



Altering States, Reforming the System
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Economics and Mental Health: Pain or Gain?

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Structure

- Why is economics relevant?

Seven deadly economic sins:

- Accountancy*
- Neglect
- Greed
- Impatience
- Protectionism
- Myopia
- Paternalism

Take-home messages



**Why is
economics
relevant?**

... er ... **just switch on the TV ...**

- Every country faces big economic challenges

Consequences?

- Government has less money coming in (lower tax revenues etc)
- But more going out, since needs are greater (unemployment etc)

Reactions?

- This is NOT the time to cut spending ...
- ... BUT we need to convince decision makers that mental health services not only improve **well-being** but also have **economic benefits**

The underlying problem is ...

Scarcity

**There are not enough resources
to meet all of society's needs or
wants**

**→ So society has to choose how
to use them (i.e. to 'ration')**

... and when choosing ...

... we need to know ...

- what people need and what they want
- what services can meet those needs
- what staff and other inputs are employed to deliver those services
- what are the costs of employing them
- how to raise the funds to meet those costs

BUT ■■■■



Accountancy*

Don't just look
at the costs.
You have to
check the
outcomes too

* Don't confuse with ...

... and when choosing ...

... we need to know:

- what people need and what they want
- what services can meet those needs
- what staff and other inputs are employed to deliver those services
- what are the costs of employing them
- how to raise funds to meet those costs

BUT ... we also need to know:

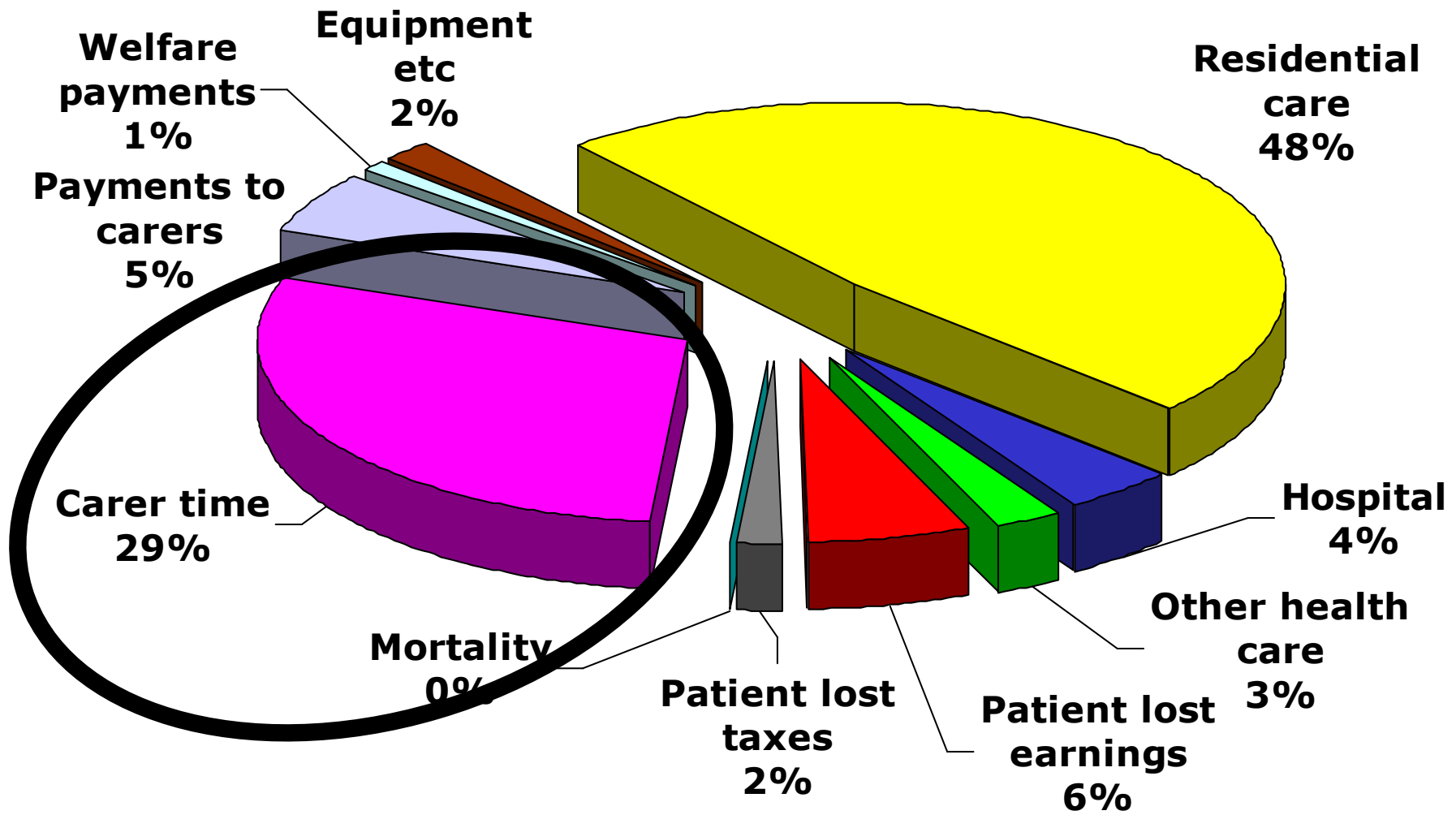
- **what outcomes are achieved**
- **and whether those outcomes are worth the cost needed to generate them**



