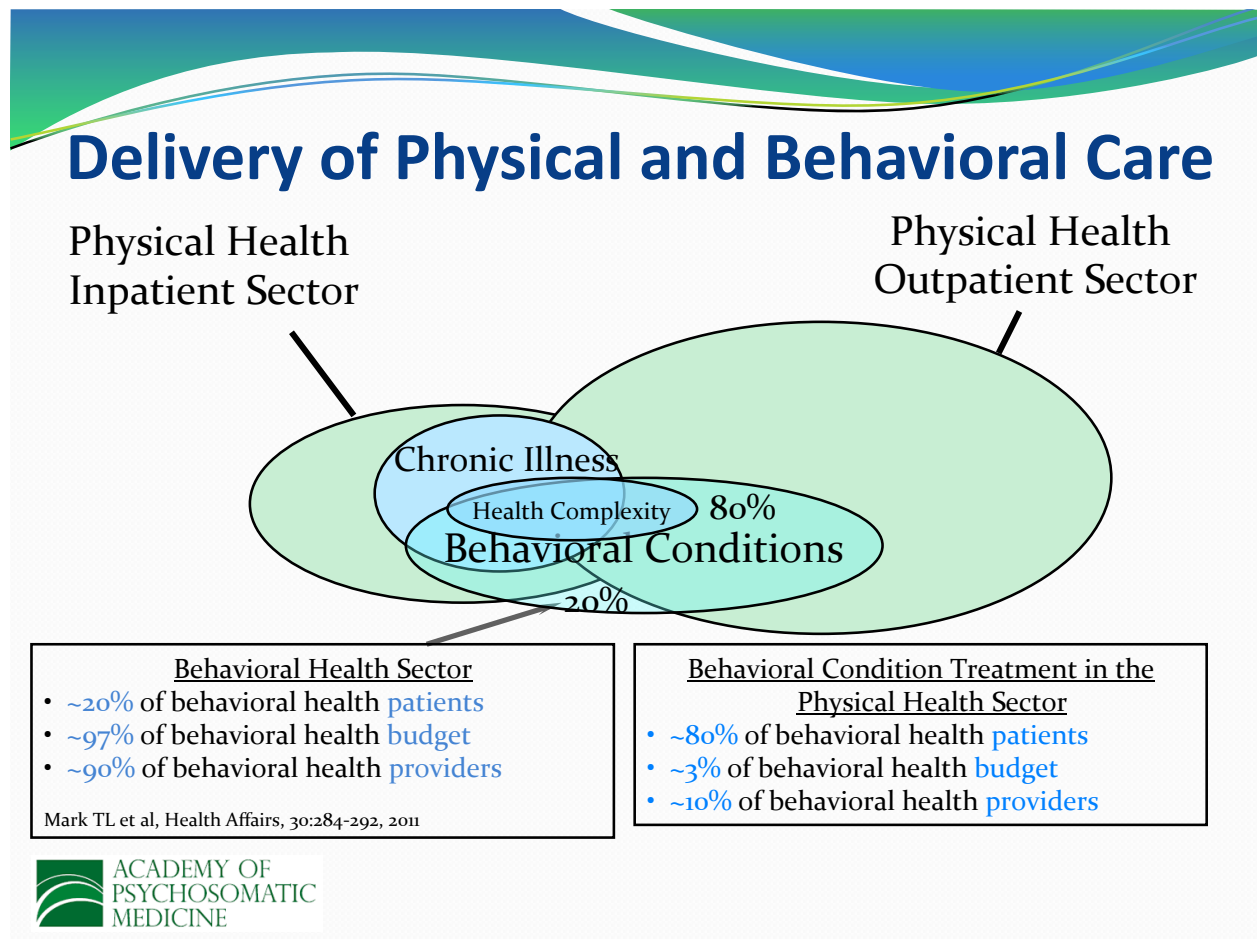


Integrated Physical and Behavioral Health --A Business Opportunity for Employers--

