Public Costs of Better Mental Health Services for Children and Adolescents

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**OBJECTIVE:** This study evaluated how improved community mental health services for youths affect public expenditures in other sectors, including inpatient hospitalization, the juvenile justice system, the child welfare system, and the special education system. **METHODS:** Participants were youths aged six to 17 years who received services through a mental health agency in one of a matched pair of communities. One community delivered mental health services according to the principles of systems of care (N=220). The comparison community delivered mental health services but did not provide for the interagency integration of services (N=211). The analyses are based on administrative and interview data. **RESULTS:** Preliminary analyses revealed that mental health services delivered as part of a system-of-care approach are more expensive. However, incorporating expenditures in other sectors reduced the between-site gap in expenditures from 81 to 18 percent. This estimate is robust to changes in analytical methods as well as adjustments for differences between the two sites in the baseline characteristics of participants. **CONCLUSIONS:** These findings suggest that reduced expenditures in other sectors that serve youths substantially, but only partially, offset the costs of improved mental health services. The full fiscal impact of improved mental health services can be assessed only in the context of their impact on other sectors.