MENTAL HEALTH DISORDERS: THE ECONOMIC CASE FOR ACTION

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# The costs of poor mental health

## Estimates of Direct and Indirect Costs of Mental Illness

1 All values are in USD (conversion September 2013; values should be taken as estimates)

<table>
<thead>
<tr>
<th></th>
<th>Direct Costs(^1) (in billions)</th>
<th>Indirect Costs(^1) (in billions)</th>
<th>Total Costs (in billions)</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada, 2000</td>
<td>$9.4</td>
<td>$9.7</td>
<td>$19.21</td>
<td>1.80%</td>
</tr>
<tr>
<td>England(^2), 2009/10</td>
<td>$34.14</td>
<td>$48.56</td>
<td>£82.7</td>
<td>4.10%</td>
</tr>
<tr>
<td>France, 2007</td>
<td>$30.78</td>
<td>$28.75</td>
<td>$59.53</td>
<td>2.30%</td>
</tr>
<tr>
<td>Scotland, 2010</td>
<td>$3.04</td>
<td>$5.13</td>
<td>$8.17</td>
<td>4.20%</td>
</tr>
<tr>
<td>Global, 2010</td>
<td>$823</td>
<td>$1,670</td>
<td>$2,493</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Public Health Agency of Canada (2010); Centre for Mental Health; Chevreul et al (2009); Bloom et al (2011); SAMH (2011).
Sick on the Job: People with a mental disorder face a large poverty risk

Share of people with a household-size adjusted net income below 60% of the median income, latest year available

Source: OECD (Sick on the Job?: Myths and Realities about Mental Health and Work).
Sick on the Job: People with a mental disorder are at a higher risk of job loss and unemployment.

Source: OECD (Sick on the Job: Myths and Realities about Mental Health and Work).

Unemployment/labour force (in %), latest year available

Source: OECD (Sick on the Job: Myths and Realities about Mental Health and Work).
Sick on the Job: Most people with a mental disorder are in work

Employment/population ratio (in %), latest year available

Source: OECD (Sick on the Job: Myths and Realities about Mental Health and Work).
Productivity losses through mental-ill health are large

Sickness absence (% and duration) and productivity losses at work (%)

Source: OECD (Sick on the Job: Myths and Realities about Mental Health and Work).
Why Worry about Alcohol

• As much as 80% of alcohol consumed by hazardous and binge drinkers
• Alcohol linked with 60 ICD-9 disease codes
• Responsible for 4% of GBD
• Leading cause of ill health and premature mortality in working age population
Trends in HED in Young Women (18-24)

* HED at least once a month in Japan and once a year in Italy; crude weighted rates in Finland (age-standardised elsewhere)
Saying that there is a problem is NOT a good enough argument for action

- The case for action depends on cost-effective interventions
- Fail to treat mild-to-moderate
Efficiency and quality for mental health care in OECD countries

- Scaling-up care for mild-to-moderate mental disorders
- Addressing under-diagnosis and treatment gaps

Figure 1.1. Mental health scores generally follow a left-skewed normal distribution

Distribution of aggregate mental health scores, from 9 to 45, based on nine questions (1-5), in percentage of the sample

Average over 21 OECD countries
Adequate treatment can improve employment outcomes but under-treatment is pervasive

Treatment rate (in %)

Proportion of people being treated by a specialist or non-specialist, by severity of their mental disorder

Source: OECD (Sick on the Job: Myths and Realities about Mental Health and Work).
Saying that there is a problem is NOT a good enough argument for action

- The case for action depends on cost-effective interventions
- Fail to treat mild-to-moderate
- Failure to adapt employment, welfare, education policies
Sick on the Job: Policy messages

• Systematic monitoring of sick-leave behaviour
• Get occupational health services to address mental health
• Adapt disability/work-capacity assessment tools and procedures to mental disorders
• Do not grant disability benefits too early in life
• Accompany students with mental ill-health in their transition into the labour market
Saying that there is a problem is NOT a good enough argument for action

- The case for action depends on cost-effective interventions
- Fail to treat mild-to-moderate
- Failure to adapt employment, welfare, education policies
- Identify cost-effective public health interventions
Cost-effectiveness of Alcohol Policies

