The Business Case for Bidirectional Integrated Care:

Mental Health and Substance Use Services in Primary Care Settings and Primary Care Services in Specialty Mental Health and Substance Use Settings

The California Integration Policy Initiative:
A collaboration between the California Institute for Mental Health and the Integrated Behavioral Health Project,

June 2010

Overview of the Business Case Report

The Changing Healthcare Environment

- Universal coverage, delivery system design, and payment reform

Mental Health, Substance Use & Healthcare Conditions & the Impact on Healthcare Utilization & Costs

- Key findings from research and program evaluations

Integrated Care Can Improve Quality Outcomes & Lower Healthcare Cost

- Addressing MH/SU conditions as a part of delivering healthcare

Integration & Healthcare Payment Reform

- New financing approaches are needed

Summarizing the Business Case & the Need for Leadership

- Aligned Leadership at state & county levels will be critical to success

Attachments A & B:

- Examples of Integrated Mental Health and Substance Use Services that Improve Quality Outcomes and Lower Healthcare Costs
- Model for Designing and Financing an Integrated System

Problem Statement

One of top 10 conditions driving medical costs, ranking 7th in national survey of employers.	Greatest cause of productivity loss among workers.
Those diagnosed have nearly twice the annual health care costs of those without depression.	Cost burden to employers for workers with depression is estimated at $6,000 per depressed worker per year.

Depression

Problem Statement

Exhibit 7: Frequency of Diagnostic Dyads by Cost among Medicaid-only Beneficiaries with Disabilities, 2002, CDPS + Rx Data*

Diagnosis 1	Diagnosis 2	Frequency among all beneficiaries	Frequency among most expensive 5%
Psychiatric	Cardiovascular	24.5%	40.4%
Psychiatric	Central Nervous System	18.9%	39.8%
Cardiovascular	Pulmonary	12.5%	34.3%
Cardiovascular	Central Nervous System	13.1%	32.9%
Psychiatric	Pulmonary	11.2%	28.6%
Cardiovascular	Gastrointestinal	10.2%	27.8%
Central Nervous System	Pulmonary	7.0%	26.2%
Cardiovascular	Renal	7.1%	24.6%
Pulmonary	Gastrointestinal	5.9%	24.2%
Psychiatric	Gastrointestinal	9.5%	24.0%

The Faces of Medicaid III: Refining the Portrait of People with Multiple Chronic Conditions Center for Health Care Strategies, Inc., October 2009

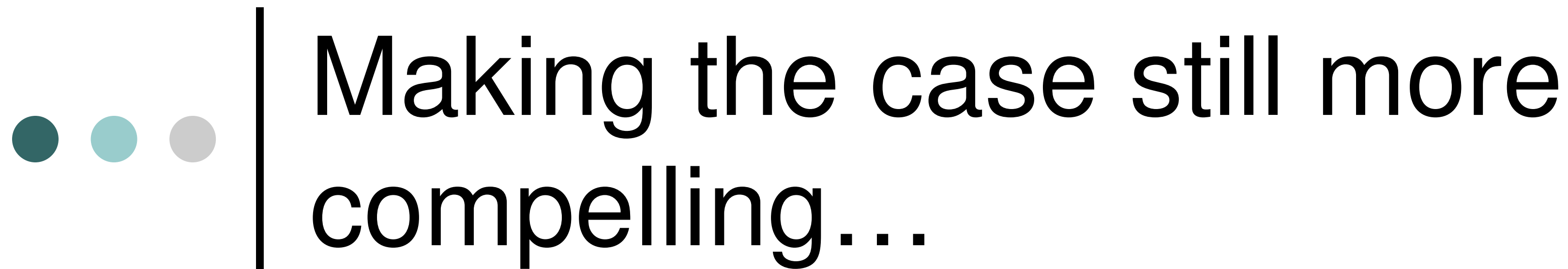
- 49% of Medicaid beneficiaries with disabilities have a psychiatric illness.
- 52% of those who have both Medicare and Medicaid have a psychiatric illness.