Neglect

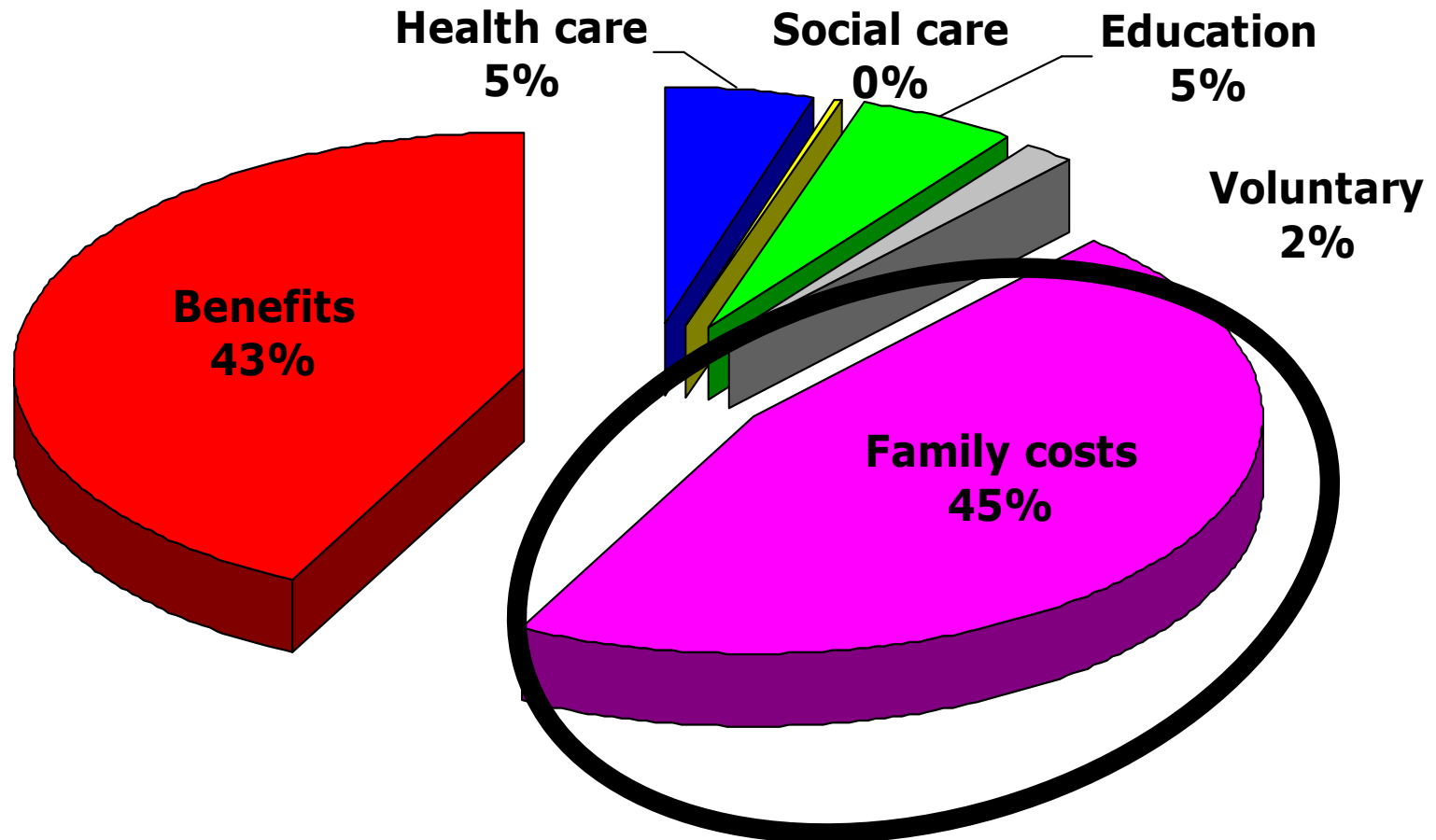
The most
important
input is the
one you most
often overlook

