



**UNFORESEEN  
BENEFITS:**

Addiction Treatment  
Reduces Health Care Costs



CLOSING THE ADDICTION  
TREATMENT GAP



OPEN SOCIETY INSTITUTE



**EXECUTIVE  
SUMMARY**

▶ **Improving America's health care system, creating a healthier country, and containing costs will take a range of interdependent solutions. One essential solution involves treating Americans who are addicted to alcohol and drugs.**

Addiction is a pervasive yet treatable chronic health condition. Often it occurs alongside other chronic diseases. If untreated, the addicted person's medical care becomes more costly due to secondary health conditions. When treated, addiction leads to better health care outcomes.

This paper demonstrates how addiction treatment will contribute to containing costs in reforming America's health system. Studies show that addiction treatment significantly reduces emergency room, inpatient and total health care costs.

Addiction treatment will lead to substantial savings to the health system. While the overall cost savings have not been documented, there are clear signs of the potential for savings. **For example:**

- ▶ One out of every 14 hospital stays - 2.3 million stays - was related to substance disorders in 2004, a federal study found.
- ▶ Total medical costs were reduced 26 percent among one group of patients that received addiction treatment.
- ▶ A group of at-risk alcohol users who received brief counseling recorded 20 percent fewer emergency department visits and 37 percent fewer days of hospitalization.



## INTRODUCTION ▶

**Addiction is pervasive in the United States. An estimated 23 million Americans suffer from alcohol and drug addiction, according to the most recent government survey. Yet only one in 10 of these persons – 2.4 million – get treatment.**

Among these and other statistics about addiction, two truths stand out:

- ▶ Addiction is an equal opportunity disease. It is a prevalent and costly chronic disease that disrupts the health care and well-being of individuals in every age, income and ethnic group.
- ▶ Only a small percentage of persons with alcohol and drug addiction get treatment, unlike those suffering from other chronic diseases such as diabetes, hypertension or asthma.

Over the past 20 years, however, signs of hope have emerged. The medical consensus that treatment works was confirmed in a major 2006 federal study, which concluded that “treatment for alcohol and other drug problems and illnesses is effective.” A year later, the National Quality Forum issued national standards for treating substance abuse conditions. These consensus standards demonstrate that treatment for addiction is effective.

## ▶ ADDICTION TREATMENT YIELDS BETTER HEALTH CARE OUTCOMES

Addiction affects families and communities as well as individuals. Too often, however, the face of addiction is a person whose addiction is untreated and who is not receiving regular health care. When those characteristics intersect, the result is devastating for the health of individuals and costly for our nation’s health care system.

If addictions are untreated, the person’s medical care becomes fragmented, inefficient and episodic. It is not just that addiction, by itself, risks health consequences and poor health outcomes. It is also that unrelated and co-existing health issues go unaddressed.

**“Persons with addictive disorders suffer from many of the same medical conditions as nonaddicted persons, but addiction can interfere with the disease or its management.”**

—DR. RICHARD SAITZ  
Associate Director and Lead Investigator, Youth Alcohol Prevention Center  
Boston University School of Public Health

The interrelationship between addiction and general health was noted in a report by the Institute of Medicine, an arm of the National Academy of Sciences. In 2006, an Institute study committee concluded “that improving the nation’s general health and resolving the quality problems of the overall health care system will require attending equally to the quality problems” of mental and substance use health care.

Why does addiction treatment improve a person’s overall health? Addiction complicates chronic illnesses and other conditions. Many times, substance use may be strongly correlated with difficulty in treating another disease or illness.



► **Addiction contributes directly to many medical conditions.**

Heavy drinking, for example, contributes to illness in each of the top three causes of death: heart disease, cancer and stroke.

► **Addiction frequently worsens or complicates other diseases and illnesses.**

Persons with asthma who use cocaine often find that the cocaine worsens their asthma. Addiction can also lead to misdiagnoses, unexpected side effects from prescribed medications and poor medical outcomes.

► **Health care self-management is poor among people with addiction.**

Finally, many persons with untreated addiction fail to fill a prescription or get laboratory tests, skip a follow-up doctor's appointment or do not follow prescribed care.

