Economic Impacts of Mental Health Conditions

Economic Costs

Health conditions, including mental health conditions, impact not only the person who is living with the health condition but also their family and the greater community, especially if health conditions restrict the person’s ability to engage in community life and contribute to the nation’s economic output. Said differently, a person’s mental health condition not only has immense human costs but also extensive economic costs. The Governor’s Blue Ribbon Commission on Mental Health reported that the indirect costs of psychiatric disabilities in financial losses resulting from reduced productivity, incarceration or premature death were estimated at $79 billion in 1990.

Serious mental illness is associated with an annual loss of earnings totaling over $193 billion. The aggregate yearly cost for the United States accounted for 2.5% of the gross national product; which only includes the measurable costs, including health and social services, lost employment, reduced productivity, impact of families and caregivers, level of crime and public safety and negative impact on premature mortality. Notably, some other substantial impacts are immeasurable since lost opportunity costs to individuals and families are not taken into account, thus making the real costs even higher (as cited in World Health Organization 2010 report).

The economic impact of mental health conditions is compounded by the high unemployment rate for these individuals. Most people who live with mental health conditions prefer paid employment and independence to relying on government for income support and medical benefits (as cited in NAMI report ‘Road to Recovery: Employment and Mental Illness’). Despite this fact, employment rates for people with mental health concerns are unjustifiably low and are getting worse. Rates declined from 23 percent in 2003 to less than 18 percent in 2012. And during the last recession, the unemployment rate among individuals with mental health conditions was twice as high as the general population. Researchers found that due to the perception that individuals with mental illness are dangerous that there is a greater likelihood of unemployment for this population which also effects recovery negatively.

Ways to Address Economic Impacts

Behavioral health services account for less than 8% of all health spending, with great opportunities for cost savings. People with behavioral health issues are at higher risk for physical illness and disability. Better services for this population is likely to reduce overall healthcare spending.

Connecticut is one of the few states that has maintained or increased funding for mental health services and supports over the past few years. Yet, people with these health conditions are still dealing with wait lists for crucial supports including supportive housing and employment services. The Department of Mental Health and Addiction Services (DMHAS) has made employment services a central part of its recovery-oriented system of care and supports a number of employment programs across the state. DMHAS endeavors to assure “that necessary supports are available for people to find, secure, and maintain
employment/educational opportunities. These supports include, but are not limited to education, self-help, peer and co-worker relations, family and friends, community services, financial aid, professional mental health/addiction services, and employment advocacy.” Discrimination, the lack of access to affordable, stable housing, and the coverage gap which prevents people covered by private insurance from obtaining supported employment services all contribute to the high unemployment rate.

More intensive approaches for people with complex health needs who also experience homelessness have been piloted as well, including Pathways to Independence (PTI) which uses a coordinated and multidisciplinary team to increase income and economic mobility for adults. Income is increased by supporting people to access resources such as Social Security Benefits; providing benefits counseling and individualized job placement & retention supports. Economic mobility is expanded by linking people with housing, healthcare and skills training.

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vi Evans-Lacko, S., Those with Mental Illness more affected by Recession. Institute of Psychiatry at King's College London. Psychiatric Annals, August 1, 2013.

vii Evans-Lacko, S., Those with Mental Illness more affected by Recession. Institute of Psychiatry at King's College London. Psychiatric Annals, August 1, 2013.
