

Drug Abuse Cost to Society Set at \$97.7 Billion, Continuing Steady Increase Since 1975

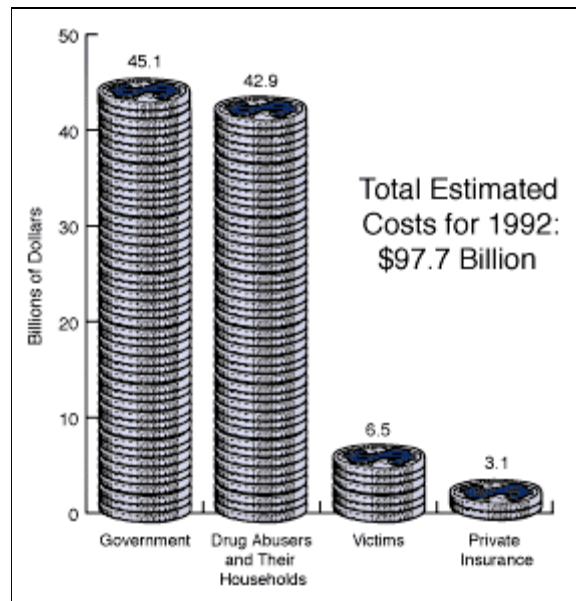
By Neil Swan, NIDA NOTES Staff Writer

The economic cost to U.S. society of drug abuse was an estimated \$97.7 billion in 1992, according to recent calculations. The new cost estimate continues a pattern of strong and steady increase since 1975, when the first of five previous cost estimates was made. The current estimate is 50 percent higher than the most recent previous estimate - which was made for 1985 - even after adjustment for population growth and inflation.

The parallel cost to society for alcohol abuse was estimated at \$148 billion, bringing the total cost for substance abuse in 1992 to \$246 billion. This total represents a cost of \$965 for every person in the United States in 1992. The per-person cost for drug abuse alone was \$383.

These estimates were calculated for NIDA and the National Institute on Alcohol Abuse and Alcoholism by The Lewin Group, a private health care research and consulting company in Fairfax, Virginia. The results were prepared by analysts using data from a variety of public and private sources and were released in May 1998 in a 220-page report, *The Economic Costs of Alcohol and Drug Abuse in the United States, 1992*.

Who Bears the Cost of Drug Abuse?



Inflation and population growth have driven the cost of drug abuse even higher since 1992, the analysts said. Updating the estimates developed in their study, they calculated that the cost of drug abuse increased 12.5% from 1992 to 1995, bringing the cost to \$109.8 billion in 1995. "Substance abuse and addiction have serious medical and social consequences," says NIDA Director Dr. Alan I. Leshner. These rising costs warrant a strong, consistent, and continuous investment in research on prevention and treatment. We must publicize these cost-to-society estimates to educate people that drug abuse is enormously expensive to the entire Nation, that the cost has been rising steadily, that extensive research shows that drug abuse can be treated, and that drug abuse treatment reduces that cost."

The report's authors said substance abuse brings specific well-recognized consequences and costs in three categories: first, health consequences and their impacts on the health care system; second, criminal behavior, either as a livelihood, participation in the drug trade, or violence related to drug abuse; and finally, job losses, family impoverishment, and subsequent reliance on welfare or other elements of society's safety net.

New Cost Estimates Reflect Recent Developments

The new cost estimates reflect major developments since the last analysis, including:

- increased availability of cocaine and crack cocaine;
- the spread of HIV and AIDS among injecting drug users;
- increasing numbers of people treated for alcohol abuse who also have drug abuse problems;
- increased availability of, and support for, substance abuse treatment, largely during the late 1980s;
- significant restructuring of the delivery of health services for drug abuse; and
- expansion of scientific knowledge about drug abuse problems and their impact on society.

The analysis notes that the epidemics of cocaine abuse and HIV/AIDS were in their early stages when the last economic cost estimate was compiled in 1985. In addition, heavy drug use was higher in 1992 than in 1985, the analysts reported.

