

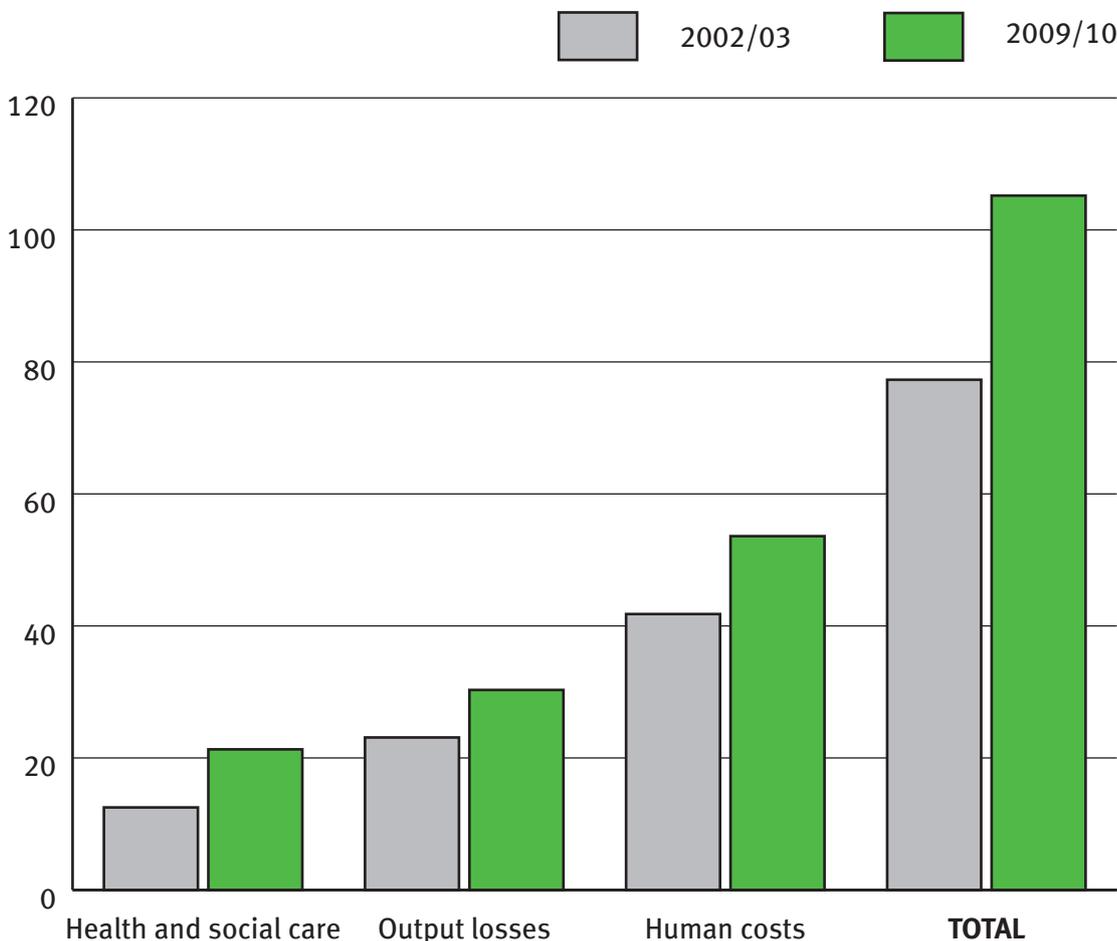


# The economic and social costs of mental health problems in 2009/10

A Centre for Mental Health policy paper published in 2003 estimated that the economic and social costs of mental health problems in England in the financial year 2002/03 amounted to £77.4 billion (Sainsbury Centre for Mental Health, 2003).

Using the same methodology, a straightforward updating of this figure suggests that the aggregate cost of mental health problems in England increased to £105.2 billion in 2009/10. This updated analysis shows that mental ill health should continue to be a priority issue for public policy.

**Economic and social costs of mental health problems in England in 2002/03 and 2009/10 in £ billions**



## Costs in 2002/03

The costs of mental health problems were described and evaluated in our 2003 policy paper under three headings:

- the costs of health and social care, covering such costs as the services provided by the NHS and local authorities for people with mental health problems;
- the costs of output losses in the economy that result from the adverse effects of mental health problems on people's ability to work; and
- an imputed monetary valuation of the less tangible but crucially important human costs of mental health problems, representing their negative impact on the quality of life.

On the basis of this classification, we estimated that the total cost of mental health problems in England amounted to £77.4 billion in 2002/03, broken down by category of cost as follows: health and social care £12.5 billion (16.1% of the total), output losses £23.1 billion (29.9%) and human costs £41.8 billion (54.0%).

We emphasised that it is not appropriate to compare the estimated aggregate cost of mental health problems with wider economic aggregates such as gross domestic product (GDP), as the former

includes a number of cost elements which are not reflected in national income as conventionally defined. Most obviously, this applies to the human costs of mental health problems. What our measure does, however, is demonstrate the importance of an issue in public policy, economic and social terms.

