



# TRENDWATCH

## Community Hospitals: Addressing Behavioral Health Care Needs

One in four Americans experiences a mental illness or substance abuse disorder each year.<sup>1</sup> Behavioral health conditions – encompassing both of the above – are the leading cause of disability and death, when considered together, for women and the second highest cause for men.<sup>2</sup>

Mental illnesses are specific, diagnosable disorders. Each is characterized by intense alterations in thinking, mood,

and/or behavior over time. Substance abuse problems are conditions resulting from the inappropriate use of alcohol, prescription drugs, and/or illegal drugs.<sup>3</sup> Successful treatment of these conditions is possible and has important implications for patients, the health care system, and the community at large.

Community hospitals can play an important role in the broad continuum of care for individuals who have

behavioral health conditions. In fact, hospitals and their emergency departments (EDs) are often the primary source of acute care services for people with mental illness and substance abuse issues. Hospitals that identify and treat these patients can realize improved outcomes for their patients and communities while also using health care resources more efficiently and effectively.

## Behavioral Health Disorders Are Prevalent

Behavioral health disorders affect a sizeable portion of the U.S. population. Almost half of all Americans will experience a behavioral health disorder in their lifetimes.<sup>4</sup> These problems vary in severity and cause different degrees of impairment. Although many may be “mild,” with minimal impact to routine functioning, almost 60 percent may be serious enough to cause limitations in daily living and social activities, work disability, or suicide attempts or thoughts.

About half of people diagnosed with a mental health disorder have a co-occurring substance abuse disorder.<sup>5</sup> Co-occurring substance abuse complicates the treatment of mental illness by increasing the risk of relapse, the complexity and expense of health care needs, and the likelihood

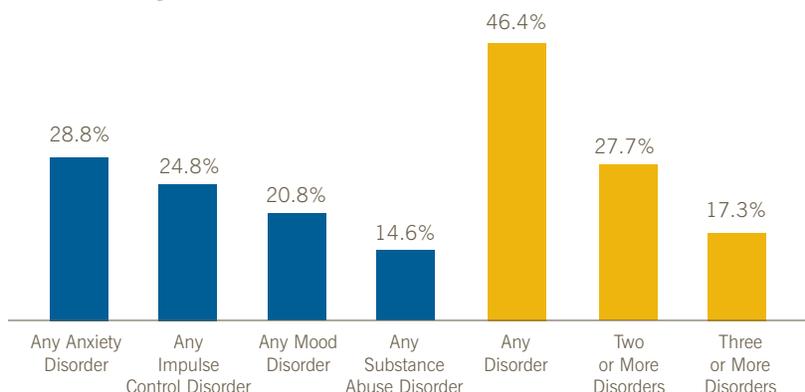
of needing services from multiple, often uncoordinated systems.<sup>6</sup>

Individuals with behavioral health disorders also have high rates of co-occurring physical health problems. One study found that adults with a

mental illness were twice as likely to have multiple medical conditions as adults without a mental illness.<sup>7</sup> Likewise, people with chronic physical illnesses have high rates of behavioral health problems such as depression and anxiety.<sup>8</sup>

### Behavioral health disorders are common.

Chart 1: Percent of U.S. Population Experiencing a Behavioral Health Disorder During Their Lifetimes

