

## Editorial

## Black-skies planning? Prioritising mental health services in times of austerity

David McDaid and Martin Knapp

**Summary**

During the period of austerity that we now face, the National Health Service (NHS), including mental health services, will have to make efficiency savings at a time when demand for services is likely to rise. It is critical to highlight that investment in evidence-based prevention, early intervention and treatment for mental disorders can have economic benefits that go far beyond the health sector. Many potential areas for efficiency savings, such as resources invested in

management and administration, are relevant across the whole of the health system. The economic downturn may, however, also present a specific opportunity for radical innovation within the mental health system.

**Declaration of interest**

None.

David McDaid (pictured) is Senior Research Fellow, Personal Social Services Research Unit, LSE Health and Social Care, and European Observatory on Health Systems and Policies, London School of Economics and Political Science. Martin Knapp is Professor of Social Policy and Director, Personal Social Services Research Unit, London School of Economics and Political Science, and Professor of Health Economics, Institute of Psychiatry, King's College London.

In January of this year the UK's Finance Minister, Alastair Darling, acknowledged that 'the next spending review will be the toughest we have had for 20 years'.<sup>1</sup> With a budget deficit that has now reached £178 billion, tough choices will have to be made on where to restrain, or (more likely) where to cut public expenditure. The targeted £57 billion reduction in the budget deficit implies that all government departments may need to cut their budgets in real terms by more than 2% per annum between 2011 and 2014.<sup>2</sup>

These public sector cuts may be even greater if the UK economy continues to stutter its way out of recession. The health sector is not immune, despite commitments from the three main political parties to avoid real spending cuts in the immediate future. The Department of Health has signalled that it too is cutting its cloth accordingly; the March 2010 budget contained a commitment to £4.35 billion in efficiency savings over the next 2 years. We are promised that this will not affect front-line services, instead relying on measures including: smarter procurement practices; being more energy efficient; making better use of property; reducing staff sickness absenteeism; as well as reining back on the national health information technology programme. But how long will it be before services are threatened? In such a cold and austere climate how can we make the case for prioritising and protecting the 11% share of the health budget<sup>3</sup> invested in mental health?

**Profound impact**

We might begin by pointing to the considerable evidence on the profound personal and socio-economic impacts of poor mental health, some of which are avoidable through evidence-based intervention. Many mental illnesses have large impacts across many aspects of individuals' lives, and – when those individuals need help or action – across many public and private budgets. People with severe and enduring mental health problems are at higher risk of being unemployed than even those with severe

physical disabilities,<sup>4</sup> thus not paying income tax and being dependent on state financial support. Some mental illnesses – including the psychoses and addictions – can increase the risk that individuals incur high costs in the criminal justice system.<sup>5</sup> Children with behavioural problems can generate high demands on education and social care systems, as well as on health services. Workers with recurrent bouts of depression may have higher than average absenteeism rates, and may be relatively unproductive when at work.<sup>6</sup>

In England alone, a conservative estimate of the costs of poor mental health in 2007, excluding dementia and substance misuse, was £33.75 billion; nearly 77% of costs fell outside the healthcare sector, due largely to much lower rates of employment.<sup>7</sup> These costs are likely to be greater during the economic downturn; widening income inequalities are associated with an increased risk of poor mental health.<sup>8</sup> Evidence from past recessions indicates that, without sufficient social support to counter the shock of recession, there is an increased risk of poor mental health and suicidal events.<sup>9</sup> Cuts in funding to other key non-National Health Service (NHS) areas such as employment, education and social welfare may thus further exacerbate risks to mental health.

**Cross-governmental benefits**

There is little point highlighting these costs unless it is also possible to demonstrate that some are avoidable through focused investment in mental health services, both within and external to the NHS. Yet although there are many cost-effective interventions, they are often cost-increasing to the NHS. Strengthening the case for continued investment in new and often more expensive interventions, now more than ever means looking for broader cross-governmental benefits to the public purse in both the short and long terms.