**"Some of the destructive medical consequences of drug abuse and addiction are temporary - the conditions improve after patients receive treatment and are able to stop their drug use. Other consequences may be more persistent, diminishing the quality of patients' health long after drug use has stopped. Whether short-lived or chronic, the growing list of recognized health consequences of abuse and addiction underscores the fact that drug abuse is not just a brain disease that exists in medical isolation - it manifests itself throughout the body with a broad array of medical consequences."**

-FEBRUARY 2004 COLUMN BY DR. NORA VOLKOW  
Director, National Institute on Drug Abuse

## ADDICTION: A CHRONIC DISEASE.

Another way to analyze addiction to alcohol and drugs is to compare it with other chronic diseases. Research shows that addiction shares many characteristics with other major chronic diseases such as hypertension, diabetes and asthma. For example:

- **Genetics play a role**
- **The medical impact on the body is significant**
- **Complications develop if the disease is untreated**
- **Self-care is critical to success**
- **Medication can help**

Addiction also fits the U.S. Centers for Disease Control and Prevention definition for chronic disorders. They are prolonged, lasting for at least three months, do not resolve spontaneously, and are rarely cured completely. Even so, addiction treatment is less available than treatment for other disease.

Researchers say addiction may require lifelong management. In a study published in 2000 called "Drug Dependence, a Chronic Medical Illness," A. Thomas McLellan, who was then at the Treatment Research Institute in Philadelphia, compared addiction with three other chronic diseases. "Hypertension, diabetes and asthma are also chronic diseases, requiring continuing care throughout a patient's life," McLellan and three colleagues concluded. "Treatments for these illnesses are effective but heavily dependent on adherence to the medical regimen for that effectiveness."





## ▶ **TREATING PEOPLE FOR ADDICTION DISORDERS REDUCES EXPENSIVE HEALTH CARE USE**

Without question there is a health care justification for treating addiction. But there also is a proven economic justification. Addiction treatment programs result in significant cost-savings for health care systems compared with the cost of not treating addictions. In addition, treating addiction will save money from the reduced costs of treating other general medical and chronic illness conditions.

When addiction is treated, the overall health of patients improves. The cumulative evidence shows that these patients fare better with their other health issues and use fewer costly medical services. Several studies have found that "substance abuse treatment reduces the medical costs of patients with alcohol and drug use disorders, who utilize health care services at a much higher rate than other patients."

The following studies, in particular, lay out evidence that addiction treatment programs are associated with substantial health care cost savings.

### **California: Savings from Addiction Treatment in Health Care Costs**

In 2000 researcher Constance Weisner and others studied the overall medical costs of a group of men at an outpatient Kaiser Permanente addiction treatment program in Sacramento, Calif. They studied the men 18 months before and after they began an outpatient chemical dependency recovery program. The cost savings were startling:

- ▶ **Total medical costs declined 26 percent.**
- ▶ **Inpatient health care costs declined 35 percent.**
- ▶ **Emergency room costs declined 39 percent.**

"As in previous studies on medical offset, we observed that a group of adult, chemical dependency (CD) patients have substantially higher utilization of medical services and medical costs prior to entry in treatment when compared to other, non-CD, members who are similar in terms of age, gender and length of enrollment," the researchers wrote.

"We found that the most significant reductions were observed in inpatient use and likelihood of ER use, but other measures (e.g., inpatient days and number of ER visits) also showed substantial decreases."

### **Federal Study: Prospects for Reducing Hospital Admissions**

In a 2007 report, the U.S. Agency for Healthcare Research and Quality found that one in fourteen stays in U.S. community hospitals in 2004 involved substance related disorders - about 2.3 million hospitalizations. The mean length of each stay was 4.6 days, costing \$4,300 or \$2 billion nationally in 2004. Half of the patients were admitted from the emergency department.

The federal study, which also looked at mental health disorders, carried the clear message that treating addiction earlier would reduce the number of hospital admissions. It concluded:

"Mental health and substance abuse disorders place a substantial burden on individuals, families, the health care system, and the economy. Beyond the personal costs of these conditions, mental illness and



substance abuse result in lost productivity, increased medical expenditures, and other costs including those resulting from law enforcement activities.”

### **Six States: Medicaid Costs Higher for Those with Addictions**

In an article published in 2009, Robin Clark and two other researchers analyzed the impact of substance use disorders on Medicaid health care expenditures in six states. Substance use and dependence, they said, “affect more than one in eight Medicaid beneficiaries, a higher prevalence than in Medicare or privately insured populations.”

