



## **Study Reveals Individuals with Behavioral Health Conditions in Addition to Physical Conditions Drive High Total Healthcare Costs; Small Portion Spent on Behavioral Treatment, Vast Majority Spent on Physical Treatment**

— 5.7% of entire study population—high-cost patients with both conditions—accounted for 44% of all healthcare spending.

— 50% of all patients with behavioral conditions had less than \$68 of total annual spending for behavioral treatment.

— Study provides a baseline for estimating impact of COVID-19 on behavioral healthcare.

**WASHINGTON, August 13, 2020** – Individuals with behavioral health conditions in addition to physical health conditions drive high total healthcare costs, yet among these patients, spending for behavioral health treatment is a small portion of total healthcare spending, while the vast majority of spending is for physical treatment. These are among the findings of a new analysis of claims data for 21 million commercially insured individuals conducted by Milliman, Inc. The study was commissioned by [The Path Forward for Mental Health and Substance Use](#) and funded by the Mental Health Treatment and Research Institute LLC, a tax-exempt subsidiary of The Bowman Family Foundation.

The report—***How do individuals with behavioral health conditions contribute to physical and total healthcare spending?***—identifies the prevalence of patients with behavioral health conditions (mental health conditions and substance use disorders) within the total patient population and among the highest-cost patients; the contribution of individuals with these behavioral health conditions to total healthcare costs; and the levels of spending on physical (medical/surgical) and behavioral health treatment.

“What the claims data in this report reveals is astonishing,” stated Henry Harbin, MD, adviser to The Path Forward partners, former CEO of Magellan Health. “Half of behavioral patients had very little to no spending on behavioral treatment—less than \$68 per year—and another 25% had very limited spending on behavioral treatment—between \$68 and \$502 per year. This is despite having been diagnosed or treated by a healthcare professional for a behavioral illness. This is a tragedy. And now we know this population accounts for more than half of our total healthcare spending. Tremendous savings and improved outcomes are achievable if these individuals who deserve care are identified early and provided with prompt evidence-based behavioral treatment.”

The report focuses on individuals who have received behavioral health diagnoses and/or behavioral-specific treatment, including services or prescriptions for behavioral health drugs. These individuals are referred to as the BH Group.

### **Key findings include:**

1. Of the 21 million study population, the most expensive 10% of patients (High-cost Group; 2.1 million individuals) accounted for 70% of annual total healthcare costs.
  - Annual total healthcare costs per High-cost Group patient averaged \$41,631—21 times more than the \$1,965 for each patient in the remaining 90% of the total population.
2. Of the 2.1 million individuals in the High-cost Group, 57% (1.2 million individuals) were also in the BH Group (High-cost Behavioral Subgroup).
  - The High-cost Behavioral Subgroup—5.7% of the total population—accounted for 44% of the annual total healthcare costs of the total 21 million study population.
  - 50% of individuals in the High-cost Behavioral Subgroup had less than \$95 per year of total spending for behavioral health treatment (i.e., inpatient and outpatient hospital/facility and professional services coded as behavioral treatment, and prescription psychotropic drugs).

3. Of the 21 million study population, 27% were in the BH Group.
  - The BH Group accounted for 56.5% of annual total healthcare costs for the entire population.
  - Average annual costs for the BH Group for physical (medical/surgical) treatment were 2.8 - 6.2 times higher (depending on the behavioral health condition) than such costs for individuals with no behavioral health condition.
  - 50% of individuals in the BH Group had less than \$68 of total annual costs for behavioral health treatment; the next 25% ranged from \$68 to \$502 of such spending.
  - 4.4% of total annual healthcare costs for the entire study population were for behavioral health treatment.

“This latest study shows, yet again, the urgency for early identification and treatment for mental illness and substance use disorders by expanding the evidence-based Collaborative Care Model,” said American Psychiatric Association CEO and Medical Director Saul Levin, MD, MPA. “We simply cannot ignore the connection between mental health and physical health, which is now echoed by leaders, physicians, health providers, patients, and the public, and demonstrated by the COVID-19 pandemic. The costs to human lives and health care systems are too high.”

### **Impact of COVID-19 on behavioral health conditions**

Numerous mental health organizations and agencies are reporting an upsurge in mental health and substance use disorders since the onset of the COVID-19 pandemic. Nearly half of U.S. adult respondents (45%) to [a Kaiser Family Foundation poll](#) reported their mental health has been negatively impacted due to concerns over the coronavirus. Texts to the Substance Abuse and Mental Health Administration’s hotline for people experiencing emotional distress from natural or human-caused disasters increased more than 1,000 percent in April 2020, compared with April 2019.

