

THE DOLLARS AND SENSE OF ECONOMIC COSTS

Alcohol and drug abuse are well-known contributors to unsatisfactory family and social relationships, child abuse, vehicle crashes, job loss, medical problems, addiction, and a spectrum of other behavioral problems. Substance abusers – and their families, friends, co-workers, and others who have been victims of their impaired judgment, intoxication, or erratic behavior – are among the millions who have personally experienced the human costs of alcohol and drug abuse. These human impacts can be described but never adequately measured. However, there are also many economic costs of substance abuse that have a broader reach than the personal impacts. Several economic studies have quantified these costs, which burden virtually everyone in society through remedial taxes at all levels of government and higher costs for goods and services.

These costs are huge and rank alcohol abuse and drug abuse as two of the most costly health problems in the United States. A 1998 study funded by the National Institute on Alcohol Abuse and Alcoholism (NIAAA) concluded that alcohol abuse costs the United States an estimated \$184.6 billion each year. A similar study that focused on drug abuse costs was updated in 2002 by the Office of National Drug Control Policy (ONDCP). Drug abuse has an estimated annual nationwide impact of \$180.8 billion. The Centers for Disease Control and Prevention (CDC) conducted a study in 2006 to determine U.S. and state costs associated with cigarette smoking in 2004. Nationwide, the costs of cigarette smoking are an estimated \$194.45 billion per year and Missouri's portion is \$4.56 billion.

The economic impacts of substance abuse are typically categorized as health care costs, welfare costs, crime and property damage costs, and lost productivity costs. The NIAAA study determined that almost three-fourths of the economic impact of alcohol is from lost productivity due to workplace absenteeism, under-performance, unemployment, alcohol-related crime, and premature death. Lost productivity accounted for 71% of the drug abuse costs in the ONDCP study. The Missouri Division of Alcohol and Drug Abuse (ADA) periodically reviews national and state data from the National Survey on Drug Use and Health (NSDUH) to project Missouri's portion of these economic costs. Based on the Missouri estimates of alcohol dependence and abuse from the NSDUH for years 2003-2006, ADA estimates the economic cost of alcohol abuse on the state is almost \$4.2 billion per year. The same methodology, applied to the NSDUH drug dependence and abuse figures for Missouri, yields a state drug abuse cost of more than \$3.5 billion per year. Overall, the estimated annual societal cost of alcohol and drug dependence and abuse in Missouri exceeds \$7.7 billion. These huge costs are generated by 329,000 individuals with alcohol dependence or abuse, 76,000 with drug dependence or abuse, and 59,000 with alcohol and drug dependence or abuse – an average cost of over \$16,000 per substance abuser.

Estimated Costs of Alcohol and Drug Abuse in Missouri

	Alcohol Abuse	Drug Abuse	Total
Missouri Economic Cost	\$4.2 Billion	\$3.5 Billion	\$7.7 Billion
Number of Substance Abusers	388,000	135,000	464,000*
Cost Per Substance Abuser	\$11,000	\$26,000	\$16,000

* includes 59,000 who abuse both alcohol and illicit drugs

Based on a 1998 analysis, substance abusers and their households bear an estimated 45% of the nationwide costs of alcohol abuse and 44% of the drug abuse costs. The remaining costs fall on society. Government incurs 39% of the alcohol costs and 46% of the drug costs. Private insurance pays 10% of the alcohol costs and 3% of the drug costs. Victims' losses account for the remaining 6% of the alcohol costs and 7% of the drug costs. When applied to the estimated Missouri costs of alcohol and drug abuse, these proportions provide an approximation of how costs might be distributed and Missouri residents financially affected:

Distribution of Estimated Costs*

	Total Cost	Per-Capita Cost
Missouri Costs Incurred	\$7.7 Billion	\$1,300
Incurred by Alcohol Abusers	\$1.9 Billion	\$4,900
Incurred by Drug Abusers	\$1.5 Billion	\$11,600
Incurred by Non-Substance Abusers	\$4.3 Billion	\$800

* all figures are rounded

Although the per-capita economic burden of these costs exceeds \$1,300 per year, substance abusers and members of their households incur much larger individual costs chiefly due to reduced earnings and expenditures for criminal justice, health care, and other substance abuse related direct costs.

In contrast to the high costs of untreated substance abuse, the average cost to treat an individual with a substance abuse problem in a Division of ADA program over the course of a year is only \$1,400. Substance abuse treatment is a low-cost investment in people who have the potential to be productive, contributing citizens. The investment in treatment can reduce costs for government and the private sectors, resulting in financial savings for everyone.