

# FY 2010 State Mental Health Revenues and Expenditures

Information from the National Association of State Mental Health Program Directors Research Institute, Inc (NRI)



Sept 2012

## Highlights

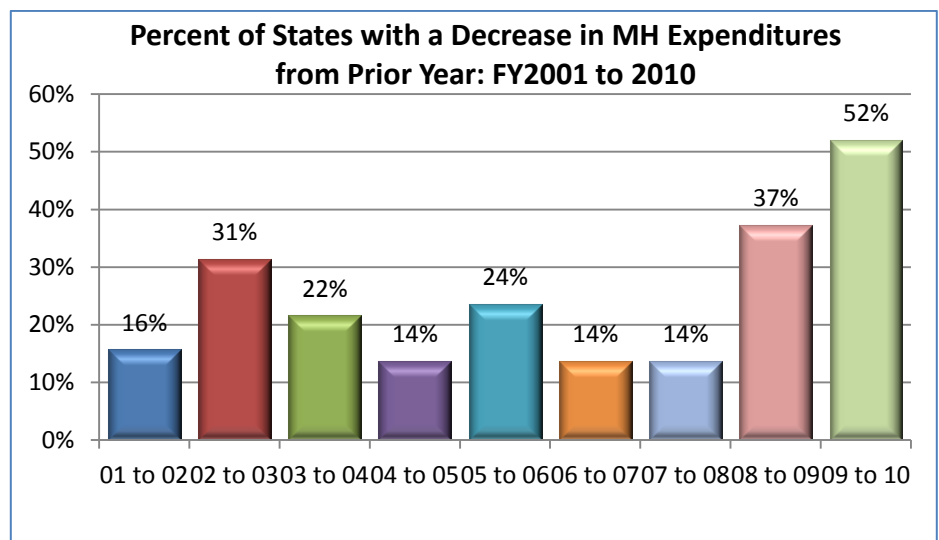
### SMHA Funding Changes FY'09 to FY'10

- Total SMHA Expenditures fell slightly from FY'2009, the first recorded drop in expenditures.
  - More SMHAs (26) reduced expenditures for mental health services than increased (25) expenditures from FY 2009 to 2010.
  - Most of the decrease came from State Psychiatric Hospital-Inpatient and SMHA Administration/Central Office expenditures
- State General Revenues decreased in 32 states (decreased by -\$219 million/-0.9% )
  - Medicaid received by SMHA systems increased by -\$129 million (-0.7%)
- SMHAs received most of their revenues (58.3%) from state government taxes (including state Medicaid match funds), but Medicaid (Federal share and State Match) was the largest single funding source at 48% of SMHA funding.
  - Over the last decade, most new funds came from Medicaid, increasing 8.8% per year between FY'01 and FY'10.
  - From FY'09 to FY'10, state general funds dropped by -0.9%, while Medicaid increased by -0.7%.

### SMHA Expenditures:

- State Mental Health Agencies (SMHAs) expended \$37.5 billion ( 51 states and District of Columbia reporting) on mental health services in FY'10, an average annual increase of 5.6% since FY'01.
- From FY'01 to FY'10, SMHA controlled mental health expenditures grew slightly faster than total state government expenditures (which increased 5.2% per year)
  - In FY'10, SMHA expenditures represented 1.9% of total state government expenditures.
- Adjusted for inflation and state population growth, total state mental health agency expenditures increased by only 0.6% per year from FY'01 to FY'10
  - From FY'09 to FY'10, SMHA per capita inflation adjusted expenditures decreased by -4.3%
- Community mental health expenditures increased by 6.8% per year since FY'01, and now represent 73% of total SMHA-controlled expenditures.

Total Fiscal Year 2010 State Mental Health Agency expenditures decreased for the first time in the over 30 years NRI has been tracking state mental health expenditures. From FY 2009 to FY 2010, more states (26) reported decreases in expenditures than reported increases (25). SMHA expenditures for mental health services decreased because State governments were responding to the largest state budget shortfalls since the Great Depression. Between 2008 and 2011, all but two state governments experienced budget shortfall that cumulatively totaled more than \$431 billion in budget cuts across all state government services.<sup>i</sup>

