



Economic Impact of Integrated Medical-Behavioral Healthcare: Implications for Psychiatry

Milliman Report Summary

Continually escalating healthcare costs have prompted payers, policymakers and health systems to seek ways to improve health while reducing healthcare spending. The American Psychiatric Association commissioned a report by Milliman, Inc., a global consulting and actuarial firm, to evaluate the potential economic impact of integrated behavioral and medical care for reducing healthcare spending on care for people with chronic medical and behavioral comorbidities.

In integrated care models, psychiatric physicians, primary care physicians, and other behavioral health providers work together with patients and families to provide truly patient-centered care. The team uses a systematic and cost-effective approach to coordinate care for a defined population.

While the ability of integrated care models to improve health is supported by a robust and growing body of evidence, the economic impact of integration has not been well understood. The findings of the Milliman report shed light on this area with more information on potential general healthcare cost savings associated with effective integration of medical and behavioral healthcare.

Report Methodology

Drawing from commercial health insurance and Medicare and Medicaid data, Milliman included records of more than 20 million individuals in its analysis of patients' health care utilization and costs from 2009 through 2010. Milliman compared data from four distinct groups:

- People with no mental health or substance use disorders
- People with serious and persistent mental illness
- People with mental health diagnoses, but no serious and persistent mental illness
- People with substance use disorder diagnoses

Chronic medical conditions in people in each of these four groups were reviewed in the evaluation and comparison.

Key Findings

The findings of the report point to significant general healthcare cost savings through effective adoption of integrated care.

Only 14 percent of people with insurance are receiving treatment for mental health or substance use disorders, but they account for more than 30 percent of total health care spending.

- The total spending for those with behavioral health issues is estimated to be \$525 billion annually; total healthcare spending is estimated to be \$1.7 billion annually.

Because of fragmented care, general medical costs for treating people with chronic medical problems, as well as mental conditions, are two-to-three times higher than those for treating people with physical health conditions only.

- The additional healthcare costs incurred by people with behavioral comorbidities were estimated to be \$293 billion in 2012.

Effective integration of medical and behavioral care could save \$26-\$48 billion annually in general healthcare costs.

- Integrated medical and behavioral health models, in which psychiatric physicians and other mental health specialists work closely with patients' primary care providers, expand access to quality care and leverage limited resources.
- When patients' mental illnesses are effectively addressed, they are better able to fully participate in programs to manage their chronic medical illnesses, decreasing their risk for continual and new medical problems.

Most of the projected reduced spending is associated with facility and emergency room expenditures in hospital facilities.

- In comparing the healthcare costs of people with a behavioral health conditions to those without, people with behavioral health conditions spend a greater proportion of total medical dollars on facility-based services rather than professional services, like doctor's appointments.

Conclusion

The prevailing tendency in today's healthcare system is to treat medical and behavioral health conditions, including mental health and substance use disorders, as if they occur in different domains, rather than within the same person. Although mental illness should be treated in conjunction with other medical conditions, it often goes undetected and undertreated by healthcare providers confronting an already long and often complex list of problems.

The Milliman report findings demonstrate the potential impact integrated medical and behavioral health models could have on healthcare spending for treating some of the most costly health conditions.

APA is a national medical specialty society whose more than 35,000 physician members specialize in the diagnosis, treatment, prevention and research of mental illnesses, including substance use disorders. Visit the APA at www.psychiatry.org. More information on integrated care available at www.psychiatry.org/integratedcare.