Components of the Economic Burden of Serious Mental Illness in the US

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Abstract
Mental disorders impose considerable socioeconomic costs due to their episodic/chronic nature, their relatively early ages at onset, and the highly disabling nature of inadequately treated mental illness. Despite substantial increases in the volume of mental health treatment for disorders in the past two decades, particularly pharmacotherapies, the level of morbidity and mortality from these disorders does not appear to have changed substantially over this period. Improving outcomes will require the development and use of more efficacious treatments for mental disorders. Likewise, implementation of cost-effective strategies to improve the quality of existing care for these disabling conditions is required.

Keywords
Mental illness, costs, efficacy, effectiveness

As readers of this publication are certainly aware, mental disorders impose very considerable costs on society. This is due to many factors, including their episodic/chronic nature, their relatively early age at onset, and the highly disabling nature of inadequately treated mental illness.

How can we quantify what mental disorders cost the nation? One method, developed by the World Health Organization (WHO), is to use disability-adjusted life-years (DALYs), where one DALY is equal to the loss of one healthy life-year. Based on this metric, mental disorders ‘cost’ the US and Canada a total of 6.9 million DALYs in 2001, which corresponds to 7.6 days of healthy life lost for every person in the population that year; this represents 15% of the total DALY burden, essentially equal to cardiovascular diseases as the most burdensome among the 23 categories used by the WHO, and 24% higher than the next largest disease category, malignant neoplasms.

Another way to determine the impact of mental illness, based on the common ‘cost of illness’ methodology, is to monetize the direct and indirect financial costs incurred by society due to mental disorders. In this framework, ‘direct’ costs are those associated with mental health treatment per se (e.g. medication, clinic visits, or hospitalization), whereas ‘indirect costs’ are incurred through premature mortality, reduced labor output (and public and private income support programs, which serve to replace labor income among the disabled), reduced educational attainment, increased incarceration and homelessness, and costs ensuing from the high rate of medical complications associated with serious mental illness. In terms of direct costs, spending on mental health treatment in the US was $100 billion in 2003, representing at least 6.2% of total health spending.

Indirect costs—which certainly exceed direct mental health treatment costs—have been more challenging to quantify comprehensively. Indeed, the most recent published study to do so provided estimates for 1985, which pre-dates the sweeping changes in mental health treatment patterns associated with, for example, managed behavioral healthcare and developments in psychopharmacology. A recent study, however, examined one major component of indirect costs: reduced individual earnings associated with having a mental illness, a proxy for reduced labor output due to mental-health-related absenteeism, presenteeism, turnover, unemployment, and non-participation in the labor force. Using US data from 2001–2003 on non-institutionalized adults 18–64 years of age, those with a serious mental illness (defined as having a diagnosable mental disorder severe enough to cause substantial impairment) were found to have lower individual earnings of $16,306 per year, on average, compared with those without such a mental illness. At the population level, this corresponds to an annual reduction of $193.2 billion in reduced earnings associated with mental illness; of this, 75% was attributable to workers with mental illness having lower earnings than workers without, and 25% to a higher rate of zero.
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