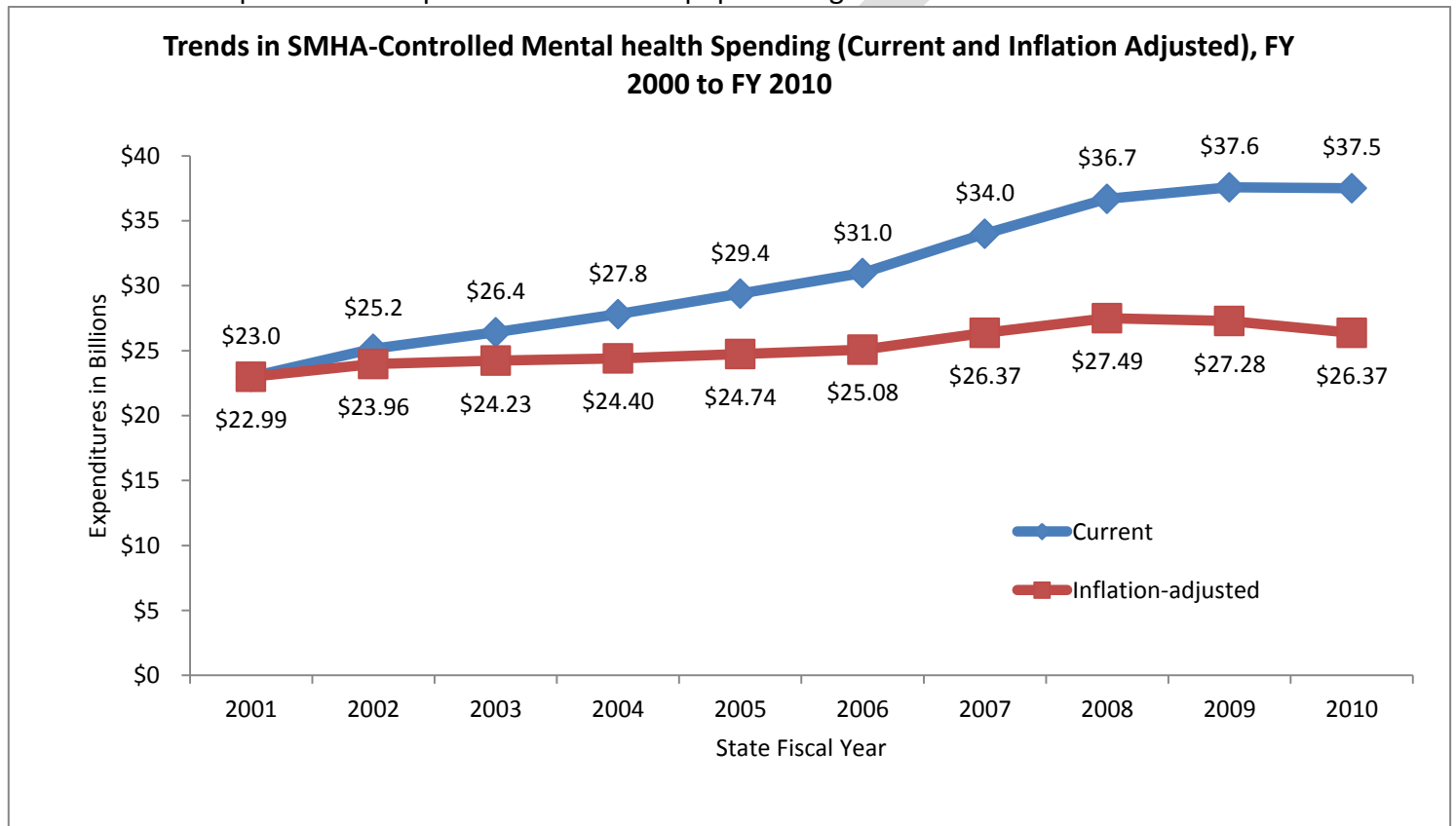


In FY 2010, total SMHA expenditures for mental health declined by \$77 million (-0.2%), but the 26 States with decreases lost a total of \$882 million from FY 2009 to 2010 (an average of -4.7% in the states with a decrease). In the states with increases in spending, the gains tended to be small, (10 SMHAs increased mental health spending by 2.5% or less). The 26 states with budget reductions from FY'09 to '10 represent the most states with reductions in the 29 years of this report series.

**Most Budget Reductions were made to State Psychiatric Hospital-inpatient services and SMHA Central Office/Administration as SMHAs protected Community Mental Health Spending.** From FY'09 to FY'10, SMHA-controlled expenditures for state psychiatric hospital inpatient services decreased by -4.1% (declined in 30 states and increased in 21 states), while community mental health expenditures increased by 1.3% (31 states increased and 20 states decreased). SMHA expenditures for administration (central office, research, training, etc) decreased by -2.0% from FY'09 to FY'10.

Adjusted for inflation and population growth, from FY 2009 to 2010, expenditures for state psychiatric hospital-inpatient services decreased by -8.0% nationwide with decreases in 44 states and increases in only 7 states, while expenditures for community mental health decreased less (down -2.9% with decreases in 37 states and increases in 14 states).

**Change in SMHA-Controlled Expenditures from Fiscal Year 2001 to Fiscal Year 2010:** SMHA-controlled expenditures for mental health services increased from \$23.0 billion in FY'01 to \$37.5 billion in FY'10 ( 51 SMHAs reporting), an increase of 63.1% (or an average annual increase of 5.6%). Adjusted for inflation and population growth, SMHA controlled expenditures increased slightly by only 0.6% per year from FY'01 to FY'10. From FY'01, SMHA-controlled expenditures have failed to keep pace with population growth and inflation in 30 states, while in 21 states the expenditures surpassed inflation and population growth.

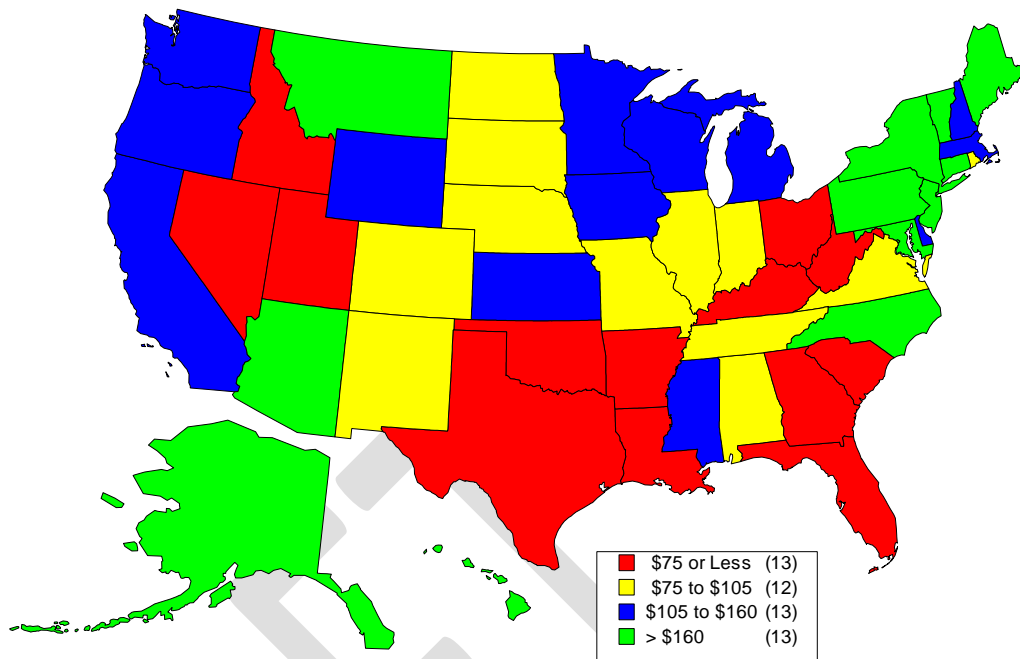


From FY'01 to FY'10 expenditures for **community mental health services** increased by 6.8% per year, while **state psychiatric hospital-inpatient** expenditures increased by 2.9% per year. When controlled for inflation and population growth, community mental health expenditures increased by 1.7% per year, while state psychiatric hospital-inpatient expenditures declined by -2.0% per year. From FY'01 to FY'10, 46 SMHAs increased expenditures on community mental health services, while 5 SMHAs decreased community mental health expenditures. Fewer SMHAs (40) increased psychiatric-inpatient hospital expenditures, while 11 decreased state psychiatric hospital expenditures. Since FY'01, inflation and population adjusted expenditures for community mental health increased in 28 states, while they declined in 23 states. Inflation and population adjusted State Psychiatric hospital expenditures declined in 38 states and increased in only 13 states.

