

How to Permanently Reduce State Medicaid and Prison Costs Instead of Postponing and Papering Over Them



There are two fiscal gluttons gobbling taxpayer dollars, threatening to starve other public needs like education, and creating budget crises for at least 46 states: Medicaid and prisons.

And there is one common tapeworm that spawns this ravenous appetite for state funds: substance abuse and addiction.

New York, California, Illinois and New Jersey make the headlines for their huge budget deficits and whopping Medicaid and prison costs, but in fact most every state faces budget deficits due to the same culprits.

The reaction of governors to Medicaid's explosion in costs tends to be to eliminate coverage of services such as hearing and vision care, transplants, and obesity surgery, and to reduce payments to doctors, hospitals, and ambulance services. To cut prison costs, most governors appear to favor releasing inmates early to trim the size of the prison population and, as New York City is doing, reduce things like the size of food portions that prisoners get.

Such tactics are short term and short sighted. They assure that in the long run (on somebody else's watch) the need for public services and the burden on law abiding, taxpaying citizens will increase.

Here's a proposal for any governor who can see beyond getting through his or her term, or winning re-election or election to some other office, and who has the courage to do what any business executive in the private sector would do: Make an investment that will solve, not simply postpone or paper over the problem. If small business owners want to increase their business, or lawyers or doctors want to add to their practice, or large corporations want to get into new markets — or if any of them want to reduce costs by modernization or eliminating inefficiencies — they make additional investments in order to make more money in the future, over the long haul.

Is there a governor with the courage to apply this simple concept to permanently reduce Medicaid and prison costs?

If there is, here's how.

First, Face the Facts:

- Some 30 percent of Medicaid health care dollars are spent to treat the injuries from violence and accidents and the 70 plus diseases caused or aggravated by substance abuse and addiction. Medicaid patients with drug and alcohol problems cost \$5,000 to \$10,000 a year more in health care costs than those without such problems. Most Medicaid hospital patients readmitted within 30 days are those with drug and alcohol problems. In

New York, Governor Andrew Cuomo estimates that on average each such patient [costs Medicaid \\$100,000 a year](#).

- Some 80 percent of inmates are [incarcerated for violent and other crimes](#) committed while they were high on alcohol or other drugs, stole to get money to buy drugs, violated the alcohol or drug laws, or are alcohol or drug addicts or abusers.
- Of all state substance abuse related expenditures, 94 percent [goes to shovel up](#) the burden of substance abuse and addiction in crime, health care, education and social services, while only 2.4 percent is spent on prevention, treatment or research. (3.6 percent is used to regulate alcohol and tobacco sales, collect taxes and operate liquor stores.)
- For each dollar that states collect in tobacco and alcohol taxes and liquor store revenues, they spend more than seven dollars on the health care and criminal justice consequences of smoking and alcohol abuse and addiction.

Then, Act on the Facts: Invest resources in the prevention and treatment of substance abuse focused on these populations:

- For all Medicaid patients, provide screening for drug and alcohol abuse and addiction and then intervene to put those with this disease into treatment.
- For all in prison who need it, provide treatment and the carrots and sticks likely to get inmates into treatment, like early release for those who remain clean for at least six months. Then condition early release and probation of these inmates on their entering and staying in programs like Alcoholics or Narcotics Anonymous. CASA studies have demonstrated that if only 10 percent of inmates treated remain sober, crime free and employed for a year after release, the economic benefits and reduced criminal activity will pay for the treatment of all inmates who need it.
- Pay for these investments in the short term by increasing cigarette and alcohol taxes, which offer the added bonus of discouraging smoking and excessive drinking and deterring initiation of smoking and binge drinking by underage teens.

Long term, systemic control of state budgets requires a serious effort to prevent and treat the disease of drug and alcohol abuse and addiction, which in turn requires Governors and state legislators to have the guts to make short term investments to attack this fundamental problem. Otherwise, taxpayers will end up paying more and more for less and less.

Is there a governor and state legislature with the courage to face the facts and act in a way that will solve the problem, rather than postpone or paper over it during their term in office? That's the multi-billion dollar "to be or not to be" question in American politics today. Our states desperately need governors with the guts to be problem solvers rather than problem postponers.

This article is being published to the [Choopersguide website](#) as we are committed to the recovery of individuals who suffer from the [disease of alcoholism and drug addiction](#). Choopers Guide is active in the [recovery advocacy movement in the State of Florida](#) . Choopers Guide is an addiction treatment and addiction information resource site with over 30,000 treatment provider listings for treatment programs, methadone clinics, [suboxone doctors](#), [drug and alcohol counselors](#) and [interventionists](#).