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This analysis compared costs of mental health services in a system-of-care (SOC) community with traditional services in a matched community. Unlike other fiscal studies of systems-of-care costs, the authors factored mental health care expenditures incurred by other sectors of care (i.e., juvenile justice, child welfare, and special education) into their analysis. Although mental health services provided by SOC sites continue to be more expensive than traditional services, results of this study revealed that the difference in cost between SOC and traditional services may not be as great as previously thought.

Data for the study were supplied by the national evaluation of the Comprehensive Community Mental Health Services for Children and their Families program and other budgetary sources. Data covered fiscal years 1997-2000 and were collected during the first 12 months after a youth entered into the study. Youth were either from an SOC community in Canton, Ohio ($n = 220$), or from a traditional service provider in Youngstown, Ohio ($n = 211$). Youth at both sites were about 11.5 years old and youth in both groups tested in the clinical range for emotional and behavioral problems as measured by the Child Behavior Checklist and the Child and Adolescent Functional Assessment Scale. Per diem rates were roughly the same for both sites.

The authors used a two-part model to investigate (a) overall mental health expenditures by sector, and (b) expenditures for youth who received care in each sector. Results for the first part of the model revealed that services provided by the core mental health sector (i.e., services directly provided by the mental health sector) were higher for the SOC (\$3,533) than for the comparison community (\$1,954). However, when only the costs for individuals served by these sectors was factored into part two of the model, the authors found that "the between site gap decreased from 81% to 18% (p. 53)" for core mental health services. Differences in expenditures for juvenile justice and child welfare expenditures in the SOC system were largely responsible for this reduced between-site gap between SOC and traditional services. When costs for youth receiving services were factored into the analysis, average expenditures for mental health services for special education remained significantly higher for the SOC site than for the comparison community. Yet the costs for youth receiving core mental health services reduced significantly. Although not significant, costs for youth receiving services in the juvenile justice and child welfare sectors were higher in the comparison community than in the SOC (\$7,597 v. \$5,601 and \$11,893 v. \$8,219, respectively). Costs for inpatient services were also higher in the comparison community.

In summary, cost analyses for mental health services through the juvenile justice, child welfare and special education sectors may not adequately capture the costs for youth served by these sectors. In this study the authors looked at the costs of services for youth who received services. Thus, results suggest that SOC services may not be as expensive as previously thought when mental health expenditures for youth served by juvenile justice, child welfare, and special education are factored into cost analyses. According to the authors, it is not clear whether services received through the SOC reduced the need for services in the other sectors or whether services provided in the other sectors reduced the need for core mental health services (i.e., cost shifting or cost offset). However, what is clear is that "these youths are creating substantial costs for other systems; our results suggest that those expenditures might be reduced if these youth received [core] mental health services" (p. 54). Further, "the full fiscal impact of improved mental health services can be assessed only in the context of their impact on other services" (p. 50).