**Mental Health Expenditures Controlled by State Mental Health Agencies:**

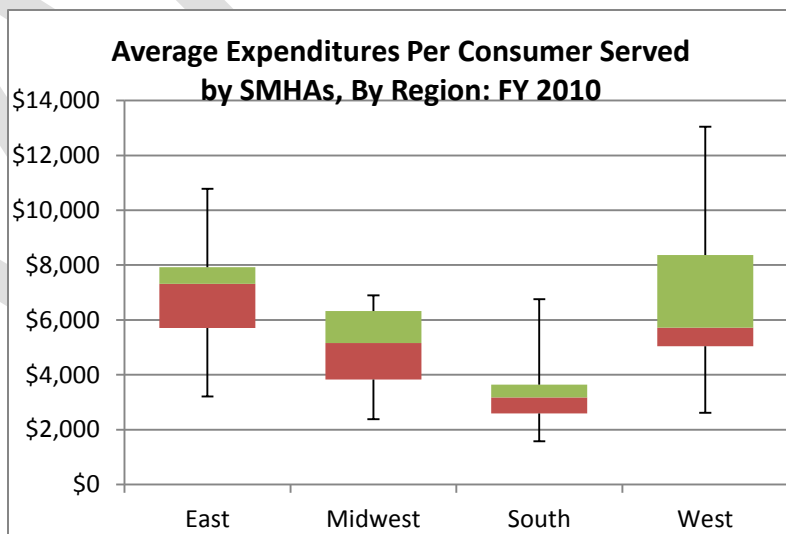
In state Fiscal Year 2010, 51 states and the District of Columbia collectively expended \$37.5 billion to provide mental health services. States averaged mental health expenditures of \$121.47 per every resident in their state, and SMHA-controlled mental health expenditures represented 1.9% percent of total state government expenditures. Due to differences in how state mental health agencies are organized and structured as well as the types of mental health services offered and the priority populations covered by states, there is considerable variation in the level of expenditures among the states. State mental health expenditures ranged from less than \$39 per state resident, to over \$200 per resident.

Figure 1: FY 2010 SMHA-controlled Per Capita Expenditures for Mental Health



**Expenditures per consumer served by SMHAs:**

During FY'10 the 50 states and the District of Columbia provided mental health services to over 6.8 million persons (CMHS 2010 URS data). The average expenditure per mental health service recipient was \$5,449 per client served (the median state expended \$5,161 and there was a range from \$1,571 to \$13,048 ). Median expenditures were highest in the East and West and lowest in Southern states.



**Expenditures per consumer served in community mental health programs:**

In Fiscal Year 2010, 6.5 million consumers served by SMHAs received community based services) with corresponding expenditures of \$27.3 billion in 50 States and DC (73% percent of all SMHA expenditures). SMHAs

Average Cost Per Client Served in the Community					
Region	2003	2009	2010	Percent change 2003-2010	Percent change 2009-2010
West	\$4,113	\$5,622	\$6,068	48%	8%
South	\$1,694	\$2,132	\$2,456	45%	15%
Northeast*	\$4,554	\$5,186	\$5,674	25%	9%
Midwest	\$4,798	\$3,532	\$3,305	-31%	-6%
<b>US Average</b>	<b>\$3,783</b>	<b>\$4,093</b>	<b>\$4,212</b>	<b>11%</b>	<b>2%</b>

\*Massachusetts is excluded due to inconsistent reporting between mental health expenditures and clients served

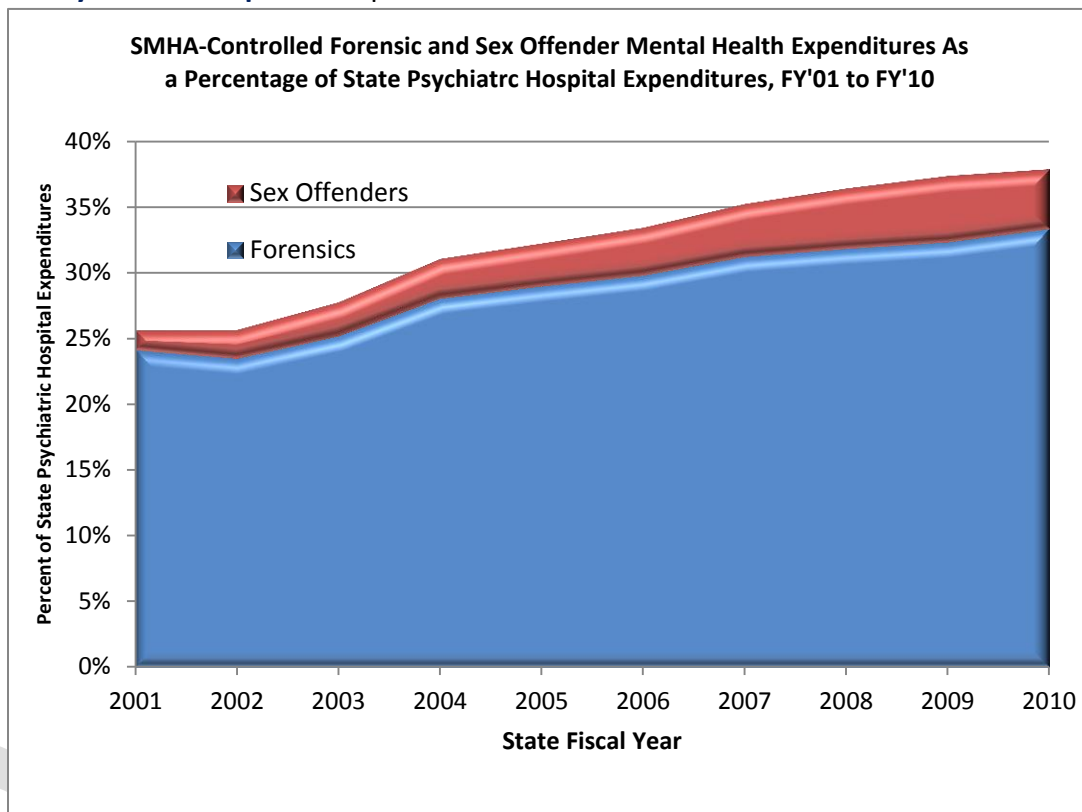
expended an average of \$4,212 per client served in the community. Average community mental health expenditures per client were highest in the Northeast and lowest in the South. Between FY'03 and FY'10, the average cost-per-client served in the community increased by 2%.