Costs of dementia in Australia



Access Economics, report, 2003

Costs of children with persistent antisocial behaviour, London UK



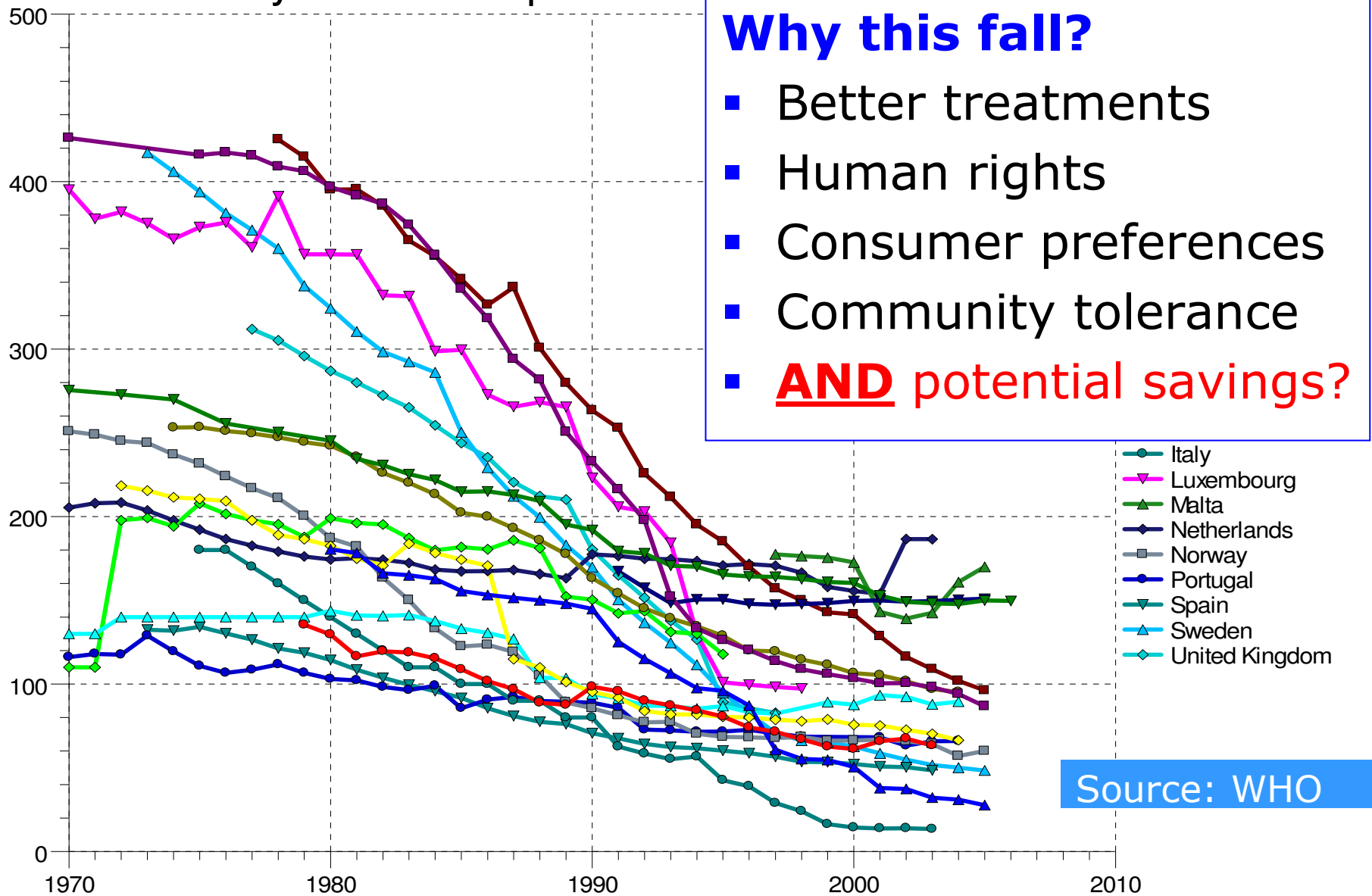


Greed

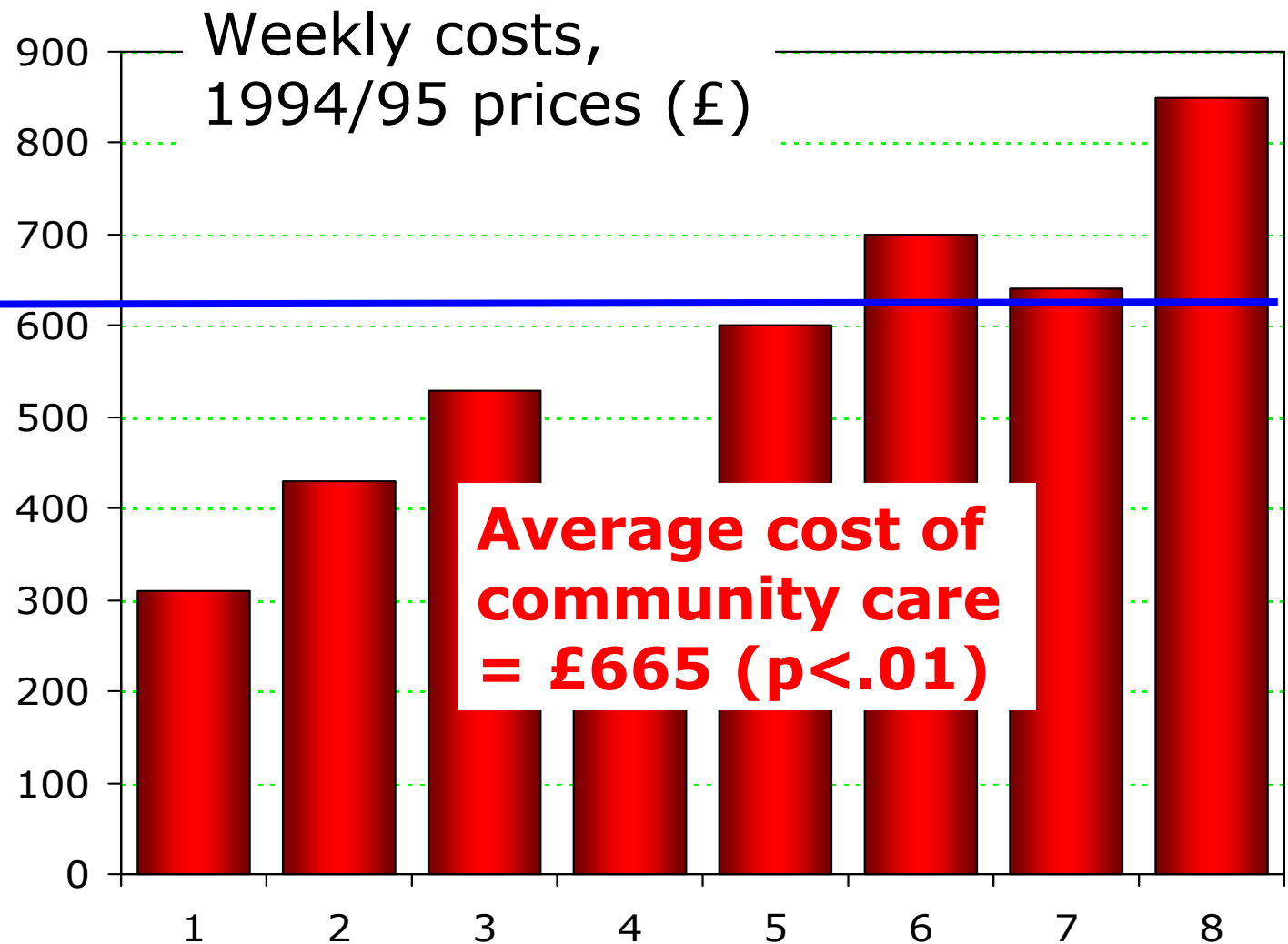
Don't shift the
balance of
care just so
that you can
cut spending

Psychiatric beds - Western Europe

Psychiatric hospital beds per 100000



Friern Hospital closure: cost of community care for each annual cohort of 'leavers'