## Costs in 2009/10

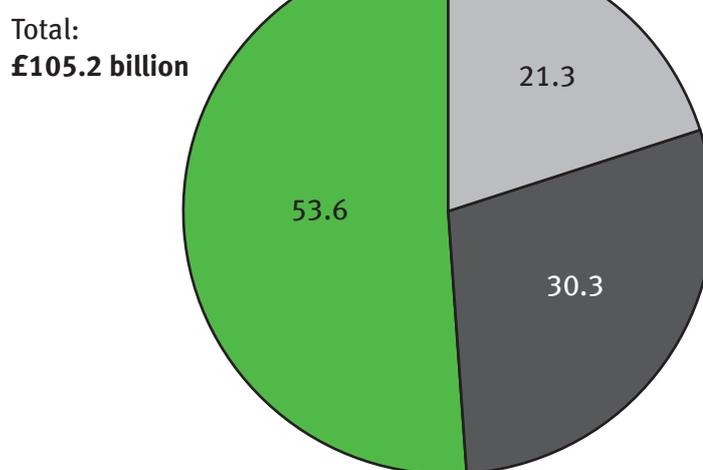
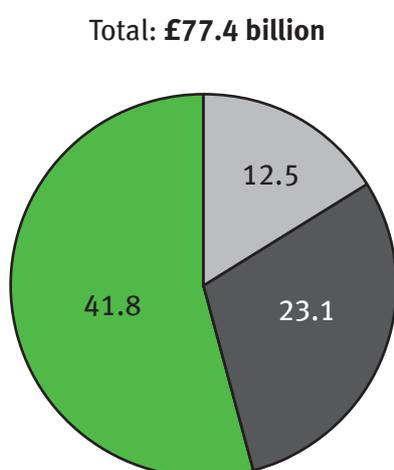
A straightforward updating of the above figures to 2009/10 shows that the total cost of mental ill health in England was £105.2 billion, including £21.3 billion in health and social care costs, £30.3 billion in lost economic output and £53.6 billion in human suffering.

Costs of mental health problems, England, 2009/10

	£ billion	% of total
Health and social care	21.3	20.2
Output losses	30.3	28.8
Human costs	53.6	51.0
Total	105.2	100.0

The aggregate cost of mental health problems thus increased by 36% between 2002/03 and 2009/10, with a particularly large increase in the costs of health and social care (+70%).

### Economic and social costs of mental health problems in England, in 2002/03 (left) and 2009/10 (right) in £ billions



 Human costs

 Output losses

 Health and social care

## How we updated the figures

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No changes have been made in the methodology that we used in calculating the costs of mental health problems in 2002/03. This is mainly to allow direct comparisons between the estimates for the two years. A more comprehensive re-working of the figures would need to take into account developments in costing methodology that have occurred since 2003.

To give an example, the estimates given above for the costs of output losses are almost certainly too low, because although they include the costs of sickness absence among people with mental health problems who are in paid employment, they do not make any allowance for the costs of “presenteeism”, i.e. the losses in productivity that occur when employees come to work but function at less than full capacity for health reasons. This was mainly because of limited data availability at the time of the 2003 policy paper, but subsequent work suggests that the costs of presenteeism are particularly large for mental health problems and almost certainly exceed the costs of sickness absence (Sainsbury Centre for Mental Health, 2007).

The updating assumes that there was no significant change in the overall prevalence of mental health problems between 2002/03 and 2009/10. This is consistent with evidence in the two national surveys of adult psychiatric morbidity that were undertaken in 2000 and 2007 (Singleton et al., 2001; McManus et al., 2009). For example, the prevalence of common mental health problems such as depression and anxiety was 17.5% in 2000 and 17.6% in 2007, the prevalence of probable psychosis was 0.5% in both years, and the overall proportion of the adult population with any kind of mental health difficulty was also unchanged at 23%.

The costs of health and social care have been increased in line with the growth of expenditure on adult mental health services by the NHS and local authorities, the largest single component of the total (Mental Health Strategies, 2010). As noted above, this gives an increase of 70% between 2002/03 and 2009/10. In comparison, spending by the NHS on all types of health care increased by 81% over the same period (HM Treasury, 2010a).

Output losses are all employment-related and have therefore been increased in line with the total compensation of employees (Office for National Statistics, 2010). This covers both growth in the size of the labour force and increases in average earnings and related on-costs such as pension contributions.

Finally, human costs have been increased in line with money GDP (HM Treasury, 2010b). This takes into account changes in population size and rising incomes, together with the assumption that the value attached to health rises in step with income.

## Conclusion

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Our updated analysis shows that mental ill health should continue to be a priority issue for public policy. The cost of mental ill health continues to fall mainly upon those who experience it and their families but it also creates a high cost for taxpayers and for business. Our 2003 policy paper showed that mental health problems carried a bigger cost to society than crime, and falling crime rates since then imply that the difference is now even larger.

The Coalition Government has already signalled that it will take action to improve mental health and the opportunities available to people with mental health problems, to break the link between mental ill health, poverty and exclusion. It is vital that action is taken across government to prevent the development of mental health problems wherever possible, to intervene quickly and effectively when people become unwell and to promote positive mental health for all.

Timely and effective responses to people with mental health difficulties are excellent value for public money. Providing good quality parenting support to people with young children, extending access to psychological therapy, early identification of distress at work, diverting offenders with mental health difficulties from custody and assisting people with severe mental health problems into paid work all make a massive difference to people’s lives and create both immediate and long-term savings to public finances and to the wider economy.

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