Problem Statement

11% of Californians in the fee for service Medi-Cal system have a serious mental illness.

Healthcare spending for these individuals is 3.7 times greater than it is for all Medi-Cal fee-for-service enrollees.

($14,365 per person per year compared with $3,914.)



Making the case still more compelling…

- "if a 10% reduction can be made in the excess healthcare costs of patients with comorbid psychiatric disorders via an effective integrated medical-behavioral healthcare program, $5.4 million of healthcare savings could be achieved for each group of 100,000 insured members…the cost of doing nothing may exceed $300 billion per year in the United States." [Note: this analysis based on commercially insured population]

Chronic conditions and comorbid psychological disorders
Milliman Research Report. July 2008

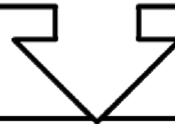
Institute for Healthcare Improvement: The Triple Aim

- Improve the health of the population
- Enhance the patient experience of care (including quality, access, and reliability)
- Reduce, or at least control, the per capita cost of total healthcare http://www.ihi.org/ihi

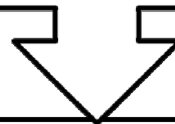
Without addressing the healthcare needs of persons with serious Mental Health / Substance Use (MH/SU) disorders and the MH/SU treatment needs of the whole population, it may be very difficult to achieve the Triple Aim.

Improve the health of the population

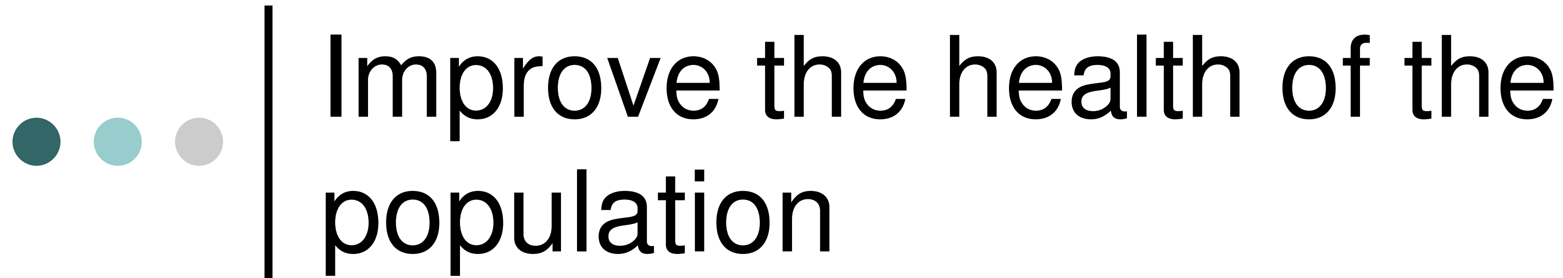
People with type 2 diabetes have nearly double the risk of depression.



Depression in diabetic patients is associated with poor glycemic control, increased risk for complications, functional disability and overall higher healthcare costs.

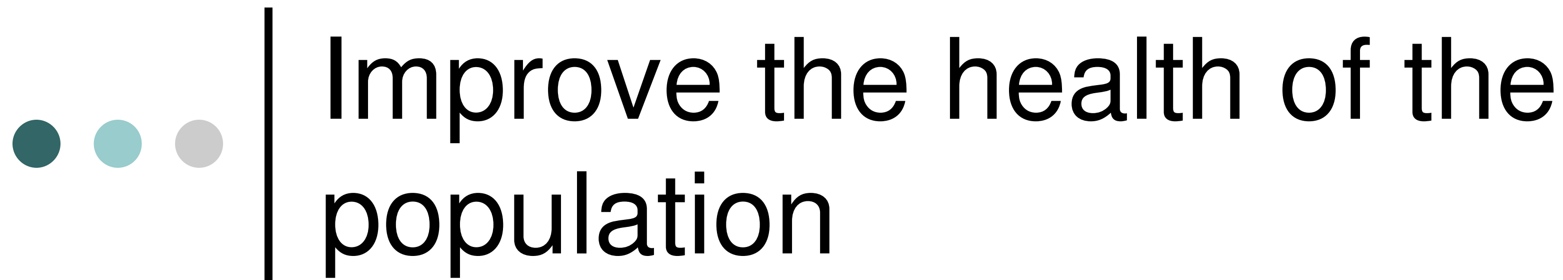


There are treatment protocols that can double the effectiveness of depression care resulting in improved physical functioning and decreased pain.



