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THE HUMAN, SOCIAL AND ECONOMIC COSTS OF DRUGS:

PILOT PROGRAM

FINAL REPORT

THE HUMAN, SOCIAL AND ECONOMIC COSTS OF DRUGS: PILOT PROGRAM FINAL REPORT

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Goals of the program

- n Develop a methodology to estimate costs related to the drug problem.
- n Document the methodology so that it can be utilized by other countries in the hemisphere.
- n Develop a coherent set of cost estimates in each of the pilot countries, based on both direct and indirect costs, in at least one social sector (e.g. health care).

Achievements

The program goals and expectations were exceeded thanks to:

- n Dedication of the pilot countries
- n Cooperation and collaboration between national commissions, the research team and CICAD.
- n Consistently open channels of communication.

Why is this program important?

- n First program of its kind in the hemisphere; pushes the limits of research into cost estimation.
- n Control of resources and programs: the countries can understand what they are spending and in which areas.
- n Strengthens internal research infrastructure.

Why is this program important?

- n Lasting collaborative relationships.
- n Develops administrative experience.
- n Demonstrates that these studies can be done with few resources.
- n Great advancement in the quality of drug research.

Why is this program important?

- n Demonstrates that with political supports cost studies are sustainable.
- n Basis for more complex studies: avoidable costs, opportunity costs, cost benefit.
- n Provides knowledge-based information, and best practices to those who formulate policy.

Utility of Cost Studies

- n Justifies the priority that the problem receives.
- n Identifies areas of priority intervention.
- n Detects information gaps.
- n Constitutes basis for comparison.
- n Offers guidelines to measure the efficacy of policies.

Utility of Cost Studies

- n Con estándares mínimos, comparaciones internacionales.
- n Fortalecimiento investigativo y colaboración entre agencias.
- n Globalmente: construcción de funciones de costo social.

Limitations

- n Cost estimation "static picture"
- n Adverse effects and paliative actions both create costs
- n Reliability of information
- n Difficulty obtaining certain data
- n Internal comparisons: ideal situation

n Given the interaction between substance abuse and the adverse effects, interventions in one area generate a cost impact in other areas.

n Example: reducing investments in drug control may reduce expenditures, but may cause future increase in the probability of consumption or criminality;

n Resulting in a net increase in costs over time.

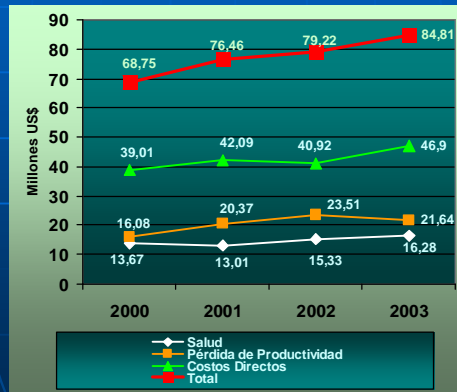
Limitations

- n Indirect indicators: represent high costs, but can be evaluated separately
- n Frame of reference – four concepts: health care, productivity loss, damage to property and direct costs
- n Global Objective: construct the best indicator within the limits of what is realistic