Main analysis
- Tax increase
- Drug/psychosoc. therapy
- Regulation advertising
- Drink drive enforcement
- Limit opening hours
- Combined strategy

Further analysis
- Minimum pricing
- School-based programmes
- Workplace programmes

Cost-effectiveness ratio (2008 $ PPP)
- 0 $/DALY
- 50,000 $/DALY

Brief intervention
Conclusions

• Large burden of disease, increase in some high-risk use, social disparities, effective policies

• Alcohol a priority area for public health policy

• Economic analysis clearly points to a cost-effective policy package

• Careful design and implementation required for a successful outcome
THANKS FOR LISTENING
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Find lots of data at:
www.oecd.org/health/
Efficiency and quality for mental health care in OECD countries (2014)

• Forthcoming (early 2014)
• Conceptual framework on mental health system performance
• Empirical analysis using currently available data:
  – Outcome measures:
    • suicide-multiple variants (total, in touch with health services;
    • Hospital re-admissions
    • Other indicators
  – Inputs: spending; personnel, beds
• There is far way to go in evaluating mental health system performance
  – Better comparative outcomes indicators: HCQI agenda
  – Better data on costs
  – Analysis of sub-systems
  – Categorisation of different models of care/health system characteristics
Efficiency and quality for mental health care in OECD countries (???)

Psychiatric care beds per 100,000 population

Australia
Canada
Estonia
Finland
France
Ireland
Israel
Italy
Japan
Korea
Netherlands
Norway
Sweden
United States
Efficiency and quality for mental health care in OECD countries (???)
Efficiency and quality for mental health care in OECD countries (???)

• Building better spending mechanisms for mental health care
• Building treatment capacity for mild-to-moderate disorders
• Tools for good governance of mental health systems
• Targeted interventions for better mental wellbeing
• Better outcomes data and indicators
The Economics of Prevention – alcohol project

Objectives of the Project

• How is harmful consumption of alcohol changing in OECD countries?

• How does harmful drinking spread; what population groups are most affected; what social disparities exist?

• What are the potential health and economic benefits of policies to counter harmful drinking?
Policies Assessed:

• **Main analysis** (established evidence)
  
  – Tax increases
  – Brief intervention (physician-nurse counselling)
  – Pharmacological treatment and psychosocial counselling.
  – Regulation of advertising
  – Policies to counter drink-driving (enforcement)

• **Supplementary analysis** (less extensive / consistent evidence)
  
  – Minimum pricing
  – Measures to limit availability (opening hours)
  – School-based interventions
  – Worksite interventions
The costs of poor mental health

• Direct medical costs vs. indirect costs:
  – Spending on mental health care
  – High rates of comorbidities
  – Lost employment and reduced productivity
  – Welfare benefits, social services and informal care
Conclusions/policy messages

- Policy messages
  - Effective policies for alcoholism prevention
  - Diagnosis
  - Treatment availability
  - Integrated policies (back to work, education, social care)
  - Need better data collection: spending and costs, and outcome data
Impacts on Diseases and Injuries

Reduction in injuries (dark bars) and alcohol use disorders (light bars) each year
Labour-market-related Outcomes

- Brief intervention
- Regulation advertising (25%)
- Drink drive law enforcement
- Limit opening hours
- Drug/psychosocial therapy
- Tax increase
- Combined strategy
- Workplace programmes
- School-based programmes
- Minimum pricing

Working-age persons freed of alcohol-related diseases and injuries each year
Population vs. High-risk Approaches

• Shifting the distribution:
  – Health benefits for the vast majority of the population
  – May reduce harmful use more than “high-risk” approach

• But:
  – Larger welfare loss in moderate consumers
  – Larger reduction in overall consumption, so larger impact on business
Price Policies

- Cost-saving, even in short term
- Highly effective, with a strong economic justification
- But:
  - Mildly regressive
  - Require careful design to hit heavy users
  - Tax avoidance (e.g. cross-border trade)
  - May increase illicit trade and production
Financial Impact of Price Policies

Years since implementation

Million £

-1.800
-1.600
-1.400
-1.200
-1.000
-0.800
-0.600
-0.400
-0.200
0

Tax increase
Minimum pricing
Evidence of weak care

Excess mortality from schizophrenia, 2006 and 2011 (or nearest year)