**Expenditures per patient day in state psychiatric hospitals:** In FY'10, SMHAs provided inpatient services to 163,347 patients in state psychiatric hospitals (representing 2 percent of all consumers served by SMHAs) with corresponding expenditures of \$9.4 billion. Inpatient care in state psychiatric hospitals had an average cost of \$560 per patient day. Costs per patient day in 2010 ranged from \$256 to \$1,300 and were consistently highest in the Northeast; averaging 20% higher than the US mean. Between 2003 and 2010, the US total cost per patient day in state hospitals increased by 36% (from \$410 in 2003 to \$557 in 2010). Average expenditures per patient day for children and civil status adults were higher than patient day costs for forensic and sex offender patients.

**Forensic Expenditures at State Psychiatric Hospitals:** Expenditures for forensic and sex offenders in state psychiatric hospitals

totalled \$3.6 billion ( 37.9% of all state psychiatric hospital inpatient expenditures in FY'10), a slight increase from 37.4% in FY'09.

Expenditures for forensic clients totalled \$3.2 billion and expenditures for sex offenders totalled \$425 million. From FY'09 to FY'10, forensic expenditures decreased by -\$25.5 million (decreased in 22 states and increased in 23 states). Sex Offender related expenditures increased by \$2.7 million (increased in 11 states and decreased in 5 states).



### State Mental Health Expenditures as a Part of Overall State Government Spending

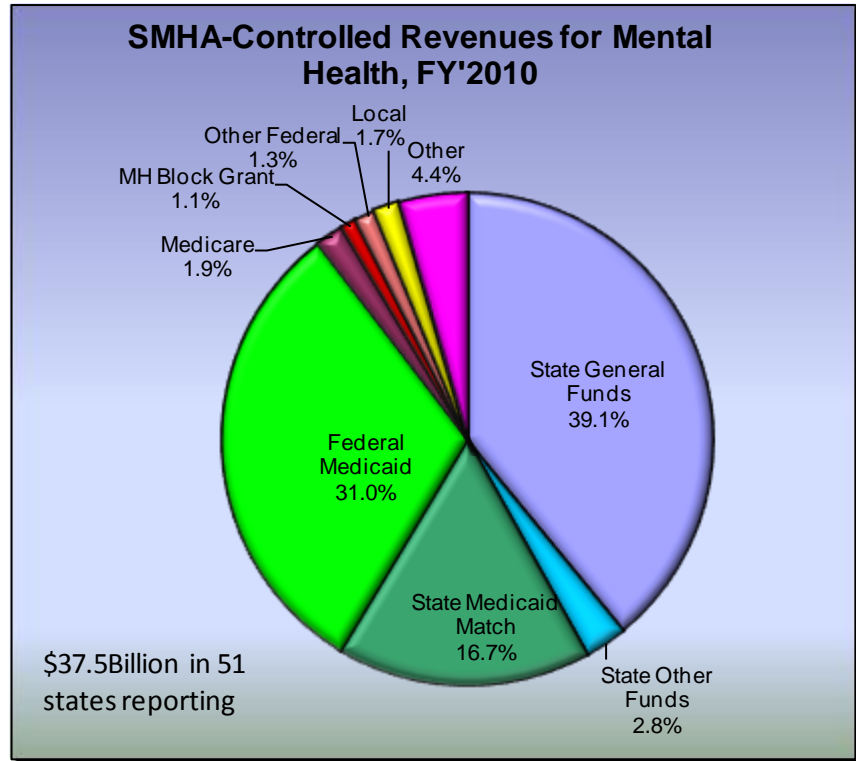
From FY'01 to FY'10, total state government expenditures grew by an average of 5.2% per year, while state Medicaid expenditures grew by an average 6.8% per year. SMHA-controlled expenditures for mental health grew at slower rate than Medicaid (by 5.6% per year), but at a rate slightly higher than overall state expenditures. From FY'09 to FY'10, overall state government expenditures grew by 4.8%, while Medicaid grew by 10.6% and SMHA expenditures dropped by -0.2%. The change in SMHA expenditures from FY'09 to FY'10 was not uniform, with expenditures for mental health increasing in 25 states and decreasing in 26 states, while total state government expenditures increased in 38 states and decreased in 12 states (and Medicaid spending grew in 41 states and decreased in only 9 states).

**State Tax Dollars Remain the Major Source of Funding of SMHAs:** In FY'10, 58% of SMHA funding was derived from state government sources (including the state government share of Medicaid). This is a decline from 67% in FY'01. In FY'10, state tax dollars accounted for \$22.1 billion of funding for SMHA mental health services. These funding sources included state general and special funds of over \$15.8 billion (a slight decrease from \$16.3 billion in FY'09), and state Medicaid match of \$6.3 billion. The federal government was the second largest funder of SMHA services, with FY'10 dollars totaling \$13.5 billion (35% of total SMHA funding). The majority of