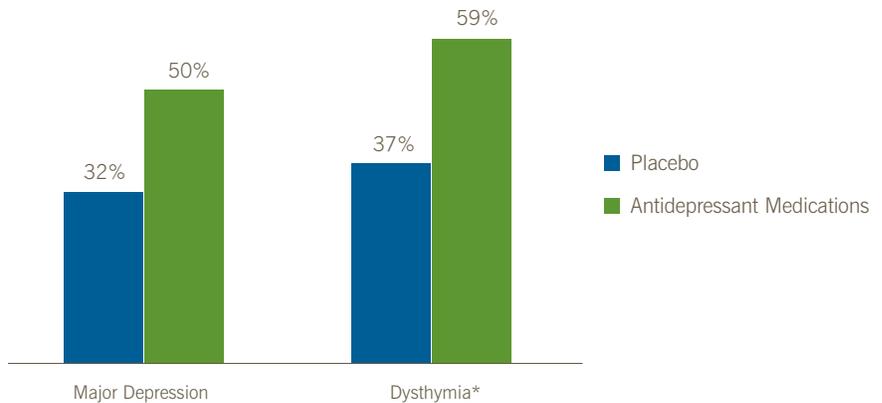


## Treatment Works

A recent review of over 3,000 research articles conducted by the U.S. Surgeon General found that the efficacy of behavioral health treatments is well documented and that a range of treatment modalities exists for most disorders.<sup>9</sup> More simply put, treatment works. For example, with appropriate diagnosis, treatment and monitoring, 80 percent of individuals with depression will fully recover.<sup>10</sup> Treatments such as family interventions and assertive community treatment (ACT) for individuals with schizophrenia and other conditions have been shown to improve patient functioning and reduce symptom relapse.<sup>11</sup> Even complex patients with multiple co-occurring physical illnesses in addition to depression benefit from intervention to treat their depression.<sup>12</sup>

### Effective treatments for mental illness do exist.

Chart 2: Effectiveness of Antidepressant Medications: Percent of Patients Improved



Source: Lehman, A.F., et al. (2004). *Evidence-based Mental Health Treatments and Services: Examples to Inform Public Policy*. New York: Milbank Memorial Fund.

\*Dysthymia is characterized by chronic depression, but with less severity than major depression.

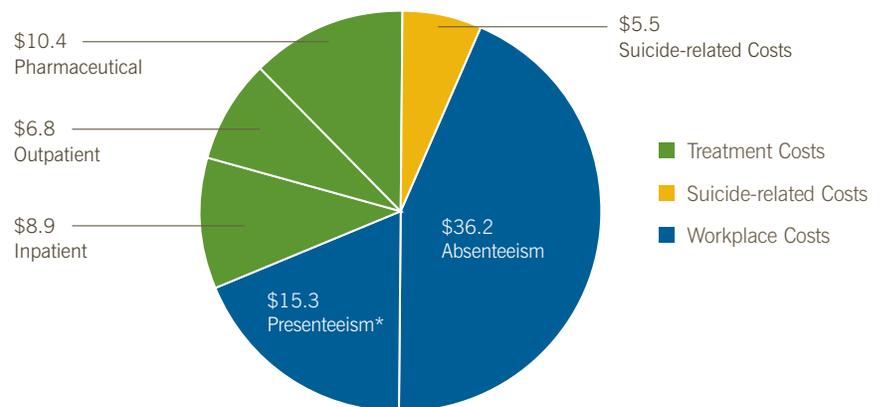
## Treating Behavioral Health Disorders Yields Economic and Social Benefits

Effectively treating behavioral health disorders not only has obvious clinical benefits, but has profound economic and social benefits as well. Conversely, not treating mental health and substance abuse disorders means greater costs for patients, providers, and the community at large. Indeed, the costs of behavioral health extend far beyond health care – families, employers, the justice system, and the greater community have a vested interest in the successful treatment of individuals with mental illness and substance abuse problems.

Decreased productivity and other social impacts of mental illness far outweigh the current expenditures on health care services for mental illness in the U.S. The impact on productivity from mental illness is greater than that from other more common chronic conditions.

### Social costs of depression outweigh treatment expenditures.

Chart 3: Economic Burden of Depression in the United States, 2000 (\$ billions)



Source: Greenberg, P.E., et al. (2003). The Economic Burden of Depression in the United States: How Did It Change from 1990 to 2000? *Journal of Clinical Psychology*, 64(12), 1465-1476.

\* Presenteeism refers to reduced productivity while at work.

