PCPA State Budget Position:
3% COLA for MH/ MR/ D&A System and a Permanent Solution

The 2004/05 state budget MUST include a 3% COLA
The 2004-05 fiscal year state budget represents the third consecutive budget with no cost-of-living-adjustment (COLA) for the mental health/mental retardation/drug and alcohol (MH/MR/D&A) system and no new funds for the existing unmet need. Not only are the issues of recruitment, retention and proper compensation not addressed but areas of unmet need, increased technological demands and capabilities, new security and reporting mechanisms, and ever-increasing health care costs are not acknowledged. A 3% COLA for the MH/MR/D&A system represents approximately $30 million in state funds. The lack of a COLA means a cut in funding. Compared to the costs incurred for state institutions, community care is a much more cost-effective approach and is often the preferable method for clients and families.

In a survey conducted by PCPA in June 2003, many community provider agencies were anticipating cuts due to state budgetary impacts [below is a graph outlining expected outcomes from budgetary impacts]. While most monies were restored when Pennsylvania’s budget became effective in December 2003, some agencies found it necessary to move forward with eliminations and reductions - whether that be services offered or staff employed. Additionally, some providers have not yet received restoration funds. For example, Allegheny County providers have received letters in recent weeks outlining further percentage cuts for the current fiscal year.

Maintaining the MH/ MR/ D&A system
A 3% COLA helps to maintain the system not expand it or address the unmet need. Recruitment and retention are two of the largest issues facing this system today; without adequate staffing numbers and qualified workers, the system cannot survive. The current community system has been trying to maintain its services and costs at the same level for three consecutive years. Often, consumers and persons in recovery prefer a community-approach to care and treatment rather than extended hospitalization or institutionalization. Community services save the state and counties millions of dollars.
The system is in a recruitment and retention crisis now that will only worsen as the baby-boomer generation ages. There is a strong community MH/MR/D&A system intact now...and Pennsylvania should support, improve and expand it.

The June 2003 PCPA survey indicated that programs to be affected by eliminations and reductions included D&A, MH, and Criminal Justice. Examples of such programs follow.

D&A Programs:
- Counseling
- Prevention programs
- Methadone Treatment
- Intensive Outpatient
- Partial hospitalization
- Mobile engagement
- Residential rehabilitation
- Pregnant substance abusing women
- Homeless
- IOP for Adolescents
- Detox
- Perinatal addiction center
- Outpatient

MH Programs:
- Job training/placement services
- Drop-in centers
- Supported living apartments
- Residential service
- Inpatient
- Outpatient

Criminal Justice Programs:
- Forensic MH evaluations
- Prison MH services
- County offender program
- Casemanagement services

The national data referenced below shows a direct correlation between economic and social impacts in regards to D&A and MH services. Factors such as the necessity, efficacy and success of treatment for D&A and MH must be considered when making budgetary decisions.

- For every additional dollar invested in addictions treatment, the taxpayer saves at least $7.46 in costs to society (including the cost of incarceration) [Rand Drug Policy Research Center].
- Suicide is the third leading cause of death among U.S. adolescents [Agency for Healthcare Research and Quality (AHRQ)].
- Indirect costs of all mental illness imposed a nearly $79 billion loss on the U.S. economy in 1990 (the most recent year for which estimates are available) [AHRQ]. For example, $63 billion of the indirect costs reflects the loss of productivity in usual activities because of illness, $12 billion in mortality costs (lost productivity due to premature death), and $4 billion in productivity losses for incarcerated individuals [1999 Surgeon General’s Report on Mental Health].
- Addictions treatment effectiveness ranges from 40-80 percent – depending on numerous variables [The Robert Wood Johnson Foundation].
- Relapse rates for treatment of alcohol, opioids and cocaine are less than for those for hypertension and asthma, and equivalent to those of diabetes – all chronic conditions [Myths about the Treatment of Addiction (1996), The Lancet, 347, 237-240].
- Serious mental illness (SMI) is highly correlated with substance dependence or abuse [Substance Abuse and Mental Health Services Administration (SAMHSA)].