



## Factfile 3

# The costs of mental ill health

'The financial costs of the adverse effects of mental illness on people's quality of life are estimated at £41.8 billion per annum in England.

Wider costs to the national economy in terms of welfare benefits, lost productivity at work etc. amount to some £77 billion a year'

#### PREVALENCE OF MENTAL HEALTH CONDITIONS

One in six adults will have a mental health problem at any one time.

- 17.6% of adults in England have at least one common mental disorder
- 0.4% of adults in England have a psychotic disorder, and 80% are receiving treatment
- 0.3% of adults in England have antisocial personality disorder
- 0.4% of adults in England have borderline personality disorder.<sup>1</sup>

10% of children in the UK have a diagnosable mental health condition.<sup>2</sup>

13–16% of older people in England have severe depression, and up to 50% of older people in residential care.<sup>3</sup>

One in 20 people over 65 in the UK has some form of dementia, rising to one in five people over 80.<sup>4</sup>

One third of all mental health service activity in England is concerned with the care and treatment of people over 65.<sup>3</sup>

## BURDEN OF MENTAL ILLNESS

Half of all lifetime mental health problems start by age 14.<sup>5</sup>

Mental ill health accounts for 13% of all lost years of healthy life globally, rising to 23% in high-income countries.<sup>6,7</sup>

The financial costs of the adverse effects of mental illness on people's quality of life are estimated at £41.8 billion per year in England.<sup>8</sup>

Over a third (34%) of people with mental health problems rate their quality of life as poor, compared with three per cent of those without mental illness.<sup>9</sup>

Recovery from mental ill health results in dramatic improvement in quality of life: among people who have recovered from mental illness, just 9% continue to report poor quality of life.<sup>9</sup>

Onset of mental ill health is associated with significant deterioration in quality of life: 28% of people who experience onset of mental ill health report poor quality of life.<sup>9</sup>

## NHS AND ASSOCIATED COSTS

Mental illness represents the single largest cause of disability. NHS, social and informal care costs £22.5 billion per annum in England (2007 figures). These costs are projected to increase by 45% to £32.6 billion by 2026 (at 2007 prices), mainly due to an increase of £9 billion in treatment and care for people with dementia.<sup>10</sup>

The government spends £102 billion in the NHS in England annually – 7.7% of GDP.<sup>11</sup>

13.8% of England's health budget goes on mental health.<sup>12</sup>

Wider costs to the national economy in terms of welfare benefits, lost productivity at work etc. amount to some £77 billion a year.<sup>8</sup>

Following a decade of investment and growth, the NHS needs now to make £15-£20 billion in efficiency savings by 2013/14. Ways have to be found to release money from the whole system to reinvest in quality improvements. The focus will be on redesigning services to improve quality and productivity, encouraging innovation, and preventative interventions.

## EARLY INTERVENTION

Failure to address poor mental health and conduct disorder in childhood results in higher risk of suicide, substance misuse, self harm, lower educational and employment achievement.<sup>13</sup>

Evidence-based parenting support for families and at-risk children prevents mental health problems in later life and results in better outcomes in health, education, employment, education and relationships.<sup>14</sup>

Interventions in families with children at higher risk of conduct disorder would cost £210 million but save £5.2 billion.<sup>15</sup>

Specialist early intervention in psychosis services produce better clinical outcomes than generic teams and are also cost-effective.<sup>16</sup>

**IMPROVED HEALTH SERVICE DESIGN AND CARE PATHWAYS**

Out of area treatments (or placements) (OATs) currently cost the NHS and local authorities in England an estimated £356 million per annum (2008/09) – a 63% increase from £222 million in 2004/05.<sup>17,18</sup>

OATs cost 65% more than in-borough placements, and 22% of residential and nursing care placements for people with mental health problems are out of area.<sup>18</sup>

11% of adult health care costs in the UK are attributable to physical symptoms caused or exacerbated by mental health problems.<sup>19</sup>

Between 20% and 30% of consultations in primary care are with people who are experiencing medically unexplained symptoms and have no clear diagnosis.<sup>19</sup>

Improved access to psychological therapies can lead to reductions in referrals to the secondary sector and inpatient admissions, fewer GP consultations and counselling sessions, and fewer prescriptions for antidepressant medication, resulting in an estimated 9%-53% reductions in short, medium and long-term costs, especially when implemented at a primary care level.<sup>20</sup>

Patients with a physical illness are three to four times more likely to develop a mental illness than a member of the general population.<sup>21</sup>

Patients admitted to an acute physical health setting have a 28 per cent chance of also having a diagnosable psychiatric disorder.<sup>21</sup>

Improving the mental-physical care interface through, for example, more and improved use of liaison psychiatric posts, could save costs to the NHS. Systematic reviews show use of liaison psychiatry services can help reduce length of in-patient admissions.<sup>22</sup>

Improved early intervention and home treatment could save up to £38 million through reduced acute hospital admissions (700 per annum), shorter lengths of hospital stay (25%), and less use of high-cost intensive interventions.<sup>23</sup>

Crisis teams reduce length of stay and hospital costs and cost less – up to £600 per crisis admission.<sup>24</sup>

Home treatment alongside inpatient care in an integrated care pathway saves up to £700 per patient per month - £2,200 compared with approximately £2,900.<sup>25</sup>

**INTERVENTIONS OUTSIDE HEALTH**

It is estimated that better mental health support in the workplace could save UK businesses up to £8 billion a year.<sup>26</sup>

Return to work after a period of sick leave for mental health reasons results in reduced welfare claims and reduced use of health and social services, including mental health.<sup>27</sup>

Investment in improving access to talking therapies across PCTs in England will total £173 million over three years by end of 2010/11. Receiving employment support, alongside treatment for common mental health problems such as depression and anxiety disorders, can help people to stay in or return to work.<sup>28</sup>

Costs of mental health services can be reduced by half when people with severe mental health problems are supported into mainstream employment.<sup>29</sup>

People with severe and long-term mental health problems who are given intensive support to return to the workplace report fewer and shorter subsequent hospital stays than people receiving usual mental health services.<sup>30</sup>

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**National Mental Health**  
Development Unit

The National Mental Health Development Unit (NMH DU) is the agency charged with supporting the implementation of mental health policy in England by the Department of Health in collaboration with the NHS, Local Authorities and other major stakeholders.

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