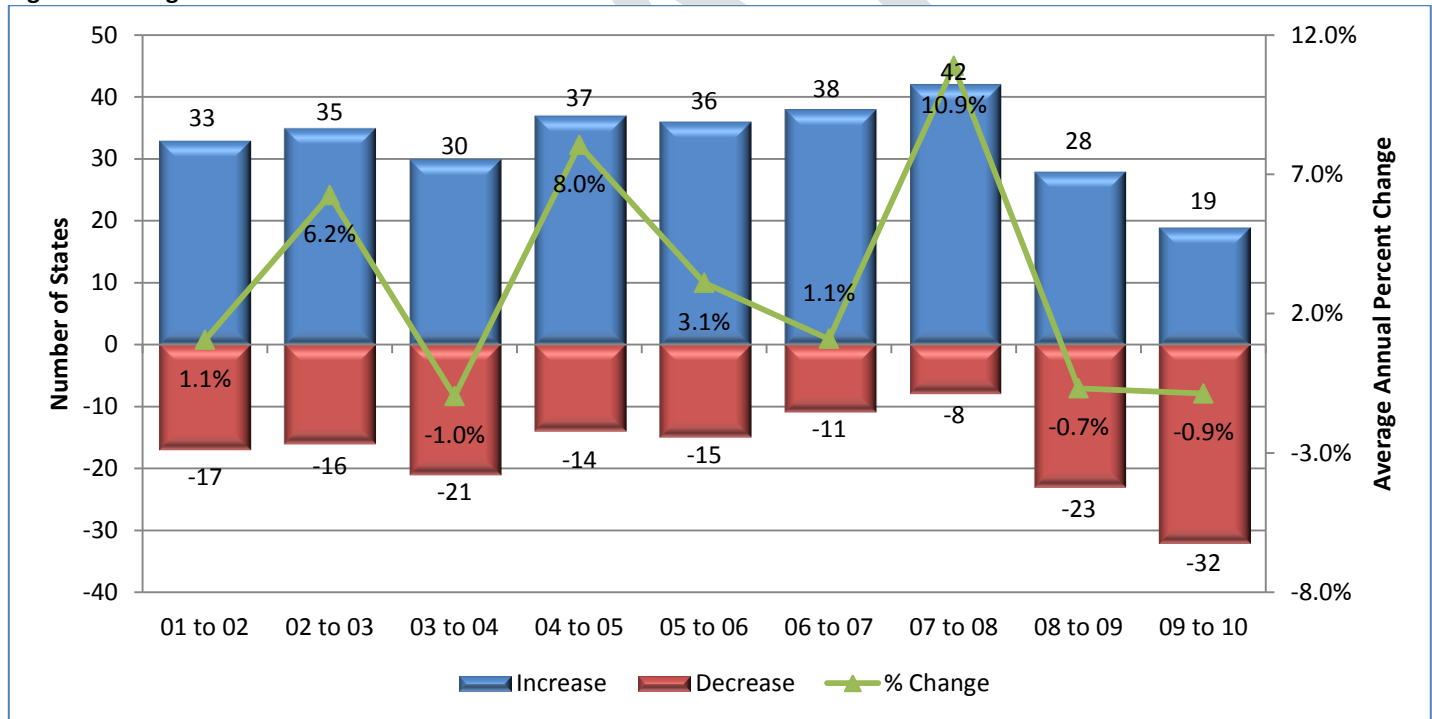
federal revenues came from Medicaid (\$11.8 billion), followed by Medicare (\$699.5 million), the Community Mental Health Block Grant (\$398.8 million), and Other Federal Funds (\$266.5 million). Local Governments contributed \$675.0 million (1.8%) and all other miscellaneous funds contributed the remaining \$1.7 billion (4.4%). Total Medicaid funds (State Match and Federal Share combined) received by SMHA-funded programs represented \$18.2 billion (48%) of SMHA funding.

**SMHA Revenue Trends Over Time:**

From FY 2009 to FY 2010, State General Revenues declined by -\$508.7 million, a decrease of -3.1% (General Funds decreased in 31 states and increased in 19 SMHAs). The 31 states with a decrease in General Funds for mental health was the largest number of state decreased in over 29 years.