“While the Milliman report did not study the effect of COVID-19 on mental health, its analysis of 2017 claims data provides a baseline for estimating the potential subsequent impact of the pandemic on the treatment of behavioral conditions and medical spending,” said Andy Keller, PhD, President and CEO, Meadows Mental Health Policy Institute.

Keller continued, “The Meadows Mental Health Policy Institute, a Path Forward partner has modeled in an [April 2020 report](#) the likely impacts of COVID-19 and the annual baseline rate of death from suicide and overdose—which was already at 120,000 Americans. We conclude that incremental ‘deaths of despair’ could exceed lives lost because of the virus. The Well Being Trust replicated these findings, referring to increased risks of suicide and overdose and COVID-related increases in mental illness as the ‘[epidemic within the coronavirus pandemic](#)’. Given that American health systems were failing to meet these needs pre-pandemic, it is imperative that we muster the resolve to revamp delivery systems top to bottom.”

### **Recommended action steps**

To address the current deficiencies in behavioral healthcare, provide equity and reduce total healthcare costs, The Path Forward recommends specific steps employers, health insurers, and providers can take to ensure implementation of [five key reforms](#). These include increased access to affordable and effective in-network specialty behavioral providers; early detection of behavioral conditions and tracking of clinical outcomes; use of “Collaborative Care” (as defined in the CoCM reimbursement codes) in primary care settings; expanded access to tele-behavioral health services; and parity law compliance.

“The Milliman report data underscores in stark terms the broad impact of the public crisis in behavioral health which has been exacerbated by COVID-19,” said Michael Thompson, President and CEO, National Alliance of Healthcare Purchaser Coalitions. “People with both behavioral health and medical conditions contribute significantly to the high cost of healthcare and these same people have been inequitably underserved by the healthcare status quo for years. The Path Forward is tackling these issues through a market-driven approach to improve behavioral healthcare, achieve health equity, and reduce costs. [A new report](#) issued in August 2020 models how collaborative care and medication assisted treatment would significantly reduce suicide and drug overdose deaths.”

The following co-issuers of this press release are among America's leading business coalitions, healthcare organizations, public policy organizations and advocacy groups that support The Path Forward's recommendations to address this crisis: • American Psychological Association • Baylor Scott & White Health • Columbia University Department of Psychiatry • Dallas-Fort Worth Business Group on Health • Florida Alliance for Healthcare Value • HR Policy Association and The American Health Policy Institute • Houston Business Coalition on Health • Kansas Business Group on Health • The Kennedy Forum • Mental Health Association of Maryland • MidAtlantic Business Group on Health • Massachusetts General Hospital Department of Psychiatry • Minnesota Health Action Group • National Action Alliance for Suicide Prevention • National Alliance on Mental Illness • National Association for Behavioral Healthcare • National Association of Addiction Treatment Providers • National Council for Behavioral Health • One Mind and One Mind at Work • Parity Enforcement Coalition • Shatterproof

### **About the Report**

The report was developed by Milliman, Inc., an independent actuarial and research institution. Milliman researchers analyzed 2017 claims data for 21 million individuals with 12 months of eligibility for commercial medical and prescription drug coverage, aged 2 through 64, from all 50 states and D.C., across all care settings.

A copy of the complete report may be accessed [here](#). Additional comments by behavioral healthcare experts, employer coalitions, leading public policy organizations and advocacy groups to the report's findings and The Path Forward's recommendations may be accessed [here](#).

### **About The Path Forward for Mental Health and Substance Use**

[The Path Forward](#) is a first-of-its kind private sector initiative to drive market-based improvements in behavioral health treatment and healthcare equity for all Americans. The Path Forward recommends implementation of five evidence-based reforms to improve access to effective, affordable, and timely behavioral health treatment, and reduce total healthcare costs. A key element of this multi-stakeholder initiative is the creation of a Regional Employer Stakeholder Engagement Team (RESET) in eight key regions (CA, FL, KS, MD/DC/VA, MN, NY/NJ/CT, TN, TX) to leverage the influence of business coalitions, and their employer and other purchaser members. The Path Forward's partners are the National Alliance of Healthcare Purchaser Coalitions, Meadows Mental Health Policy Institute, American Psychiatric Association Foundation Center for Workplace Mental Health, American Psychiatric Association, and The Bowman Family Foundation.

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