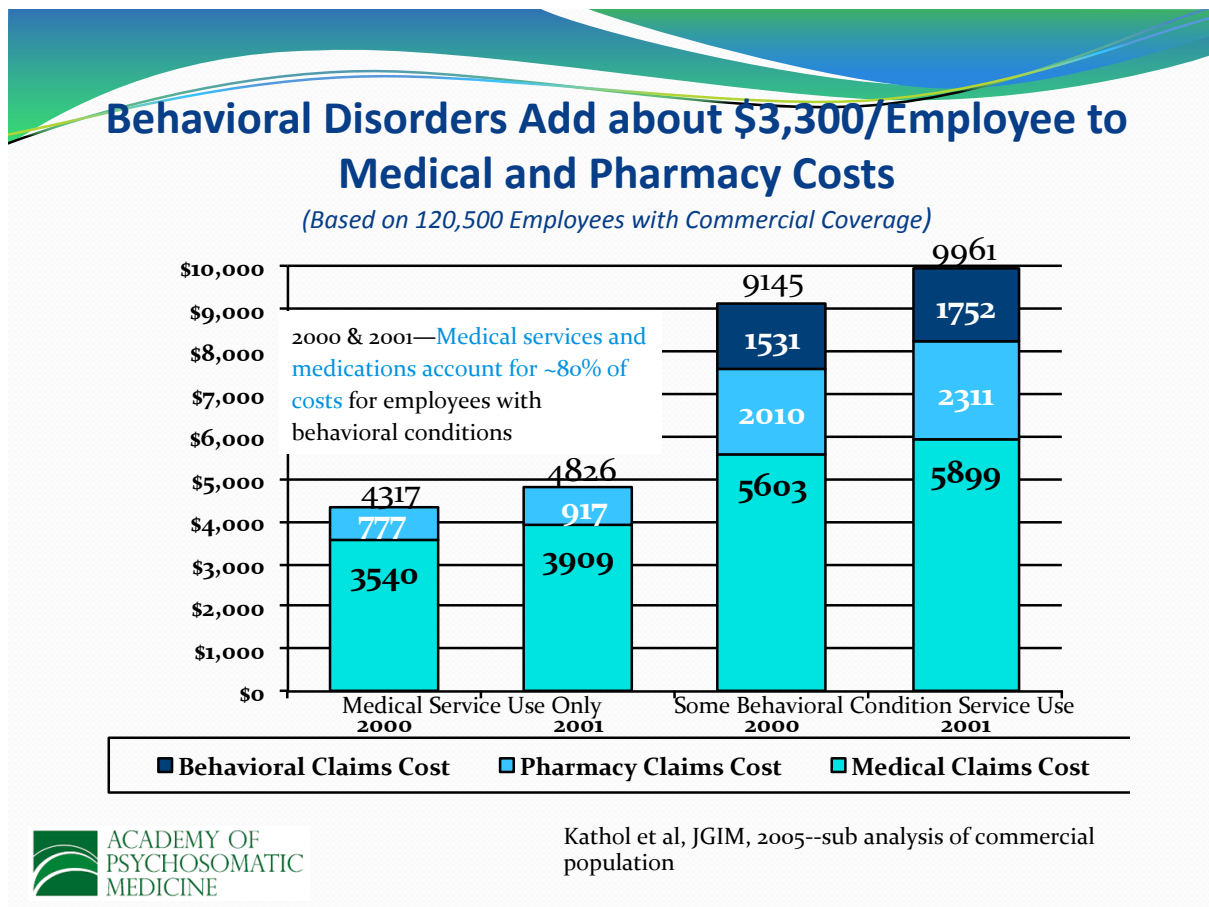
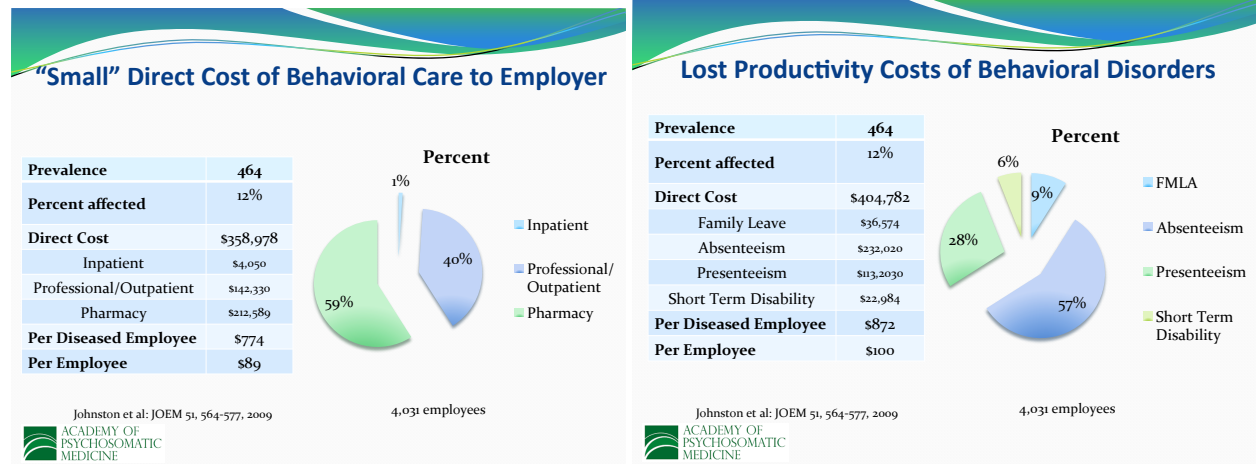
Few employers recognize the cost savings potential of integrated physical and behavioral health service delivery for their employees. This document summarizes the impact that behavioral conditions and lack of effective treatment have on physical illness outcomes, health care service use, and employee productivity. Through a combination of integrated physical and behavioral health preventive, acute care, and care/case management services, employers can improve the way they contract with their health plans so that integrated service delivery is supported, thus allowing potential for substantially improved health and cost in employees.