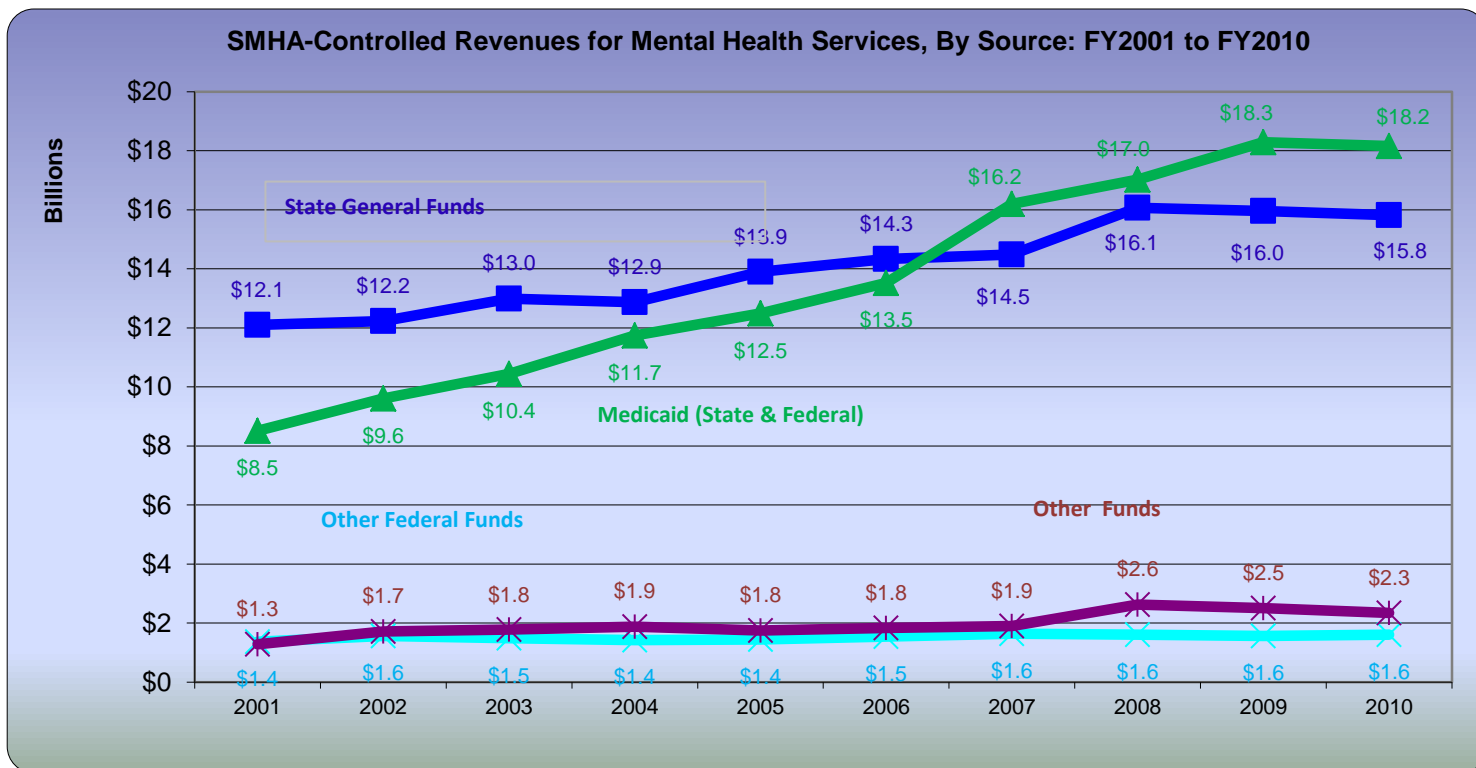


**Figure 2: Change in State General Revenues for MH Services**

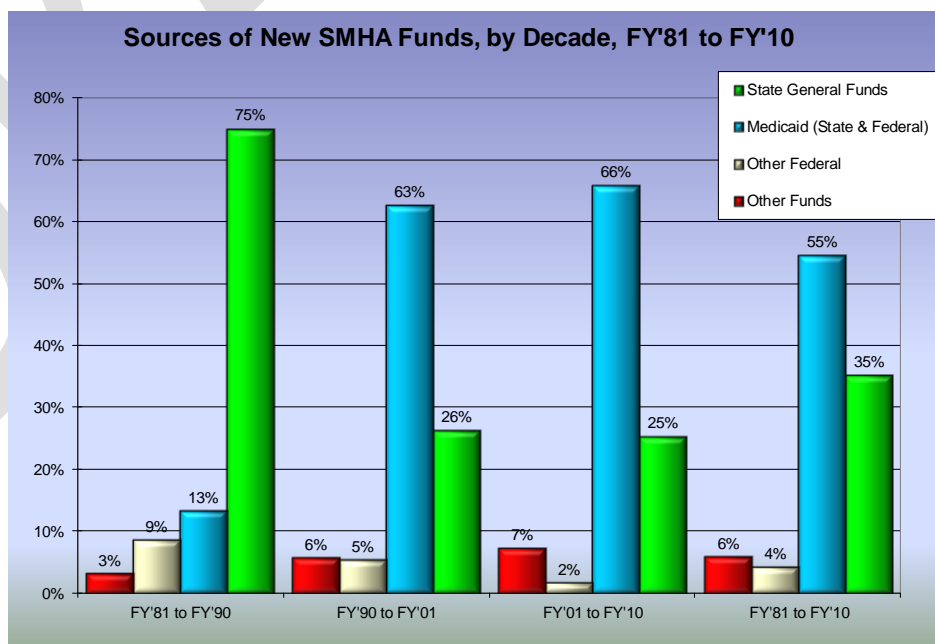




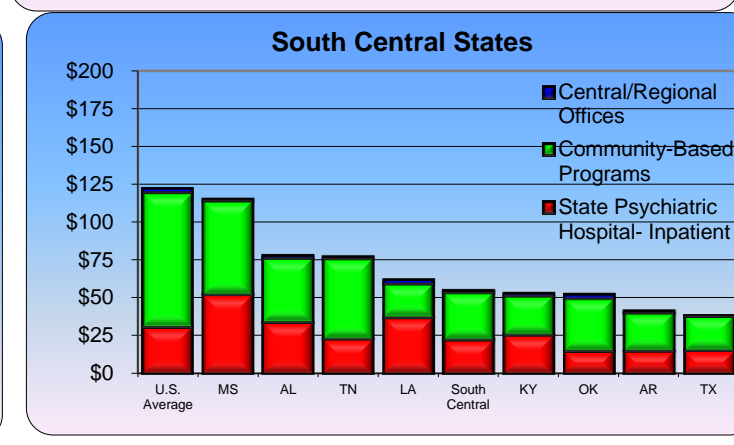
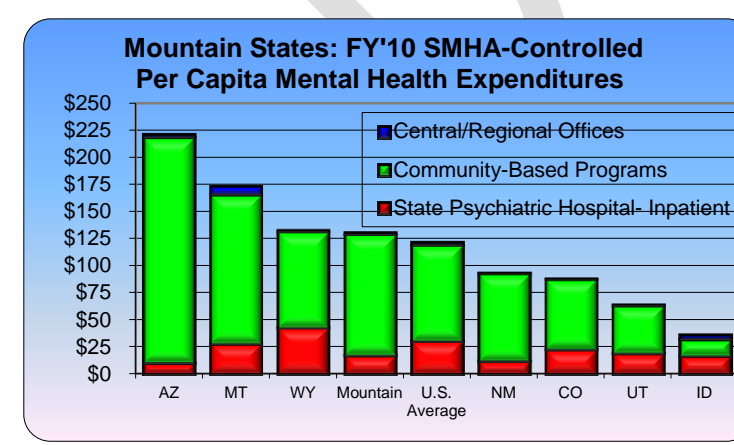
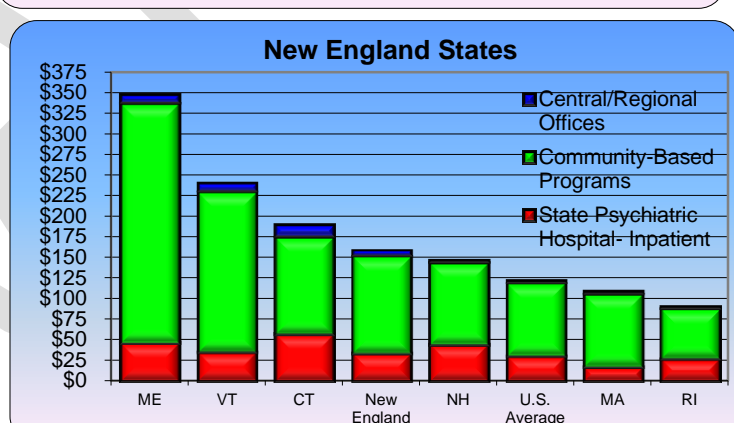
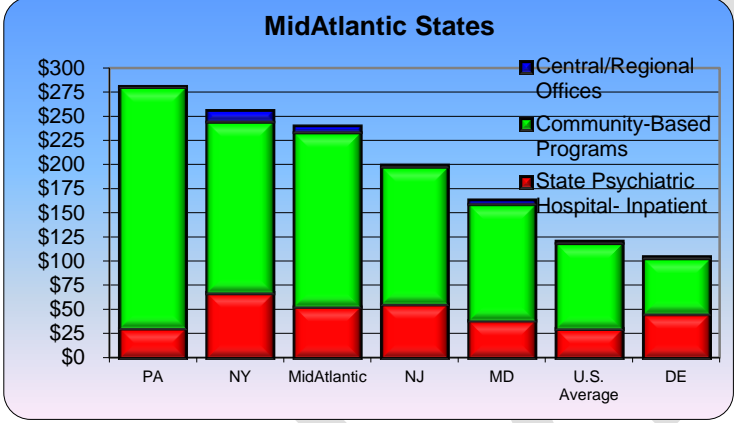
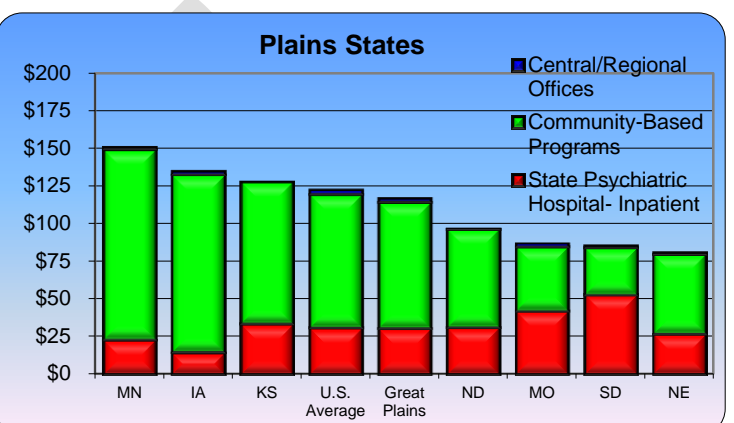
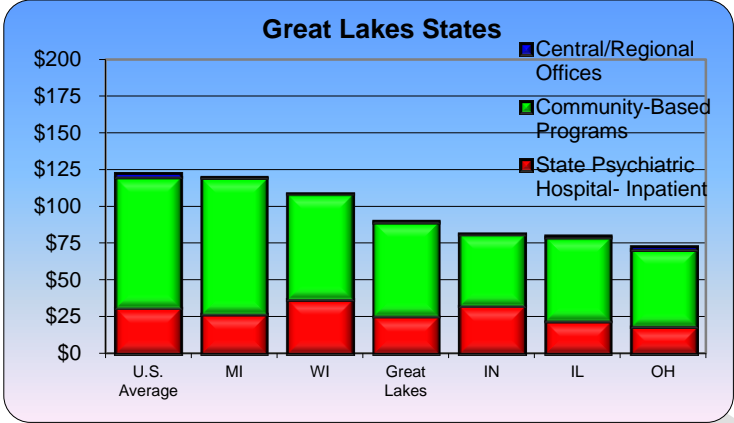
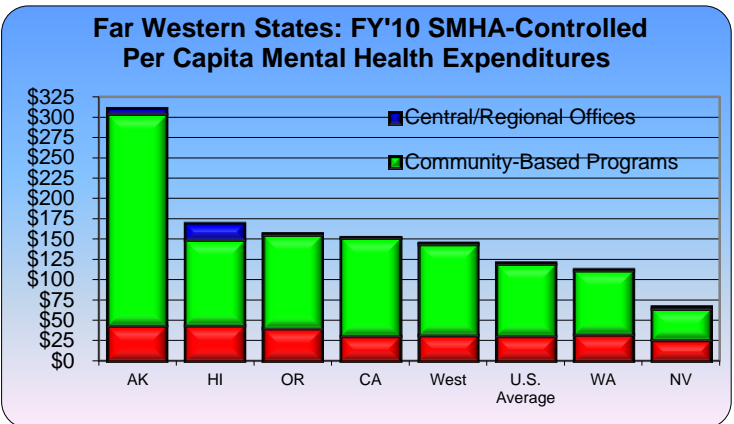
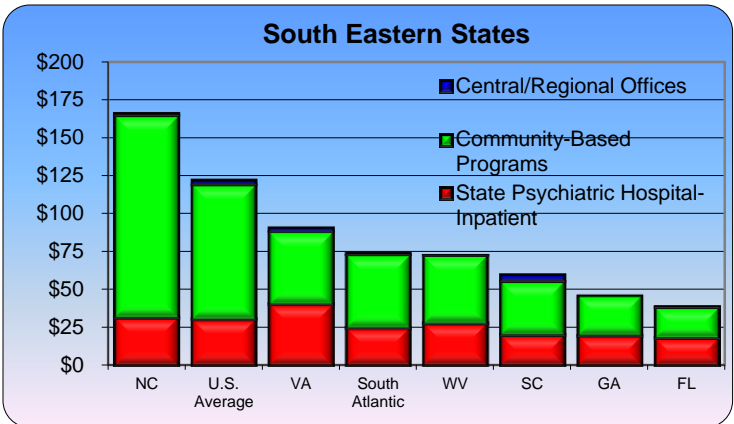
Medicaid funds for SMHA mental health services also declined from FY'09 to FY'10, from \$17.9 billion to \$18.2 billion. The decrease in Medicaid funds included a decrease of -\$421.4 million in State Medicaid Match funds, while the Federal contribution to Medicaid actually increased by \$686.3 million from FY'09 to FY'10. Total Medicaid for SMHA services increased in 31 states and decreased in 20 states.



From FY'01 to FY'10, SMHA general fund revenues from states increased by 4.3% per year. Medicaid funding (federal and state match) increased by 10.7% per year to \$18.2 billion, representing a slower increase than the prior decade (FY'90 to FY'01 increased an average of 16% per year.) Other federal funds (including the Mental Health Block Grant) increased by 0.8% per year over this time period.



As a result of the different rates of growth in funding, most of the new funds available for SMHA funded services came from Medicaid. From FY'01 to FY'10, 66% of new SMHA funds were from Medicaid, while 25% of new SMHA funds were derived from State General Revenues. Over the longer time period from FY'81 to FY'10, over half (55%) of all new funds were from Medicaid, while state general funds were the source of 35% of new funds to SMHAs.