One key area that has surprisingly received little attention from economists is the interaction between poor physical and mental health. We know that poor mental health is associated with increased risk of poor physical health and vice versa; data from outside the UK indicate that costs to the healthcare system for people with comorbid depression and physical illness may be 50% greater than those for people with depression alone,<sup>10</sup> while individuals with comorbid diabetes and depression may have costs up to 4.5 times greater than those with diabetes alone.<sup>11</sup> Preventive actions and better coordination between healthcare professionals

to manage comorbidities is attractive. What is urgently needed is a rapid calculation of potentially avoidable costs in the UK that might be realised; can, for instance, early intervention to prevent depression in those with a primary diagnosis of a physical illness be cost-effective?

Safeguarding resources for mental health becomes an easier sell if other government departments can be convinced that this reduces demands on their own depleted coffers. For example, early intervention and better management of individuals with psychoses who come into – or are at risk of – contact with the criminal justice system may help avoid substantial future crime-related costs,<sup>5</sup> while there is emerging evidence to suggest that interventions to help individuals better manage their debts may be cost-effective – helping avoid short-term health service utilisation, as well as expensive legal proceedings.<sup>12</sup>

We need to strengthen further what we know about the cost-effectiveness and cross-sectoral impacts not only of treatments but also of preventive actions. There is a growing evidence base suggesting that investment in mental health promotion, disorder prevention and early intervention measures across the lifespan can be cost-effective and have benefits for other sectors.<sup>13</sup> Recent work undertaken by the National Institute for Health and Clinical Excellence (NICE), for example, indicates benefits to the education sector as well as the NHS from actions to promote mental well-being in schools.<sup>14</sup> The recently launched cross-governmental mental health strategy in England, *New Horizons*, also recognises that actions need to take place in all sectors and not just in the NHS. It highlights the importance of mental disorder prevention and mental well-being promotion, and has announced increased levels of funding to bolster research knowledge in these areas.<sup>3</sup>

### Moving forward

It is thus critical to highlight cost-effective actions that improve mental health and have substantial benefits that go well beyond the healthcare sector. Any cuts in mental health services may thus have adverse spillover impacts on sectors well beyond the boundaries of the NHS; they may also imply less support and more demands on family carers. Evidence on these costs of displacement and disinvestment also need to be communicated not just to healthcare commissioners, but also to the ministry holding the purse strings for all government expenditure (in England, Her Majesty's Treasury).

This focus on increasing awareness of cost-effective investment in mental health services does not mean that there is no scope for rationalisation and efficiency savings. Many potential areas for action are relevant to the whole of the NHS. All require careful assessment. There are now nearly 45 000 managers in the NHS, an increase of 12% in the past year alone (<http://news.bbc.co.uk/1/hi/health/8587122.stm>). Service planners must carefully consider whether some management and administrative structures can be streamlined or pooled. If implemented, it may be prudent to rely on natural wastage, as well as offering the opportunity of work cutback, to help reduce redundancy costs. Another staffing concern, despite public pronouncement from ministers, is the ever spiralling cost of agency staff. This has increased by 60% in the past 2 years, costing the taxpayer £1.3 billion, of which agency fees are estimated to account for £300 million.<sup>15</sup>

Times of austerity also present an opportunity to be more daring and innovative within the mental health system. Is there scope to further rebalance services towards cost-effective community-based care alternatives? One option is to simplify care pathways so that individuals see a specialist early in the referral

process and then streamline links between primary and specialist care. What about financial incentives and other rewards that might play a role in influencing the way in which services are delivered? Another example of an area for innovation may be internet-delivered psychotherapy; evidence continues to grow suggesting that for some service user groups it can be more cost-effective than face-to-face therapy, with no drop in effectiveness but requiring less therapist contact time.<sup>16</sup>

In summary, the need to find efficiency savings within the health system should not be equated to a license to cut the mental health budget. In fact, the period of sustained austerity now facing us is exactly the wrong time to be cutting mental health budgets. The consequences of short-term cuts may be long-term pain; we also know that the personal, social and economic impacts spread out widely and endure for very many years. Instead, this is precisely the time to be investing and innovating – in a more joined up, cross-government way – in evidence-based and cost-effective prevention, early intervention and treatment. Our challenge is to be even more proactive in strengthening the economics evidence base so as to make this case for investment as compelling as possible.

David McDaid, MSc, Martin Knapp, PhD, London School of Economics and Political Science, UK

**Correspondence:** David McDaid, LSE Health and Social Care, London School of Economics and Political Science, Houghton Street, London WC2A 2AE, UK. Email: d.mcdaid@lse.ac.uk

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