



Legislative Post Audit Performance Audit Report Highlights

Highlights

Substance Abuse Programs: Evaluating Cost Savings Achieved Through Enhanced Access to State Substance Abuse Programs

Report Highlights

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Summary of Legislator Concerns

Legislators have raised concerns that state-funded substance abuse programs may not meet all the treatment needs for state residents, which results in increased state criminal justice, health care, and other service costs.

Background Information

Substance abuse treatment in Kansas is provided through a network of treatment providers.

State funding for substance abuse treatment is overseen by a number of state agencies, including the Kansas Department of Health and Environment, Kansas Department for Aging and Disability Services, Kansas Sentencing Commission, and the Department of Corrections.

In fiscal year 2014, the state spent about \$27.6 million to provide substance abuse prevention and treatment programs to about 23,000 individuals.

QUESTION 1: Could the State Achieve Significant Savings by Improving Access to Substance Abuse Treatment Programs?

- Although substance abuse can result in substantial criminal justice and social service costs, expanding treatment is unlikely to achieve significant savings.
- We estimate an additional 4,500 to 7,000 individuals are eligible for state-funded treatment and likely to seek it.
 - A 2006 needs assessment found that approximately 55,000 Kansans likely needed, but had not received, state-funded substance abuse treatment.
 - Although many people may need substance abuse treatment, the number of individuals who will actually seek out and receive it is limited. That is primarily because most individuals with a substance abuse problem do not think they need treatment and insufficient funding and counselors mean fewer people receive services.
 - To serve additional individuals, the state could expand eligibility for some existing programs or could supplement federal funding to increase access for those who qualify.
- We estimate the state would spend between \$7 million and \$11 million to assess and treat those individuals during a three-year period.

Estimated Number of People Served and State Costs Incurred Through Expanded Substance Abuse Treatment in Kansas

| Program | Est. People Served | | Est. Cost | |
|--|--------------------|--------------|---------------------|---------------------|
| | Minimum | Maximum | Minimum | Maximum |
| Medicaid | 800 | 1,100 | \$500,000 | \$600,000 |
| Substance Abuse Prevention and Treatment Block Grant (a) | 200 | 2,400 | \$250,000 | \$3.3 million |
| Senate Bill 123 | 700 | 700 | \$3 million | \$3 million |
| Other State-Funded Programs: DUI, Correctional Program | 2,800 | 2,800 | \$3.5 million | \$3.5 million |
| Total (b) | 4,500 | 7,000 | \$ 7 million | \$11 million |

(a) These individuals meet the eligibility requirements under the federal SAPT block grant. However, officials at the Substance Abuse and Mental Health Services Administration told us these individuals would likely have to be funded with state dollars (rather than federal) because the state would not receive additional SAPT block grant dollars simply because it spent more.

(b) Due to rounding these numbers may not add up. Further, the total represents only state costs (the federal government pays for 55% of Medicaid costs). Total costs are \$8 million to \$12 million.

Source: LPA analysis of audited data from six treatment providers and various state agencies.

- We estimated the state would reduce spending on other services by \$1 million to \$7 million for those individuals, which would not offset the cost of their treatment.
 - We interviewed treatment providers, reviewed academic studies, and created a simulation model to determine whether increased substance abuse treatment would reduce costs for other state services.
 - Treatment could reduce the number of individuals who are convicted of crimes, children placed into foster care, and admissions to state hospitals.
 - The estimated savings for some services was less than might be expected because the reduced need for these services was unlikely to affect fixed costs. These primarily include savings related to the criminal justice system.
 - Additionally, we did not identify any savings for some other services because the impact of treatment was unlikely to reduce their costs at all. These include savings related to the Kansas Highway Patrol, state hospitals, and Medicaid.
- Our results are significantly different from other studies which found greater savings from expanding substance abuse treatment primarily because we focused only on savings to the state and because many of the studies included savings in their estimate that we do not think will be realized.

The federal government provided an additional \$25.9 million in funding for substance abuse treatment and prevention through the Substance Abuse Prevention and Treatment Block Grant and Medicaid.

SUMMARY OF RECOMMENDATIONS

None

AGENCY RESPONSE

Agency officials generally concurred with our findings and conclusions. However, agency officials also noted that if we had used assumptions that increased the estimated number of individuals affected by treatment, it might have led to greater savings. Although we agree that this is possible, we also think the assumptions we used were reasonable and accurately reflect the general effect of increasing substance abuse treatment in Kansas.

HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

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