. Web: www.bea.doc.gov/bea/regional/spi/ Accessed March 2006

⁷ 88.8% of \$91.14 = \$80.93 per capita, multiplied by the 7/1/05 estimated NC population of 8,683,242

⁸ <http://www.nri-inc.org/RevExp/RE02/Tbl33.pdf>

CONCLUSIONS and RECOMMENDATIONS

1. The March 2006 NAMI Report identifies Funding as North Carolina's first "Urgent Need." As this Report Card demonstrates, the underfunding of mental health needs in North Carolina ranks as an emergency. The responsibility for inadequate funding lies with state budget-makers -- not with clinicians, not with Local Management Entities, not with DMHDDSAS administrators.
2. To bring North Carolina to 88.8% of the national average per-capita spending requires \$285.5 million more than we spent in FY 02-03. This investment in our citizens must be made.
3. NCPA urges the NC General Assembly and the Governor to address this emergency in North Carolina's Mental Health System as an urgent priority for the current state budget.
4. While Central Office "bureaucracy" is an easy target for budget cuts, the fact remains that MH Reform requires a massive increase in Central Office monitoring, technical assistance, and long-range planning operations. This cannot be done with a Central Office with the fifth-worst per-capita expenditure, at 11.3% of the US figure. Central Office resources must be increased substantially.
5. Transferring funds from the state hospitals cannot properly fund Ambulatory / Community care in North Carolina. There isn't enough money to do it.

TECHNICAL NOTES:

The March 2006 NAMI Report “Grading the States: A Report on America’s Health Care System for Serious Mental Illness” used the same source for Per Capita Mental Health Spending by state as we do (see below).⁹ To be consistent with the NAMI Report, we use the NAMI figure for Per Capita Mental Health Spending by state. For other data, we use the methodology described below, which we believe to be more accurate.

Sources for Table 1: Mental health spending data: from CMHS Uniform Reporting System Output Tables on SAMHSA’s Website: <http://www.mentalhealth.samhsa.gov/cmhs/MentalHealthStatistics/UniformReport.asp>, specifically: for FY 00-01 http://www.mentalhealth.samhsa.gov/media/ken/pdf/URS_DATA/NC02URS.pdf page 12; and for FY 02-03 http://www.mentalhealth.samhsa.gov/media/ken/pdf/URS_Data04/NC04.pdf page 30. (For FY 02-03, Central Office spending = difference between Total Spending and the sum of the three subcategories.) These exclude spending on developmental disabilities or substance abuse services. **Population:** U.S. Census website <http://www.census.gov/popest/states/NST-ann-est.html> (July 1 data interpolated to yield estimated census on January 1, midpoint of the state FY). Note that July 1, 2005 estimated population (see footnote 7) = 8,683,242.

Sources for Table 2: For NC and US per capita MH spending, we divided the dollar spending found in Table 1 by the population figures found in Table I, with one exception: to be consistent with the NAMI datum for NC per capita MH spending in FY 02-03, for that one data cell, we used <http://www.nri-inc.org/RevExp/RE03/tables/03t3.pdf>. For NC rank in FY 02-03, we used <http://www.nri-inc.org/RevExp/RE03/tables/03t31.pdf>. For NC Rank (Total) in FY 00-01: <http://www.nri-inc.org/RevExp/RE02/Tbl33.pdf>. We believe that dividing national spending by national population yields a more useful national per capita figure than NASMHPD’s apparent practice of using the mean per capita spending of the states. Otherwise, slight differences in per-capita data among different sources do not affect any conclusions and are due, we believe, to the use of different estimates of NC population.

Source for Table 3: <http://www.nri-inc.org/RevExp/RE02/Tbl33.pdf>

Data were provided by NASMHPD Research Institute (NASMHPD/NRI) under contract to SAMHSA and similar data can be found on their Website (see, for instance <http://www.nri-inc.org/RevExp/remain.htm> <http://www.nri-inc.org/RevExp/RE03/re03main.htm> & <http://www.nri-inc.org/RevExp/reoldrep.htm>). Data on NC MH spending have been provided by NC. Note that national data count 51 jurisdictions, including the District of Columbia. Earlier data from this source were used in the 2000 State Auditor’s Performance Report done by PCG.

Terms are defined in: Lutterman T, Hollen V, Shaw R: Funding Sources and Expenditures Of State Mental Health Agencies: Fiscal Year 2002. NASMHPD Research Institute, Alexandria, October 2004 (<http://www.nri-inc.org/RevExp/RE02/02Report.pdf>).

This report uses “SMHA-Controlled MH Expenditures,” “DMHDDSASA-Controlled MH Expenditures” and “MH Expenditures” interchangeably, as are “Expenditures” and “Spending.” “SMHA-Controlled Mental Health Expenditures” are defined as: “All mental health expenditures controlled by the SMHA [State Mental Health Agency – in NC’s case: DMHDDSAS] are depicted in this table. The glossary provides definitions of each item. Expenditures for mental retardation/developmental disabilities, alcohol abuse, or drug abuse programs are not to be included on this table.” (Lutterman et al, p 46)

This Report uses “Residential Treatment and Supported Housing” to refer to “Other 24 Hour Care.” According to Lutterman et al. 2004, pp 48-49: “‘Other 24 hour care’ refers to a setting, other than hospital ‘inpatient’ setting, that provides congregate overnight living. A variety of services along a continuum of living arrangements may be offered, ranging from basic room and board with minimal supervision through 24 hour medical, nursing, and/or intensive therapeutic programs. Activities include: diagnosis, treatment, and care to mentally ill individuals, either on a residential treatment or residential support services basis. ‘Residential treatment’ is overnight care in conjunction with an intensive treatment program. ‘Residential support’ is overnight care in conjunction with supervised living and other support services. Depending upon the nomenclature used in the State, residential settings may include, but may not be limited to, any and all of the following:

- A. Residential treatment (SNF, ICF, Residential treatment center for emotionally disturbed children); and
- B. Housing With Support Services (Group Home, Supportive Living Facility, Halfway House, Board & Lodging Home/Domiciliary, Unsupervised and Supervised Apartments).”

All Websites accessed February 2005. Citations for specific data points available upon request from NCPA.

Abbreviations: MH = mental health, DMHDDSAS = NC Division of MH, Developmental Disabilities & Substance Abuse Services, SMHA = State MH Agency, FY = fiscal year, CMHS = Center for Mental Health Services, SAMHSA = Substance Abuse & MH Services Administration, NASMHPD = National Association of State MH Program Directors, NCPA = NC Psychiatric Association.

⁹ Table: SMHA Mental Health Per Capita Expenditures for State Mental Hospitals, Community-Based Programs, And State Mental Health Support Activities By Type of Service Setting and By State, FY 2003. <http://www.nri-inc.org/RevExp/RE03/tables/03t3.pdf> Accessed February 2006.