They found significantly higher costs among those with addictions. The six states “paid \$104 million more for medical care and \$105.5 million more for behavioral health care delivered to individuals with substance use diagnoses than for care given to persons with other behavioral health disorders but no substance use diagnosis.”

The most surprising finding, Clark said, was that the findings were consistent across the six states. “Left untreated,” he said, “substance abuse or dependence makes it more difficult to manage chronic physical illness.”

### **Wisconsin: Problem Drinkers Hospitalized Less after Brief Physician Advice**

To study the cost and benefits of brief physician counseling for at-risk alcohol users, Michael Fleming and his team at the University of Wisconsin-Madison set up two groups. One group received brief advice from a physician for treatment of problem drinking, which consisted of two physician visits and two nurse follow-up phone calls. The other group did not.

Following up later, the researchers found significant health care cost savings from the brief intervention. Those receiving advice recorded 20 percent fewer emergency department visits and 37 percent fewer days of hospitalization. The intervention saved \$712 per person in medical care costs, they found.

**“Dealing equally with health care for mental, substance-use, and general health conditions requires a fundamental change in how we as a society and health care system think about and respond to these problems and illnesses. Mental and substance-use problems and illnesses should not be viewed as separate from and unrelated to overall health and general health care.”**

**-HARVEY V. FINEBERG, MD, PHD**  
President, Institute of Medicine  
Excerpt from foreword, “Improving the Quality of Health Care for Mental and Substance-Use Conditions: Quality Chasm Series.”



The preceding studies do not present a complete picture of the cost savings from treating people with addiction disorders. But in summary, they point to significant cost savings in three areas:

► **Reduced cost of hospital stays.**

One out of every 14 hospital stays - 2.3 million stays - was related to substance disorders in 2004. With the mean total costs in 2004 of \$2 billion for substance-related disorders, even a fraction of savings through reduced hospital stays will result in billions of dollars over a decade.

► **Reduced emergency room care costs.**

More than 1.7 million emergency department visits a year are associated with drug misuse or abuse, according to the U.S. Department of Health the Human Services Drug Abuse Warning Network study of 2006. A conservative estimate of fewer emergency room visits, like reduced hospital stays, will similarly save billions of dollars over a decade.

► **Reduced total medical costs.**

Another perspective is to look at total medical costs, which includes inpatient, ER and nonemergency outpatient visits. As one example of the potential in savings, the Kaiser Permanente study found treatment reduced total medical costs 26 percent, which also would translate into billions of dollars in the future.

**CONCLUSION** ►

**Effective Addiction Treatment Can Contribute to Improving Quality and Containing Costs in Reforming America's Health System**

America has attached a stigma to addiction, treating it as a social problem. By applying the wrong tools, we have made no progress. Addiction is an illness that frequently goes untreated in its early stages. When that happens, it too often leads to other medical problems. It is time to treat addiction as a health issue.

A significant and growing body of knowledge shows that addiction is prevalent, treatable and manageable. From peer-reviewed studies over the past decade, along with the real-life experience of physicians, we know that addiction is a chronic disease. Like other chronic conditions, we also know that it is a treatable chronic disease.

**Health care reform presents a unique opportunity.**

**As part of this national discussion, addiction treatment should not be regarded as a burden on our health care system. Instead, it is a solution - a solution that will help make health reform affordable. Every dimension of health care reform - comparative effectiveness research, information technology infrastructure and coverage of the uninsured - should include addiction treatment to help contain costs and achieve the goals of better quality health care.**

**By recognizing addiction as a treatable condition, we will encourage people to seek help. Treating addiction within a better health care system will result in better health outcomes. And treating addiction will result in significant cost-savings - estimated at billions of dollars - compared with the cost of not treating persons at all.**

► **WWW.TREATMENTGAP.ORG**



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## CLOSING THE ADDICTION TREATMENT GAP

Closing the Addiction Treatment Gap is a \$10-million national program of the Open Society Institute. This initiative is designed to create an awareness of—and increase resources to close—an alarming treatment gap: currently, four out of five Americans who need drug and alcohol addiction treatment are unable to get it. The initiative aims to mobilize public support for expanded treatment by increasing public funding, broadening insurance coverage, and achieving greater program efficiency.

For more information, go to [www.treatmentgap.org](http://www.treatmentgap.org)