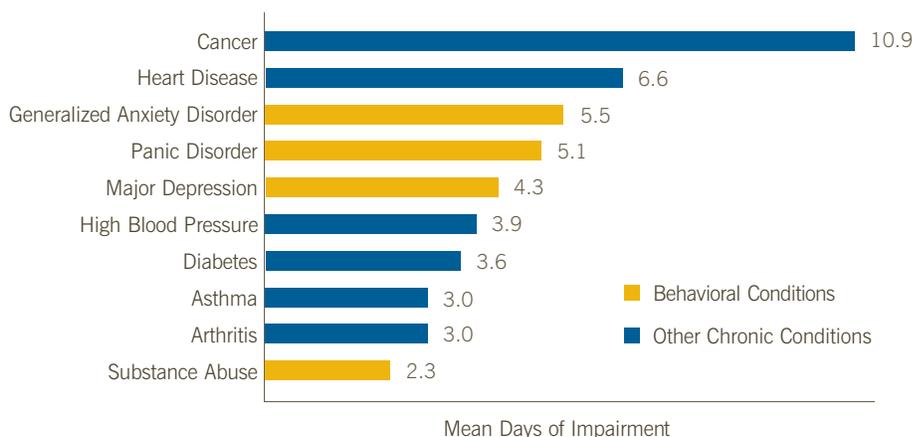
For example, studies have shown that mental illness causes more days of work loss and work impairment than many other chronic conditions such as diabetes, heart disease, asthma and arthritis.<sup>14</sup> Moreover, the health-related and work-related costs of depression may total \$6,000 per depressed worker per year; employers will bear as much as \$4,200 of those costs.<sup>15</sup>

The effects of substance abuse are also far-reaching: the direct costs associated with the treatment of substance abuse in the U.S. comprise only a small fraction of the total costs of substance abuse. In 1997, the estimated total cost of substance abuse in the U.S. exceeded \$294 billion; however, only \$11.9 billion was spent on treatment.<sup>16</sup>

Providing early, effective treatment for behavioral health disorders can benefit patients and reduce these costs. Research has demonstrated that mental health treatment leads to improved work productivity. For example, one study found that after one year, patients who were treated for their depression were 25 percent more likely to find or maintain employment than those who remained untreated. Furthermore, individuals who received treatment missed one-third as many days of work as those who did not receive treatment.<sup>17</sup> As with mental health, proper and timely treatment of substance abuse disorders has positive implications for the community. For example, the California Treatment Outcome Project found that every dollar invested in substance abuse treatment yields \$7 for society.<sup>18</sup>

### Behavioral health disorders contribute to short-term productivity losses...

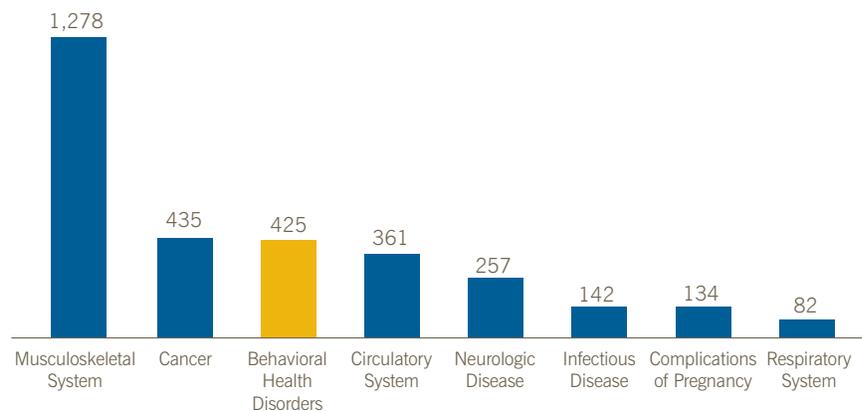
Chart 4: Estimated Mean Number of Days of Impairment in Past 30 Days Among Individuals with Chronic Conditions



Source: Kessler, R.C., et al. (2001). The Effects of Chronic Medical Conditions on Work Loss and Work Cutback. *Journal of Occupational and Environmental Medicine*, 43(3), 218-225. As cited in National Business Group on Health. (2005). *An Employer's Guide to Behavioral Health Services: A Roadmap and Recommendations for Evaluating, Designing and Implementing Behavioral Health Services*. Washington, DC: National Business Group on Health.

### ...as well as long-term disability costs.

Chart 5: Long-term Disability (LTD) Claims per Million by Condition



Source: Leopold, R. (2003). *A Year in the Life of a Million American Workers*. New York, NY: Moore Wallace. As cited in National Business Group on Health. (2005). *An Employer's Guide to Behavioral Health Services: A Roadmap and Recommendations for Evaluating, Designing and Implementing Behavioral Health Services*. Washington, DC: National Business Group on Health.

