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Groundbreaking New Study Reveals People Diagnosed with Both Behavioral and Physical Health Conditions are Among the Highest-Cost Patients, Yet Less than 5% of Health Care Spending is Directed Toward Behavioral Health Treatment

Report Comes Amidst Upsurge in Mental Health and Substance Use Disorders During COVID-19 Pandemic

ANNAPOLIS, MD – Individuals with behavioral health conditions (mental health and substance use disorders) and co-occurring physical health conditions drive high total health care costs. Yet among these patients, only a small portion of total health care spending is directed toward behavioral health treatment. These are among the findings of a [groundbreaking new study](#) conducted by Milliman Inc. analyzing the treatment of 21 million commercially insured individuals across the country.

The report – commissioned by [The Path Forward for Mental Health and Substance Use](#) (The Path Forward) and funded by the Mental Health Treatment and Research Institute LLC, a tax-exempt subsidiary of The Bowman Family Foundation – identifies (1) the prevalence of patients with behavioral health conditions within the total patient population and among the highest-cost patients, (2) the contribution of these individuals to total health care costs, and (3) the level of spending on physical (medical/surgical) treatment for those patients versus spending on their behavioral health conditions.

Key findings include:

- Although only 27% (5.7 million) of the 21 million individuals in the study population had a behavioral health diagnosis and/or received behavioral health-specific treatment, those individuals accounted for 56.5% of total health care costs for the entire study population.
- Half of the 5.7 million individuals who received a behavioral health diagnosis and/or treatment received less than \$68 each per year in behavioral health treatment.
- Over 95% of health care spending for the entire study population was used for physical treatment; the corresponding spend for behavioral health was just 4.4%.
- Medical and surgical costs for individuals with a behavioral diagnosis or treatment were 2.8 to 6.2 times higher (depending on the behavioral health condition) than such costs for individuals without a behavioral health condition.

- The most expensive 10% of patients (2.1 million individuals) accounted for 70% of annual total health care costs; on average, annual costs for this group were 21 times higher than the remaining 90% of the study population.
- Within this high cost group, 57% (1.2 million individuals) received a behavioral health diagnosis and/or treatment. ***Though they represent just 5.7% of the total study population, this high cost behavioral health group accounted for 44% of annual total health care costs for the entire 21 million study population, yet 50% of these individuals received less than \$95 in behavioral health treatment annually, including prescription psychotropic drugs.***

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

Impact of COVID-19 on Behavioral Health Conditions

National data indicate a potential upsurge in mental health and substance use disorders as a result of the COVID-19 pandemic and a related increase in deaths of despair. Calls to national crisis hotlines are up over 1,000 percent and, according to a recent poll by the Kaiser Family Foundation, nearly half of all Americans report the coronavirus crisis is negatively impacting their mental health. With loss of employment and related stressors on the rise, studies have shown that for every 1% increase in unemployment rates, suicides increase by up to 1.6% and opioid deaths increase by 3.6%.

“This report’s findings should provoke a wake-up call across all of America,” said Linda Raines, CEO of the Mental Health Association of Maryland. “For many, the behavioral health impact of the pandemic could be just as deadly as the virus. We can ill afford to continue to ignore the devastating lack of access to mental health and substance use care endured by millions of Americans. Health care costs will rise and more lives will be lost if we fail to act.”

Recommended Action Steps

To address the current deficiencies in behavioral health care, provide equity and reduce total health care 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 the evidence-based collaborative care model in primary care settings; expanded access to tele-behavioral health services; and compliance with the federal parity law.

The current crisis in behavioral health is tragic for human reasons, and this study makes it clear that it is for financial reasons as well,” said John Miller, Executive Director of the MidAtlantic Business Group on Health. “The Path Forward provides a road map to address this challenge, and all employers should rally behind it. We can achieve equitable access to high-quality mental health care, and we need to do it now.”

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 responses 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 health care 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 health care 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.

Together, the MidAtlantic Business Group on Health and the Mental Health Association of Maryland lead the Path Forward initiative in the MidAtlantic region.

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The MidAtlantic Business Group on Health is an association of employer health care purchasers that drives cost-effective health care, through value-based purchasing.

The Mental Health Association of Maryland is a nonprofit education and advocacy organization that brings together consumers, families, clinicians, advocates, and concerned citizens for unified action in all aspects of mental health, mental illness, and substance use.