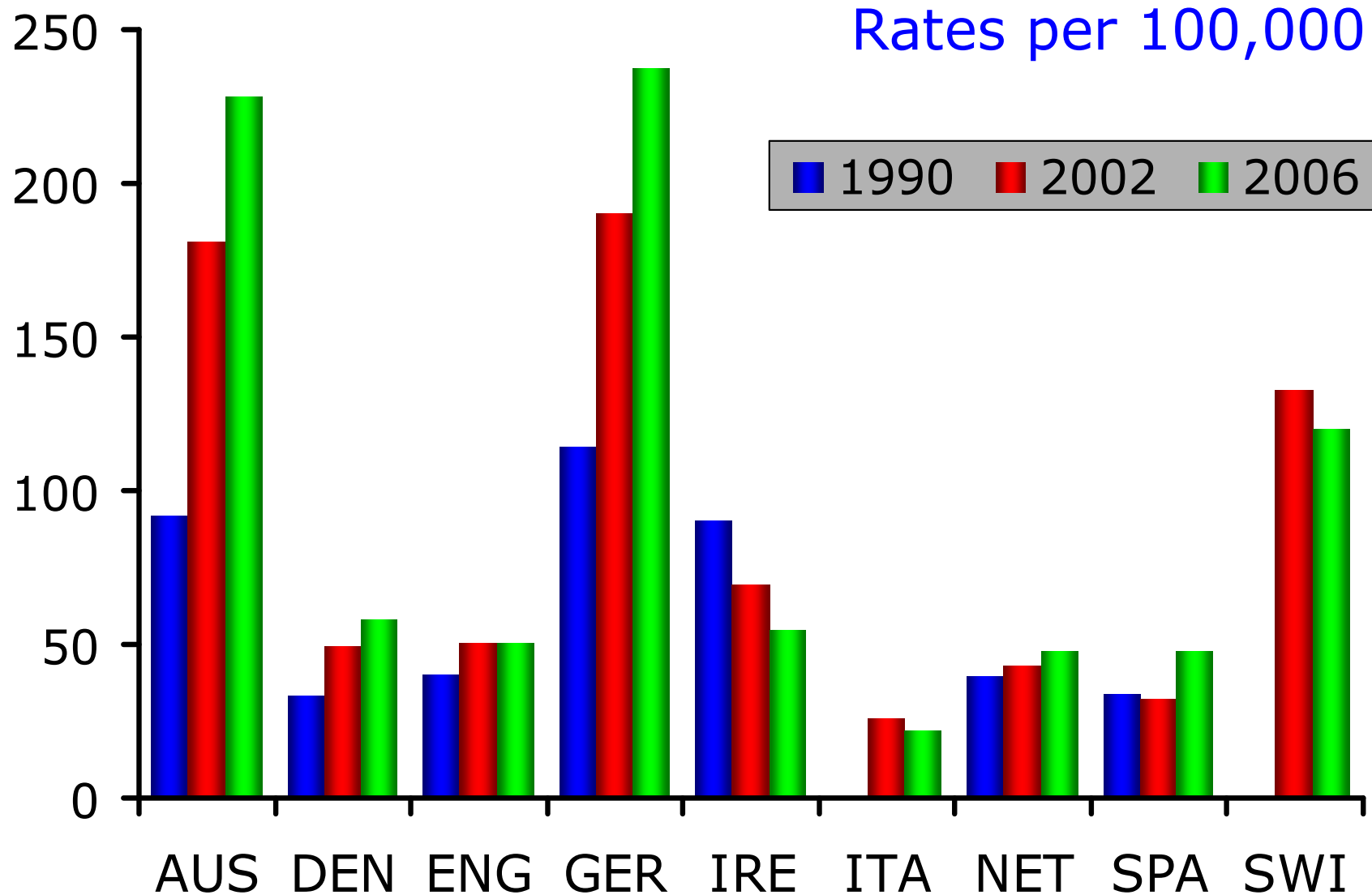


Average hospital cost = £595

Note – very wide cost range in each cohort

Average cost of community care = £665 (p < .01)

Risks of under-funding? Growth of involuntary hospital admissions





Impatience

Give preventive
measures time
to have their