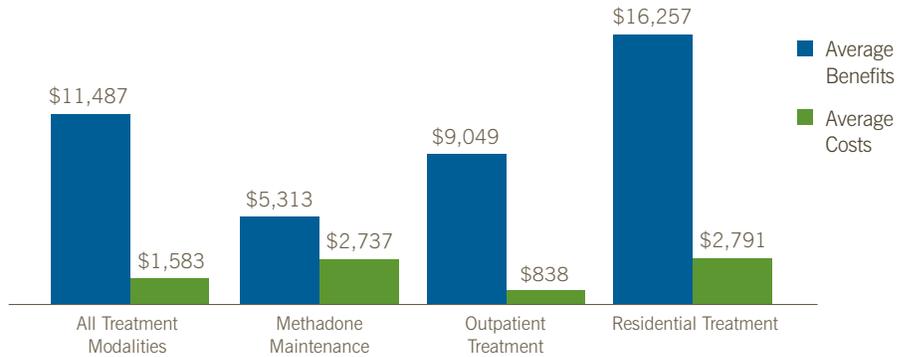
“ ”  
from the field

“Effective, state-of-the-art treatments vital for quality care and recovery are now available for most serious mental illnesses and serious emotional disturbances. Yet these new effective practices are not being used to benefit countless people with mental illnesses.”<sup>13</sup>

Conversely, the consequences of not treating behavioral health issues are serious. Acute episodes may progress to become chronic conditions, leading to severe disabilities. In fact, mental health and substance abuse disorders are a leading cause of short- and long-term disabilities.<sup>19</sup> Left without many options, people with behavioral disorders may become reliant on safety-net programs, such as Social Security Disability Insurance (SSDI), Workers' Compensation, or Supplemental Security Income (SSI). As more people with mental illness fill the rolls of these mostly public programs, greater tax resources are necessary to support them.

**Investing in treatment can yield significant social benefits.**

Chart 6: Cost-benefit\* Analysis of Substance Abuse Treatment for 9-Month Follow-up Period



Source: Ettner, S.L., et al. (2005). Benefit-Cost in the California Treatment Outcome Project: Does Substance Abuse Treatment 'Pay for Itself?'. *Health Services Research*, 41, 192-213.

\* Benefits were primarily due to reduced costs of crime and increased employment earnings.

**Spending on Behavioral Health Care Is Rising, but Not Keeping Pace**

Over the last 15 years, spending on behavioral health has grown markedly, though it still falls short of what is needed. According to the Institute of Medicine, from 2001 to 2003, only 41 percent of those aged 18 to 54 with a diagnosed severe mental illness received treatment.<sup>20</sup> From 1991 to 2001, spending on behavioral health grew at an average annual rate of 5.6 percent, not quite keeping pace with overall health care spending, which grew at a rate of 6.5 percent per year over the same period. Of the \$104 billion spent on behavioral health in 2001, mental health spending totaled \$85 billion –

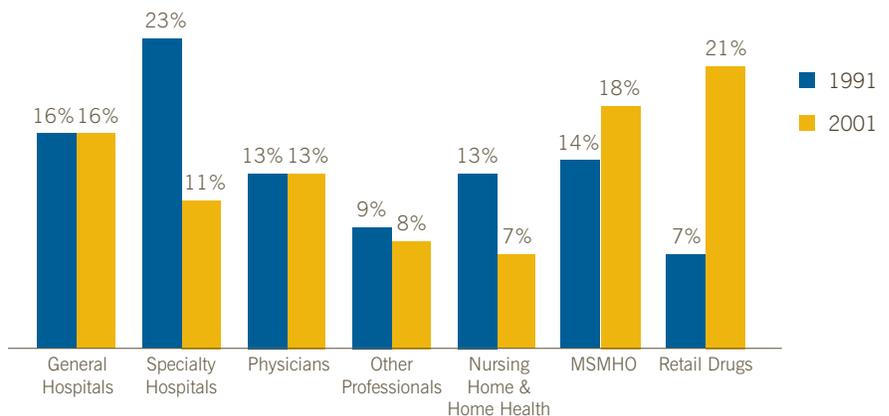
6.2 percent of all health spending in that year.<sup>21</sup> Despite this substantial spending on behavioral health care, millions of Americans who needed treatment for a mental health or substance abuse condition did not get it.

Hospitals represent a vital care setting

for patients facing behavioral health issues. The share of mental health care spending represented by general hospitals is large and has remained constant while the share of spending for hospitals specializing in behavioral health care treatment has declined dramatically.