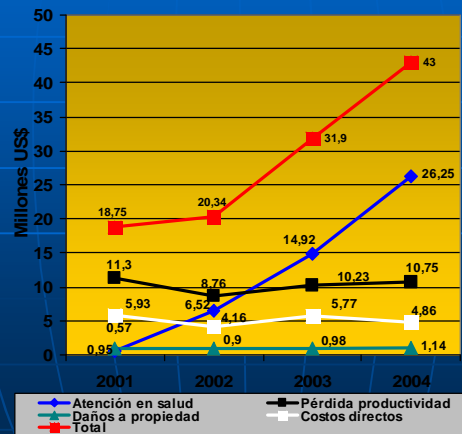
Concrete Examples

Let us look at some examples of what cost studies can produce

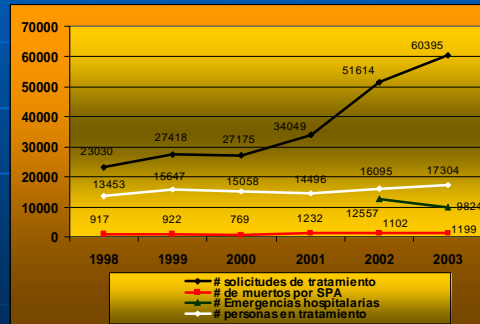
COSTA RICA: Costs 2000-2003



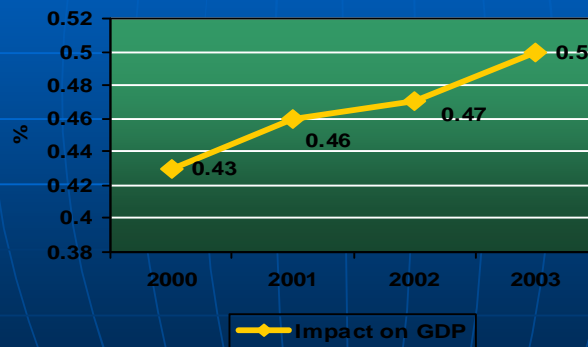
EL SALVADOR: Costs 2001-2004



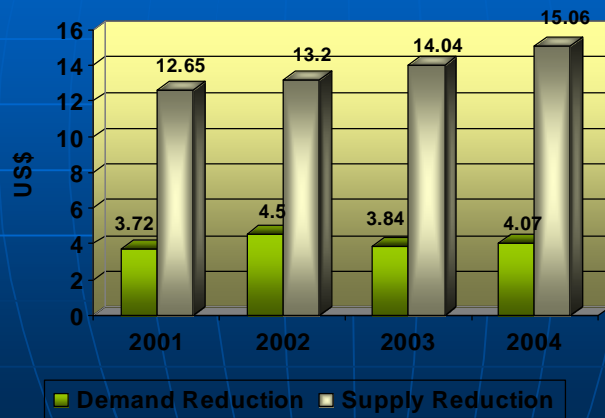
MEXICO: Costs 1998-2003



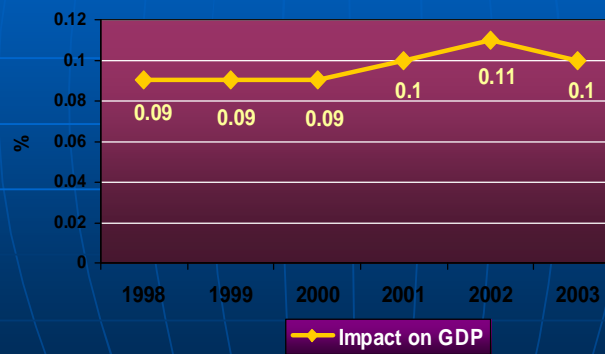
CR: Impact on GDP



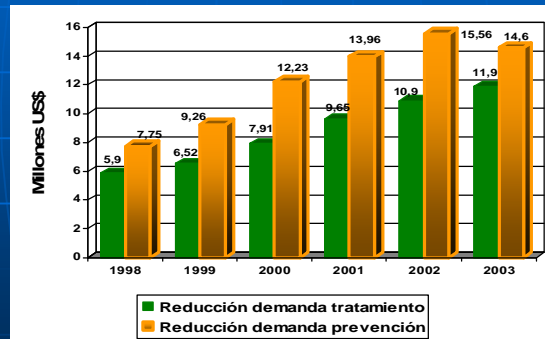
CR: Cost per capita



Mx: impact on GDP



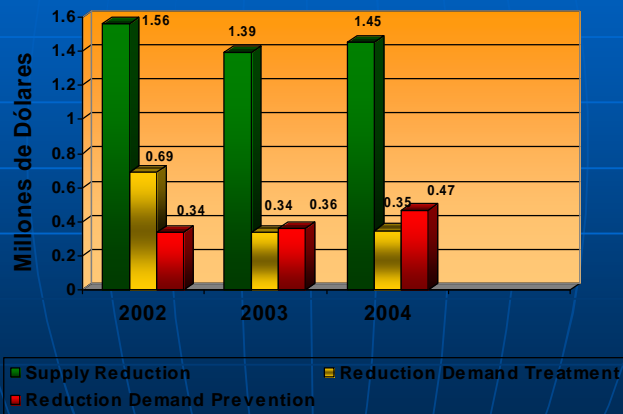
Mx: treatment vs. prevention



Mx: Costs SC vs. DR

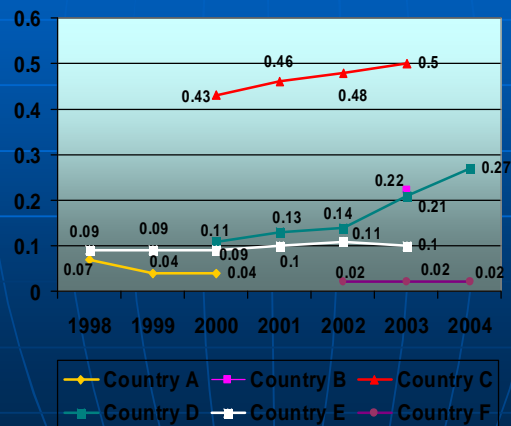


URUGUAY: Distribution of expenses



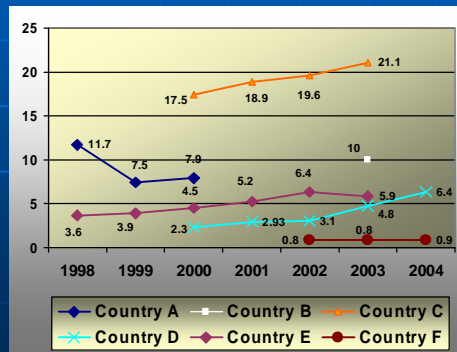
Comparisons between countries

% impact of the drug problem on GDP



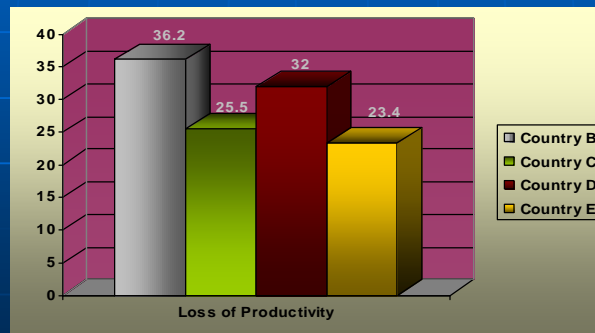
Comparisons between countries

Cost per capita of the drug problem in 6 pilot countries



Comparisons between countries

Loss of productivity in 4 countries during 2003



Observations and Conclusions

- n Tendency for expenditures to increase in all countries
- n Majority of expenditures: supply reduction
- n Large differences between supply and demand reduction
- n Treatment data inconsistent
- n Absenteeism costs, incomplete
- n Concentration in few areas

Recommendations

- n Experience was very positive, and can serve as a model for other countries.
- n Some pilot countries could move on to the next logical step: avoidable costs

Cost Program

The CICAD Experience

Benefits of Cost Studies

n Immediate benefits:

- establishes cooperation between entities that had not worked together previously,
- Organizes national data,
- Identifies information gaps,
- Provides roadmap for filling those gaps and establishes research agendas

Benefits of Cost Studies

n Long Term Benefits

- Strengthened research infrastructure
- Evolution in thinking on drug research
- Results can be used to formulate and orient policy

Application of the Methodology in Member States

- ### n Although the estimates produced are imperfect, the CICAD experience demonstrates that this type of research can be carried out in a broad range of countries

Program Expansion 2006 and beyond

- n Extended mandate
- n MEM indicator
- n Continue assisting the countries that have already participated in the cost program to continue to pursue and refine their cost research over time
- n Train additional countries in the application of the CICAD methodology

Criteria for Embarking on Cost Studies

- n Should possess robust data on prevalence, demographic data, basic data on government investment in the drug field, and data on daily costs in certain public systems
- n Suggest inventory of information available in order to assess needs
- n Demonstrate political support to complete study

Thank You!
¡Gracias!

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