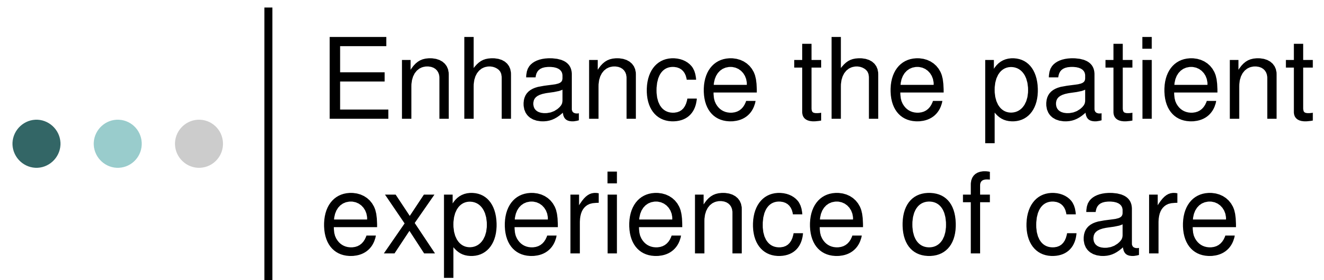
Improve the health of the population

- Care management focused on the health status of people with serious mental illnesses has been shown to significantly improve risk scores for cardiovascular disease.



Improve the health of the population

- Improving the health of those with SU conditions may well benefit the health of their family members.
- In the Kaiser Northern California system, family members of patients with SU disorders had greater healthcare costs and were more likely to be diagnosed with a number of medical conditions than family members of similar persons without a SU condition.
  - If the family member with a SU condition was abstinent at one year after treatment, the healthcare costs of family members went down to the level of the control group.



Enhance the patient experience of care

- Ranking (based on clinically preventable burden and cost effectiveness) of 25 preventive services recommended by the United States Preventative Services Task Force found that:
  - Alcohol screening and intervention rated at the same level as colorectal cancer screening/treatment and hypertension screening/treatment.
  - Depression screening/intervention rated at the same level as osteoporosis screening and cholesterol screening/treatment

Enhance the patient experience of care

Individuals with serious mental illnesses have a 53% greater chance of being hospitalized for diabetes that could have been managed in an outpatient setting.

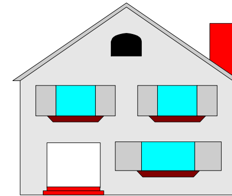
Adding attention to the healthcare needs of persons served in MH settings resulted in significantly improved access to routine preventive services (e.g. immunizations, hypertension screening and cholesterol screening).

- Proven MH/SU treatments and protocols, often integrated with primary care, have been shown to improve health status and reduce total healthcare expenditures, while others improve health status without adding additional costs.
- Depression care management for Medicaid enrollees can reduce overall healthcare costs by $2,040 per year with impressive reductions in emergency department visits and hospital days.
- A Kaiser Northern California study showed that those who received SU treatment had a 35% reduction in inpatient cost, 39% reduction in ER cost, and a 26% reduction in total medical cost, compared to control group.