**General hospitals consistently account for a notable share of spending on mental health care.**

Chart 7: Percent of Spending on Mental Health Care by Provider Type, 1991 and 2001



Source: Mark, T.L., et al. (2005). *National Estimates of Expenditures for Mental Health Services and Substance Abuse Treatment, 1991-2001*. Rockville, MD: Substance Abuse and Mental Health Services Administration.

MSMHO=multi-specialty mental health organization

80%

Percent of individuals with depression who will fully recover with appropriate diagnosis and treatment.

## Hospitals Are an Important Part of the Greater Behavioral Health Care System

Hospitals and their emergency departments (EDs) are often the first point of contact with the health care system for many individuals with behavioral health disorders. About 18 million Americans use the general medical sector for mental health care over the course of a year.<sup>22</sup> Additionally, the number of people seeking care in EDs for mental illness is climbing. People who have co-occurring physical and mental health conditions may be more likely to seek care in an ED. For example, seniors with chronic physical health conditions and co-occurring depression are more likely to use the ED for ambulatory care sensitive conditions – conditions for which timely and effective ambulatory medical care could decrease risk of ED visits and hospitalizations (e.g., asthma, diabetes) – than are elderly individuals without depression.<sup>23</sup>

Hospitals that are able to respond to patients' behavioral health needs can produce better outcomes for their patients while also benefiting their communities and society at large. The positive effects also may be realized by the hospital itself.

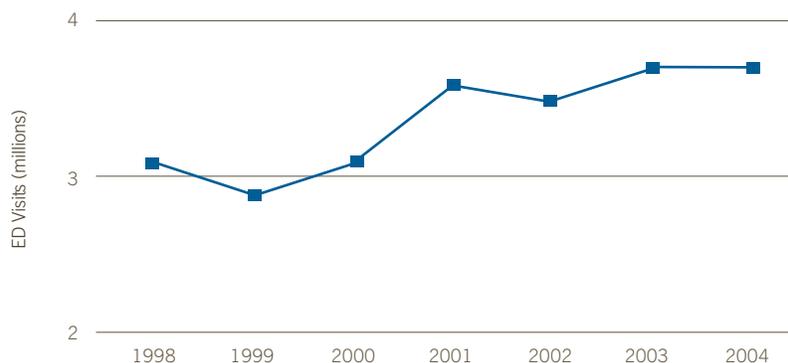
### Co-occurring Mental and Physical Illnesses Are Common

Individuals seeking treatment for behavioral health disorders often have physical health problems as well. For example, as many as 75 percent of people with schizophrenia have serious physical illnesses, such as diabetes, respiratory and heart problems, and high blood pressure.<sup>24</sup> Also, people with depression are twice as likely to have diabetes and are at a greater risk than non-depressed patients for developing heart disease.<sup>25</sup>

Adults with serious physical illnesses commonly suffer from mental health problems, such as depression and

### ED visits for mental health problems are increasing...

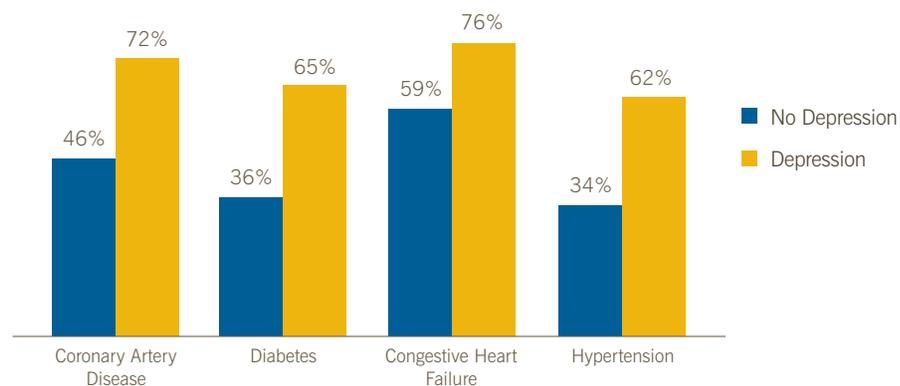
Chart 8: Mental Health-related ED Visits, 1998-2004 (millions)



Source: National Center for Health Statistics. (1998-2004). National Hospital Ambulatory Medical Care Survey: Emergency Department Summary, 1998, 1999, 2000, 2001, 2002, 2003, and 2004. *Advance Data from Vital and Health Statistics*, Nos. 313, 320, 326, 335, 340, 358, and 372. Hyattsville, MD: National Center for Health Statistics.

