

Benefit-Cost Analysis Report: Adult Mental Health

January 2017

Minnesota’s Department of Human Services and county agencies administer a range of services designed to reduce the prevalence and severity of mental health conditions. Minnesota Management & Budget (MMB) created an inventory of these services and conducted benefit-cost analyses of the mental health offerings in the state. This summary of our findings complements a longer, full report that includes a detailed explanation of the analysis, findings, and other key considerations. This report can be found at mn.gov/mmb/results-first.

The inventory identifies 39 mental health services in Minnesota. Of those, rigorous evidence shows that 23 of the services have proven effective or promising impacts on adult mental health outcomes. The remaining 16 need additional research to determine their effectiveness or represent settings that may employ a range of services, dependent on the needs of the client.

Seven services also received a full benefit-cost analysis, of which, six have estimated benefits that exceed their costs. Estimated benefits per dollar invested range from \$3.90 for mobile crisis response to \$0.80 for Wellness Recovery Action Plan. We also analyzed one type of clinical treatment, Cognitive Behavioral Therapy (CBT), for three mental health diagnoses (depression, anxiety, PTSD). For this treatment, returns ranged from \$66.00 to \$30.80. For most services, benefits accrue only while the participant receives treatment. This is true for all but CBT; the research shows improvements in client outcomes that persist after CBT treatment ends.

These estimates are based on findings from a national clearinghouse of rigorous evaluations of mental health services and treatments. The benefit-cost ratio assumes services in Minnesota are having the same impact found in those prior evaluations.

The benefit-cost ratio is for Minnesota stakeholders, including state and county payers. It does not include benefits or costs that accrue to federal taxpayers; these benefits and costs are broken out separately in the full report.

Figure 1: What is a benefit-cost ratio?

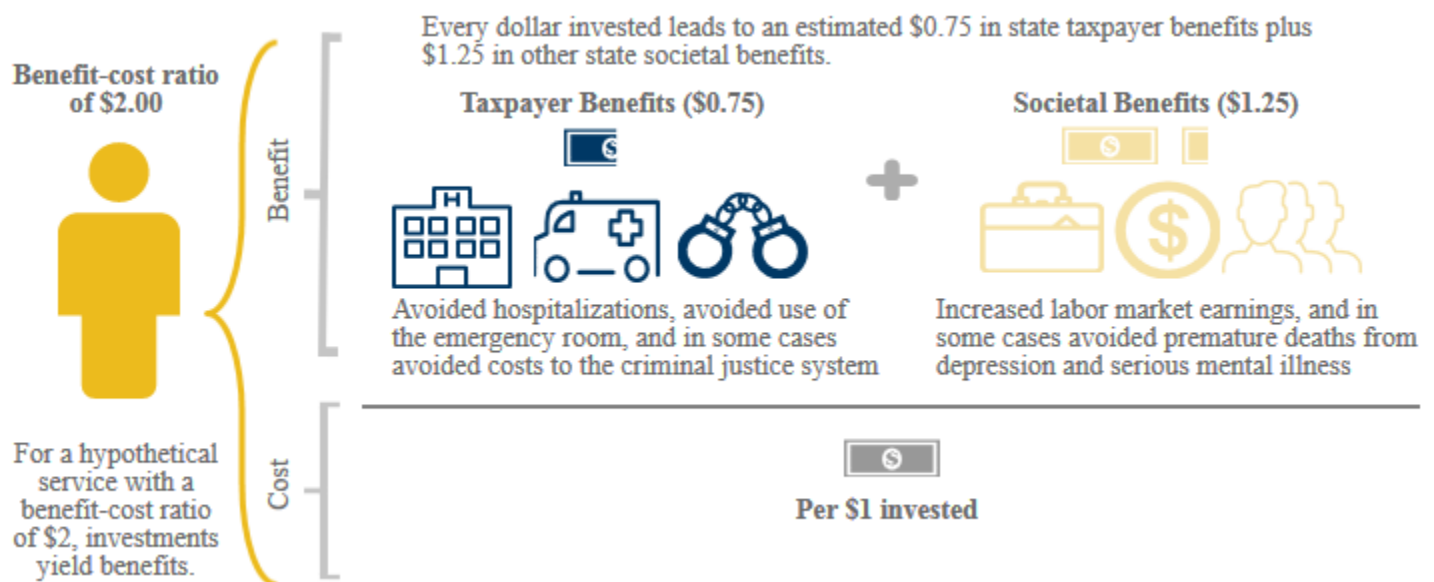


Table 1: Summary of benefit-cost analysis
Comparison of estimated benefits and costs for Crisis Response Services

Service	Per participant benefit minus cost	Benefit-cost ratio	Taxpayer benefits	Other societal benefits
Mobile Crisis Response	\$1,280	\$3.90	\$1.20	\$2.70

Comparison of estimated benefits and costs for Community Services & Supports

Service	Per participant benefit minus cost	Benefit-cost ratio	Taxpayer benefits	Other societal benefits
Behavioral Health Home Services	\$50	\$1.40	\$0.80	\$0.60
Certified Peer Specialist	\$1,310	\$3.60	\$0.50	\$3.10
Illness Management Recovery	\$370	\$1.40	\$0.30	\$1.10
Individual Placement and Supports	\$810	\$2.10	\$0.30	\$1.80
Wellness Recovery Action Plan	(\$90)	\$0.80	\$0.10	\$0.70

Assumption: Benefits only accrue in the year of treatment for these six services.

The benefit-cost ratios in Table 1 assume that benefits only accrue in the year of treatment. For Cognitive Behavioral Therapy, research shows it can have a lasting impact on persistence of the underlying condition with benefits accruing over the lifetime of the participant.

Table 2: Summary of benefit-cost analysis – Cognitive Behavioral Therapy
Comparison of estimated benefits and costs for Basic Clinical Services

Service	Per participant benefit minus cost	Benefit-cost ratio	Taxpayer benefits	Other societal benefits
Cognitive Behavioral Therapy Adult Anxiety	\$36,930	\$66.00	\$8.80	\$57.20
Cognitive Behavioral Therapy PTSD	\$16,920	\$30.80	\$8.30	\$22.50
Cognitive Behavioral Therapy Adult Depression	\$20,120	\$36.40	\$5.00	\$31.40

Assumption: Benefits continue to accrue throughout the lifetime of the participant.

Source: Minnesota Management & Budget

Figure 2: Understanding the results

Per participant benefit minus cost is the difference between the present value of cash inflows (anticipated benefits) from a given service and the present value of cash outflows (costs).

The benefit-cost ratio is the net present value of anticipated benefits to state residents for every dollar invested in the service.

Taxpayer benefits are costs avoided or new benefits accrued by units of government because of the service. These benefits include reductions in health care costs, increases in taxes from changes in labor market earnings, and reductions in crime.

Other societal benefits are gains for participants and citizens from increased labor market earnings, reductions in crime, and avoided premature death.

Background

A bipartisan provision enacted during the 2015 legislative session instructs MMB to estimate the benefits and costs for corrections and human services practices, using the Pew-MacArthur Results First Initiative framework. By using rigorous evidence to inform decision-making, policymakers can achieve better results by funding and operating public services proven to work.

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