Designing and Financing an Integrated System

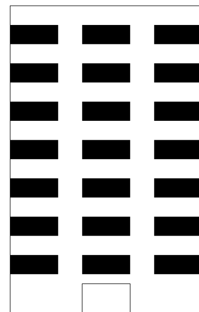
MISP Indigent Health Services

County-Managed Mental Health Services, Medi-Cal Prepaid Inpatient Health Plans

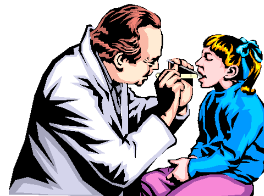


County-Managed Alcohol and Other Drug Services

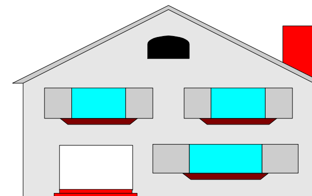
County ABC



Medi-Cal Managed Care Health Plan



Medi-Cal Fee for Service Services



State-Managed Alcohol and Other Drug Services

A California County that has a Local Initiative Plan, a Medically Indigent Services Program (MISP), and manages the Medi-Cal and safety net Mental Health and Drug and Alcohol services.

Sample Financial / Utilization Model of Integrated Care

County ABC	Current Medi-Cal Enrollees	Current MISP/ Uninsured	Current Totals	Moderate Scenario Changes	Comments
Enrollees	44,000	10,000	54,000	10,000	Shift uninsured to HCCI
Revenue	$129,950,000	$28,630,000	$158,580,000	$25,630,000	Added FMAP
Health Care Utilization and E[illegible]					
Inpatient/ED					
Admits	[illegible]	[illegible]	[illegible]	[illegible]	Reduced inpatient 10%
Costs	[illegible]	[illegible]	[illegible]	[illegible]	"
Ambulatory					
Served	[illegible]	[illegible]	[illegible]	[illegible]	All enrollees served
Costs	[illegible]	[illegible]	[illegible]	[illegible]	Increase in Primary Care
Pharmacy					
Costs	[illegible]	[illegible]	[illegible]	[illegible]	All enrollees served
Total Health Ca[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Mental Health [illegible]					
Inpatient					
Admits	[illegible]	[illegible]	[illegible]	[illegible]	Assume no change
Costs	[illegible]	[illegible]	[illegible]	[illegible]	"
Outpatient					
Served	[illegible]	[illegible]	[illegible]	[illegible]	Increase to cover demand
Costs	[illegible]	[illegible]	[illegible]	[illegible]	"
Residential					
Served	[illegible]	[illegible]	[illegible]	0	Assume no increase
Costs	[illegible]	[illegible]	[illegible]	$0	"
Total Mental He[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Substance Use [illegible]					
Outpatient/Resi[illegible]					
Served	800	3,000	3,800	1,600	Increase to cover demand
Costs	$480,000	$1,800,000	$2,280,000	$7,764,000	"
Total Substance Use	$480,000	$1,800,000	$2,280,000	$7,764,000	
Total Expense	$129,950,000	$28,630,000	$158,580,000	$24,964,000	
Excess (Deficit)	$0	$0	$0	$666,000	

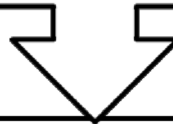
Illustration Only

Healthcare Reform

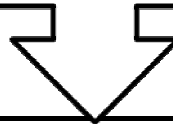
- Healthcare reform legislation has linked the ability to demonstrate quality outcomes with managing costs.
- Universal coverage, delivery system design, and payment reform make bidirectional integration of MH/SU services with healthcare more important than ever before, especially in systems that historically have served the safety net population.

Leadership

Leadership at both state and county levels will be critical to success.



Because all healthcare is local, everyone must work together to craft a set of local solutions that take advantage of the opportunities that will unfold under healthcare reform.



Local leaders will need aligned leadership at the state level to ensure that the upcoming major changes in the healthcare system address the needs of Californians with mental health and substance use disorders.

Full Business Case Report

- The full report from which this presentation was created, The Business Case for Bidirectional Integrated Care, contains information critical to both national and state level payment reform decisions.
- Research citations supporting the information in this presentation are documented in the full report.

http://www.cimh.org/Initiatives/Primary-Care-BH-Integration.aspx