### ...and individuals with depression are also more likely to use the ED for other chronic conditions.

Chart 9: Percent of Medicare Beneficiaries with Chronic Conditions Visiting the ED, Beneficiaries With and Without Depression, 1999



Source: Himelhoch, S., et al. (2004). Chronic Mental Illness, Depression, and Use of Acute Medical Services Among Medicare Beneficiaries. *Medical Care*, 42(6), 512-521.

anxiety. These individuals often require behavioral health treatment concurrent with care for their physical illnesses. For instance, depression is a common post-stroke condition and almost one-third of patients treated for a heart attack have significant symptoms of depression.<sup>26</sup>

Behavioral health conditions may complicate treatment for physical ailments. Behavioral health conditions can mimic or worsen the symptoms of physical diseases.<sup>27</sup> Additionally, individuals with primary physical illnesses who have co-occurring behavioral health

conditions may be more difficult to treat than those without a co-occurring problem. For example, physically ill patients with major depression are three times more likely than non-depressed patients to be non-adherent to medical treatment recommendations.<sup>28</sup> The lack of coordination between physical and mental health treatment systems can add to the challenges of designing courses of treatment for these patients.

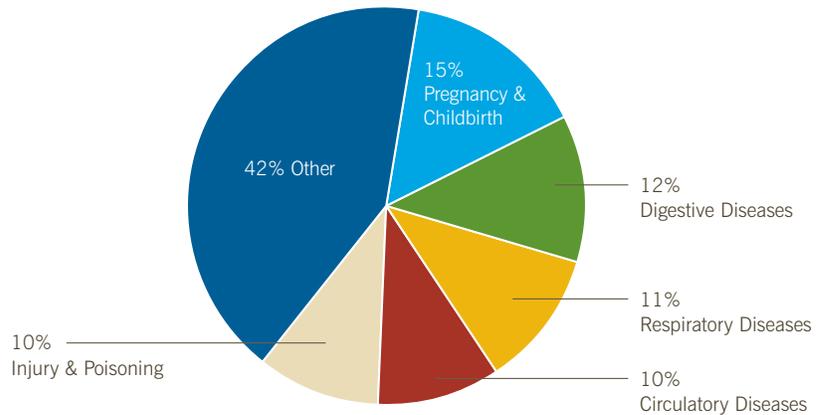
Ineffective treatment can lead to adverse outcomes. For example, **patients admitted with heart attacks who suffered from major depression had a fourfold increase in mortality over the next six months compared with patients without depression, even after controlling for severity of heart disease.**<sup>29</sup> The rates of mortality from cardiovascular disease, diabetes and respiratory disorders in those with serious mental illness are several times greater than those of the general population.<sup>30</sup>

**Addressing Behavioral Health Can Improve Outcomes**

Better continuity and integration of physical and behavioral health care can reduce the impact of behavioral health disorders on physical health prognosis. Providing effective treatment for patients with behavioral health conditions will improve their overall health

**Individuals with mental illness also have a range of physical health needs.**

Chart 10: Percent of Non-psychiatric Inpatient Stays by Medicaid Mental Health Service Users Age 21 to 64 in 10 States, by Reason for Stay, 1995



Source: Buck, J.A., & Miller, K. (2003). Use of Non-psychiatric Inpatient Care by Medicaid Mental Health Service Users. *Psychiatric Services*, 54(3), 300.

and potentially reduce length of stay and service utilization.

Considering behavioral health needs and offering treatment can reduce patients' use of acute medical services for physical illness.<sup>31</sup> **For example, patients who participated in psychotherapeutic interventions saw their average length of hospital stay fall by 78 percent, hospitalization frequency decrease by two-thirds, and ED visits decline**

**by almost half.**<sup>32</sup> Likewise, individuals in one city who received mental health treatment cut their non-psychiatric care usage, as well as lab and x-ray costs, by 30 percent.<sup>33</sup> Targeted substance abuse treatment can cut service utilization as well. Patients with treated substance abuse had fewer ED visits and more physician office visits during one year as compared to patients with unmet needs for substance abuse treatment.