full effects

Early identification and intervention for psychosis

Psychosis - onset in late adolescence / early adulthood. Often earlier signs

Usual response to first onset is hospital admission; then frequent readmissions

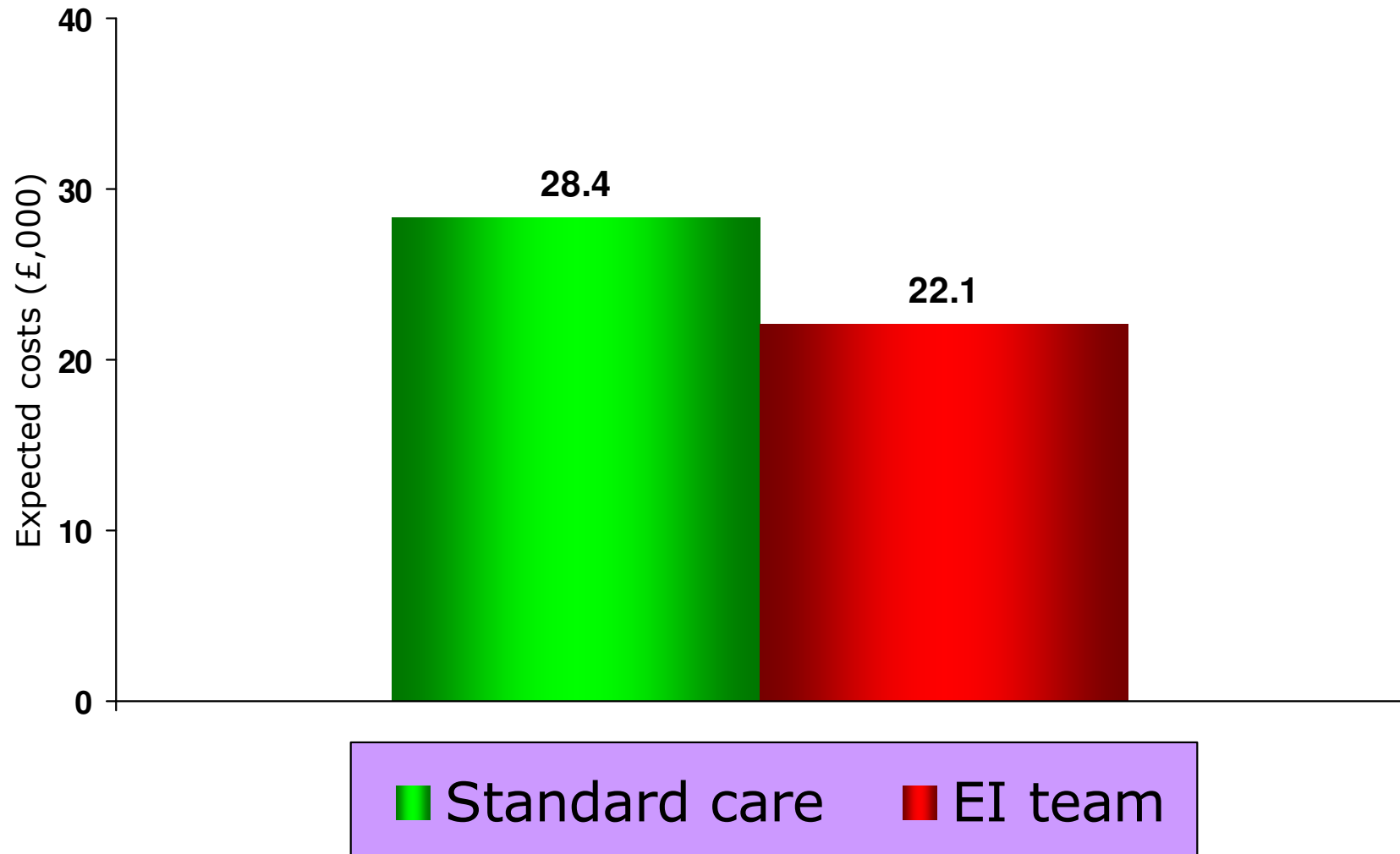
Psychosis is also associated with:

- poor educational outcomes
- disrupted employment
- social isolation
- violent behaviour, homicide
- self-harm, suicide

Early intervention teams: are they cost-effective?

- Most areas in England invested in early intervention (EI) teams (community-based)
- But it is always hard for a preventive service to prove effectiveness and cost-effectiveness
- **Outcomes** evidence for EI – is certainly encouraging, but decision makers were worried about the cost of these teams
- So we constructed a 'model' to simulate care pathways and **costs** with and without EI
- And populated it with data from real services, previous research etc

Costs (over 3 yrs) of EI team and standard care



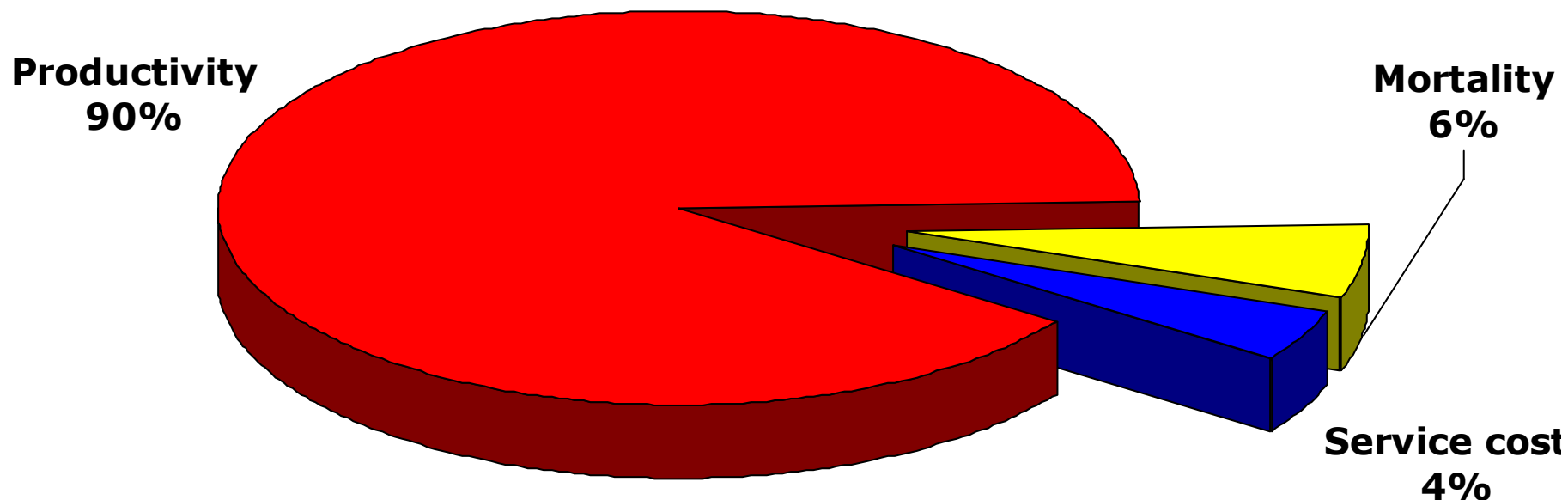


Protectionism

Think about the wider context, not just your own budget and targets

Costs of depression (adults) in England, 2000

Total cost = £9 billion



Can better health care save money as well as proving effective?

We know that – compared to the rest of the population - people with depression are ...

- ... less likely to have a **job**
- ... more likely to have sickness-related **absences**
- ... less **productive** at work when they are unwell

So economic impacts of depression fall widely:

- on individuals and families (lost income)
- on employers (lost productivity)
- on the government (welfare payments; lost taxes)

Research → What would happen if good treatment was made available to all who needed it?