**Table 1: SMHA Mental Health Actual Dollar and Per Capita Expenditures By State, FY 2010**

STATE	Total SMHA Expenditure	Rank	State 2010 Civilian Population	Per Capita (by State Pop)	Per Capita Rank	2010 State Pop <135% of Poverty	SMHA Exp Per Capita (<135% Poverty)	135% Poverty Per Capita Rank	Note
Alabama	\$373,100,000	27	4,771,590	\$78.19	36	1,139,000	\$327.57	39	
Alaska (a)	\$214,200,700	34	690,943	\$310.01	3	120,000	\$1,785.01	2	a
Arizona	\$1,414,300,000	6	6,391,642	\$221.27	7	1,709,000	\$827.56	15	
Arkansas (a)	\$122,468,795	44	2,914,626	\$42.02	47	723,000	\$169.39	49	a
California (b)	\$5,674,396,088	1	37,184,322	\$152.60	15	8,790,000	\$645.55	21	b
Colorado	\$443,227,875	25	5,013,604	\$88.41	30	856,000	\$517.79	27	
Connecticut (ac)	\$675,500,000	17	3,567,732	\$189.34	9	407,000	\$1,659.71	3	ac
Delaware (ac)	\$95,000,125	45	895,869	\$106.04	25	157,000	\$605.10	23	ac
District of Columbia	\$217,069,846	33	602,018	\$360.57	1	156,000	\$1,391.47	6	
Florida	\$742,227,938	14	18,768,289	\$39.55	48	4,151,000	\$178.81	46	
Georgia	\$449,147,633	24	9,651,615	\$46.54	46	2,526,000	\$177.81	47	
Hawaii	\$224,800,000	32	1,322,431	\$169.99	11	234,000	\$960.68	12	
Idaho	\$57,400,000	50	1,566,443	\$36.64	50	333,000	\$172.37	48	
Illinois	\$1,030,100,000	8	12,807,352	\$80.43	35	2,777,000	\$370.94	34	
Indiana	\$530,148,000	20	6,486,415	\$81.73	33	1,357,000	\$390.68	33	
Iowa	\$409,900,000	26	3,048,489	\$134.46	18	506,000	\$810.08	16	
Kansas	\$375,700,000	26	2,839,153	\$132.33	19	597,000	\$629.31	22	
Kentucky	\$232,300,000	31	4,326,792	\$53.69	44	1,104,000	\$210.42	44	
Louisiana	\$282,060,590	29	4,522,576	\$62.37	42	1,373,000	\$205.43	45	
Maine (b)	\$459,680,997	23	1,325,048	\$346.92	2	233,000	\$1,972.88	1	b
Maryland (b)	\$944,700,000	10	5,756,657	\$164.11	13	867,000	\$1,089.62	10	b
Massachusetts (a)	\$714,300,000	16	6,549,009	\$109.07	23	1,073,000	\$665.70	19	a
Michigan (b)	\$1,177,100,000	7	9,872,240	\$119.23	20	2,110,000	\$557.87	26	b
Minnesota	\$797,029,922	12	5,307,217	\$150.18	16	811,000	\$982.77	11	
Mississippi	\$339,500,000	28	2,953,344	\$114.95	21	939,000	\$361.55	36	
Missouri	\$518,428,093	21	5,976,042	\$86.75	31	1,253,000	\$413.75	31	
Montana	\$171,381,791	40	987,283	\$173.59	10	206,000	\$831.95	14	
Nebraska	\$147,191,849	42	1,823,231	\$80.73	34	289,000	\$509.31	28	
Nevada	\$184,000,000	38	2,693,050	\$68.32	40	611,000	\$301.15	40	
New Hampshire	\$192,590,991	36	1,315,478	\$146.40	17	142,000	\$1,356.27	7	
New Jersey (b)	\$1,758,813,000	4	8,790,015	\$200.09	8	1,365,000	\$1,288.51	8	b
New Mexico	\$191,789,054	37	2,054,149	\$93.37	27	554,000	\$346.19	37	
New York (b)	\$4,965,000,000	2	19,370,757	\$256.31	5	4,327,000	\$1,147.45	9	b
North Carolina (b)	\$1,565,147,892	5	9,449,038	\$165.64	12	2,169,000	\$721.60	17	b
North Dakota	\$64,315,281	49	667,356	\$96.37	26	110,000	\$584.68	25	
Ohio	\$843,055,168	11	11,527,708	\$73.13	38	2,273,000	\$370.90	35	
Oklahoma	\$198,100,000	35	3,733,893	\$53.05	45	892,000	\$222.09	43	
Oregon	\$602,389,187	19	3,834,825	\$157.08	14	763,000	\$789.50	16	
Pennsylvania (a)	\$3,568,718,516	3	12,709,964	\$280.78	4	2,192,000	\$1,628.07	4	a
Rhode Island (c)	\$94,919,347	46	1,048,716	\$90.51	29	192,000	\$494.37	29	c
South Carolina	\$275,500,000	30	4,595,857	\$59.95	43	1,059,000	\$260.15	42	
South Dakota	\$69,392,215	48	813,066	\$85.35	32	153,000	\$453.54	30	
Tennessee	\$490,700,000	22	6,339,690	\$77.40	37	1,467,000	\$334.49	38	
Texas (b)	\$979,600,000	9	25,126,316	\$38.99	49	6,716,000	\$145.86	50	b
Utah (b)	\$177,688,669	39	2,768,866	\$64.17	41	450,000	\$394.86	32	b
Vermont	\$150,000,000	41	625,412	\$239.84	6	101,000	\$1,485.15	5	
Virginia (b)	\$717,200,000	15	7,905,389	\$90.72	28	1,197,000	\$599.16	24	b
Washington	\$761,100,000	13	6,701,501	\$113.57	22	1,160,000	\$656.12	20	
West Virginia (ac)	\$135,000,000	43	1,852,452	\$72.88	39	451,000	\$299.33	41	ac
Wisconsin (b)	\$615,198,301	18	5,688,502	\$108.15	24	875,000	\$703.08	18	b
Wyoming	\$74,766,713	47	561,163	\$133.24	18	83,000	\$900.80	13	
<b>Total</b>	<b>\$37,507,462,478</b>		<b>308,095,135</b>	<b>\$121.74</b>		<b>66,098,000</b>	<b>\$567.45</b>		
<b>Average (Mean)</b>	<b>\$735,440,441</b>		<b>6,041,081</b>	<b>\$127.39</b>		<b>1,296,039</b>	<b>\$684.39</b>		
<b>Median</b>	<b>\$409,900,000</b>		<b>4,326,792</b>	<b>\$106.04</b>		<b>867,000</b>	<b>\$584.68</b>		
<b>Number of States Reporting</b>	<b>51</b>		<b>51</b>	<b>51</b>		<b>51</b>	<b>51</b>		

a = Medicaid Revenues for Community Programs are not included in SMHA-Controlled Expenditures

b = SMHA-Controlled Expenditures include funds for mental health services in jails or prisons.

c = Children's Mental Health Expenditures are not included in SMHA-Controlled Expenditures

NR = No Response submitted for state footnotes.

NA=Services provided but exact expenditures are unallocatable.