**Mental Health Parity**

In most health insurance plans, coverage for mental health treatment is narrower than for other medical conditions. Health plans often place more restrictions on hospital stays and treatment options for beneficiaries, in addition to requiring higher patient cost-sharing for behavioral health services.<sup>38</sup>

In 1996, Congress passed the *Mental Health Parity Act* (P.L. 104-204), which requires that health plans that offer

mental health coverage treat mental illness the same as other medical conditions when placing annual or lifetime dollar limits on coverage. However, the law does not require that insurers lift limits on the number of hospital days or outpatient visits, or require parity in terms of cost-sharing. Furthermore, the law contains an exemption allowing employers and insurers to avoid making mental health benefits fully equal

with other benefits if that policy change would raise total health benefits costs by more than one percent.<sup>39</sup>

Over the past decade, the effect of the mental health parity law has not been as powerful as patient advocates or lawmakers had wanted. In 2001, Congress considered – but did not pass – legislation to expand the mental health parity statute, but many states have passed their own tougher mental health parity laws.<sup>40</sup>

### Behavioral Health Care Financing

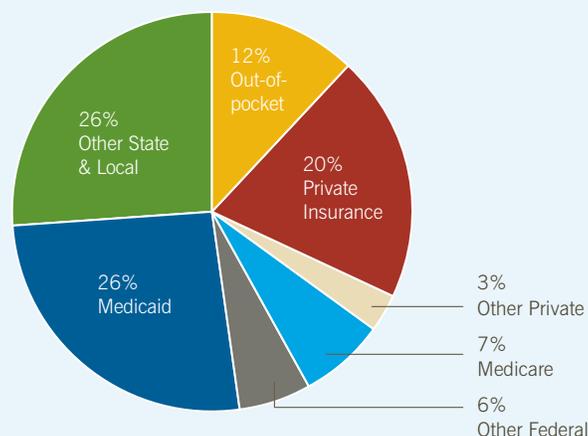
The U.S. spent \$104 billion for the treatment of mental health and substance abuse in 2001. Public payers account for two-thirds of this spending with private payers picking up the remainder.<sup>35</sup>

Medicaid and state and local governments account for a quarter of the spending each, while Medicare and other federal payers make much smaller contributions. Private insurance and out-of-pocket spending comprise the bulk of private payment for behavioral health care.<sup>36</sup>

Historically, state and local agencies have provided behavioral health services through public psychiatric institutions and community-based specialty providers, such as nonprofit agencies that serve low-income populations. As state and local governments have sought to control spending, they have shifted a significant share of these costs to the Medicaid program to benefit from federal matching funds. In 1987, Medicaid paid for one-third of state and locally-

### Medicaid and state and local governments are the predominant payers for behavioral health care.

Chart 11: Percent of Mental Health and Substance Abuse Expenditures by Payer, 2001



Source: Mark, T.L., et al. (2005). *National Estimates of Expenditures for Mental Health Services and Substance Abuse Treatment, 1991-2001*. Rockville, MD: Substance Abuse and Mental Health Services Administration.

administered mental health treatment. Medicaid's share of these costs is estimated to grow to two-thirds by 2017. Medicaid finances a broad range

of mental health services, ranging from acute hospital service to psychosocial rehabilitation. Medicaid also pays for psychotropic medications.<sup>37</sup>

## Conclusion

Hospitals and their EDs are a common source of care for patients with behavioral health needs. Whether patients present primarily for behavioral health care, or have behavioral health problems underlying physical ailments,

hospitals can improve their outcomes. Doing so requires hospitals to be prepared to identify and address these needs. **As an important player in the continuum of care, hospitals that positively address behavioral health**

**care needs will contribute to the more effective and efficient use of health care resources, while also helping to produce positive outcomes for patients and their communities.**

“ ”

*from the field*

According to the New Freedom Commission on Mental Health, “Research demonstrates that mental health is key to overall physical health . . . improving services for individuals with mental illnesses requires paying close attention to how mental health care and general medical care interact.”<sup>34</sup>

## ENDNOTES

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