Cost
per
person

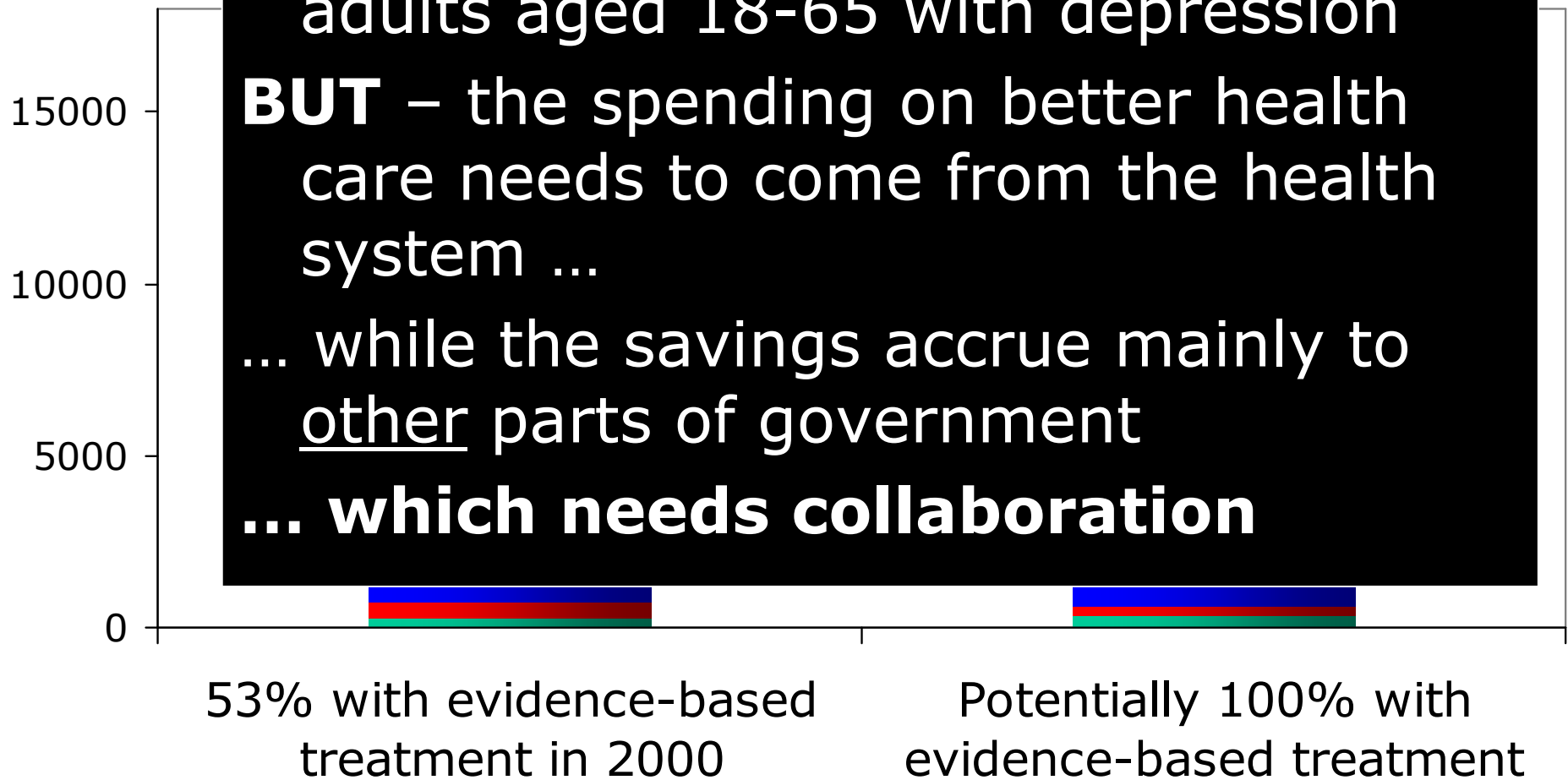
Savings per person

= £2266 per year averaged over all adults aged 18-65 with depression

BUT – the spending on better health care needs to come from the health system ...