Estimated Economic Cost of Drug Abuse in the United States, 1992 (millions of dollars)	
Health Costs	
Direct	
Drug Abuse Services	\$4,400
Medical Consequences	\$5,531
Indirect (Lost Earnings)	
Premature Death	\$14,575
Illness	\$14,205
Institutionalization	\$1,477
Total Health Costs	\$40,188
Crime and Other Costs	
Direct	
Crime	\$17,970
Social Welfare Administration	\$337
Indirect (Lost Earnings)	
Victims of Crime	\$2,059
Incarceration	\$17,907
Crime Careers	\$19,198
Total Crime and Other Costs	\$57,471
Total Crime and Other Costs	\$97,659

Changes in the methodology used to calculate estimates resulted in higher cost estimates for various health problems attributable to drug abuse, the researchers say. However, while 80 percent of the increase in estimated costs of alcohol abuse can be attributed to changes in methodology in the new study, more than 80 percent of the increase in estimated costs of drug abuse is due to real changes in drug-related emergency room episodes, health service delivery trends, and criminal justice expenditures.

Law enforcement and incarceration costs played a significant role in the increases. Although crime rates remained relatively stable between 1985 and 1992, criminal justice expenditures more than doubled overall, even after adjusting for inflation. Increases in the numbers of people incarcerated were a major factor in rising drug-related costs, reflecting increases in drug-related arrests and changes in sentencing practices for drug crimes.

Health Costs

Health care expenditures for drug abuse problems were estimated to total \$9.9 billion. Of this total, \$4.4 billion was for drug abuse treatment, detoxification, and rehabilitation services, as well as prevention, training, and research. Treatment for drug abuse-related health problems - including HIV infection and AIDS, other diseases, and injuries - totaled \$5.5 billion. Compared to past analyses, the new estimate shows greater recognition for health-related costs of coexisting substance abuse and other medical or mental disorders.

Some 25,000 premature deaths were attributed to drug abuse in 1992, for a total cost of \$14.6 billion, a figure that represents the value of expected lifetime earnings that were lost. The analysts calculated the average loss per death at about \$350,000. Many of the deaths were among drug abusers 20 to 40 years of age, many of whom died of accidents, trauma, or HIV/AIDS.

An additional \$14.2 billion in lost potential productivity was estimated for drug-related illness and disability for 1992. This loss was in the form of work not performed, including household tasks. The authors point out that the study does not attempt to estimate the burden of drug abuse on work sites or employers because no reliable data are available on which to base an estimate.

Crime and Welfare Administration Costs

The costs of crime that were attributed to drug abuse were estimated at \$58.7 billion in 1992. Drug abuse was implicated in the cost analysis as the cause of 25 to 30 percent of all income-generating crime, such as burglary and robbery; 5 percent or less was attributed to alcohol problems. In contrast, alcohol abuse was implicated in 25 to 30 percent of violent crimes, with only 5 percent or less of violent crimes attributed to drug abuse. Criminal justice system costs due to drug abuse, including drug traffic control expenditures, totaled \$17.4 billion.

The indirect costs of drug-related crime include lost lifetime earnings of homicide victims, totaling \$1.4 billion, and \$2.06 billion in lost earnings for victims of nonfatal crimes.

Enormous costs to society were attributed to lost income for incarcerated drug criminals and lost legitimate income when individuals instead pursue illegitimate, drug-related livelihoods. Some 460,000 drug offenders were incarcerated throughout 1992, for a calculated loss of potential productivity of \$17.9 billion. What the analysts call the costs of "crime careers" were set at \$19.2 billion in 1992. This figure assumes the equivalent of 600,000 drug abusers and drug traffickers dropping out of full-time, legitimate jobs to earn their living from predatory or consensual crime, such as drug trafficking and prostitution.

Social welfare spending attributable to drug abuse-related impairments was \$3.8 billion in 1992. Of that figure, administrative costs account for an estimated \$337 million. Only these administrative costs are included in the report's cost estimates because cash transfer programs, such as social welfare, simply represent a redistribution of resources.

Who Pays These Costs?

The Nation as a whole pays the costs of drug and alcohol abuse, the authors concluded. Many of the costs fall on the alcohol or drug abuser. Drug abusers and their families bear \$42.9 billion of the total, including costs related to health problems, early death, or lost earnings. The government bears the largest share, paid for services such as criminal justice. Other costs are transferred through insurance mechanisms, including welfare, health coverage, and unemployment and disability insurance.

For More Information

The Economic Costs of Alcohol and Drug Abuse in the United States, 1992 (#BKD265) is available free from the National Clearinghouse for Alcohol and Drug Information, P.O. Box 2345, Rockville, MD 20847, 1-800-729-6686. The study is also available on NIDA's home page on the World Wide Web at <http://www.nida.nih.gov/EconomicCosts/Intro.html>

NIDA NOTES - Volume 13, Number 4

[[NIDA Home Page](#)][[Search Site](#)][[Site Index](#)][[NIDA NOTES Index](#)][[Index of this Issue](#)]