... while the savings accrue mainly to other parts of government

... **which needs collaboration**



■ Service costs ■ Incapacity benefit ■ Lost taxes ■ Lost productivity

Knapp, McCrone, Capdevielle, unpublished, 2008



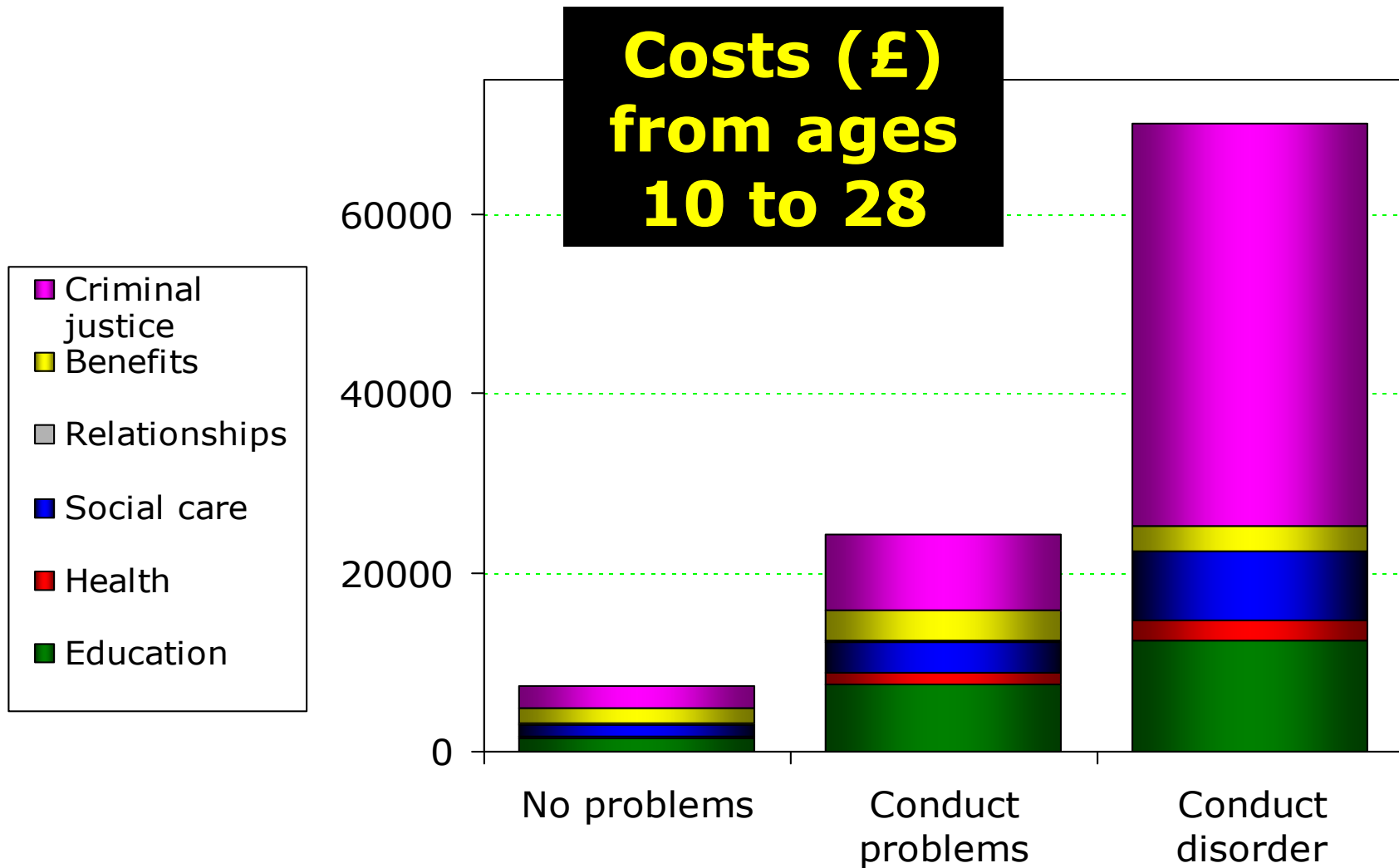
Myopia

Don't close your
eyes to (often
enormous)
longer-term
impacts

Inner London Longitudinal Study

- Study of all 10-year olds in part of London in 1970 (n=1689). Led by Michael Rutter at that time
- Teacher ratings, child questionnaires
- Intensive study of 50% of those with psychological problems and random 8% of the total population
- At age 10:
 - No problems at school, no clinical diagnosis (65)
 - Emotional problems at school, only (32)
 - Emotional disorder (8)
 - Antisocial behaviour at school, only (61)
 - Conduct disorder (16)
- Followed up at age 26-28 ...
- Later ... we calculated costs from 10 to 28 (but original study not built for this purpose)

Costs in early adulthood from childhood conduct disorder



Scott, Knapp, Henderson, Maughan, *BMJ* 2001



Paternalism

Consumers can
make informed
(supported)
choices about
their lives

Self-directed support (SDS)

People eligible for SDS are more than service users.
In the UK today, SDS is used for equipment, (2009)

But also concerns about:

- vulnerability/competence of consumers
- risk of exploitation/abuse
- public accountability for tax funds
- monitoring of quality of support
- transaction costs (brokerage etc)

Why this policy

- Professional
- Linked to citizenship agenda
- Broad political appeal – all parties support it
- Many consumers seem to like it
- SDS is expected to generate better outcomes ...
- ... and lower costs

Individual budget pilots in England

Piloted in 13 localities – give people the option to take cash rather than services. **Does it improve outcomes? Is it cost-effective?**

Research findings for people with mental health needs. Compared to conventional social care:

- IBs offered greater **range and flexibility** of support
- **Quality of life** was better
- **Psychological wellbeing** was slightly higher
- IBs appeared to be more **cost-effective**



**Take home
messages**

Messages for policy makers - 1

Accountancy → Policy driven only by financial considerations is always suspicious. You must know the outcome consequences.

Neglect → Many economic impacts are hidden. Remember that unpaid carers are precious resources.

Greed → Good quality care doesn't (usually) come cheap. Don't cut services for vulnerable or disadvantaged people just because they don't have much voice.

Impatience → Prevention can work, but in the mental health area you have to give it time. There is no vaccine against schizophrenia, depression,

Messages for policy makers - 2

Protectionism → Don't just focus on your own budget and your own performance targets. Collaborate for the greater common good!

Myopia → Many people have mental health needs over most of their lives. Make sure decisions are taken from a life-course perspective.

Paternalism → Professionals don't always know best. Give consumers (supported, monitored) choice and control.

So ... economics ... Is it pain?

Sure, but it can offer gains too