Employee Health and Health Costs

- 80% of employees with behavioral difficulties, such as depression, anxiety, or substance abuse/dependence, (~20% of employer covered lives) are seen and treated in the primary care sector (without access to behavioral specialists)



- On average, behavioral health conditions add about \$1,600 in direct behavioral health treatment cost and lost productivity and about \$3,300 in use of additional “physical health” services or ~\$4,900 per affected employees. Population cost for 100,000 employees would be \$56.9 million in lost opportunity for employees with untreated behavioral conditions.



Total Health-Related Costs of Untreated Behavioral Disorders in 100,000 Employees

	Per Affected Employee	Per Employee	Per 100,000 Employees
Direct Behavioral Cost	\$774	\$89	\$8,900,000
Productivity Cost	\$872	\$100	\$10,000,000
Associated Medical Cost	\$3,300	\$380	\$37,950,000
Total	\$4,946	\$569	\$56,850,000



- In employees with chronic medical conditions, total cost of health care also doubles (to very high levels) with the opportunity to target an employee subset for targeted support

Concurrent Behavioral Conditions in Employees with Chronic Medical Conditions Show Similar Patterns but Substantially Higher Cost

<u>Patient Groups</u>	<u>Annual Cost of Care</u>	<u>Illness Prevalence</u>	<u>% with Comorbid Mental Condition*</u>	<u>Annual Cost with Mental Condition</u>	<u>% Increase with Mental Condition</u>
■ All Insured	\$2,920		15%		
■ Arthritis	\$5,220	6.6%	36%	\$10,710	94%
■ Asthma	\$3,730	5.9%	35%	\$10,030	169%
■ Cancer	\$11,650	4.3%	37%	\$18,870	62%
■ Diabetes	\$5,480	8.9%	30%	\$12,280	124%
■ Chronic Pain	\$7,320	1.1%	70%	\$15,840	116%
■ CHF	\$9,770	1.3%	40%	\$17,200	76%
■ Migraine	\$4,340	8.2%	43%	\$10,810	149%
■ COPD	\$3,840	8.2%	38%	\$10,980	186%

*Approximately 10% receive evidence-based mental condition treatment

Cartesian Solutions, Inc.™--consolidated health plan claims data



- Current “carved out” and “carved in” insurance products prevent physical and behavioral service integration and contribute to higher cost and decrease productivity.



Traditional Behavioral Health Management*

(Shifts Behavioral Condition Costs to General Medical Benefits)

Introduced Behavioral Health Management Practices	Behavioral Condition Service Users (Test Group)	Non-Behavioral Condition Service Users Control Group)
BH Expenditures	Decreased 38% (\$1,912 to \$1,192)	--
Non-BH Expenditures	Increased 36.6% (\$2,325 to \$3,175)	Increased 1.4% (\$1,297 to \$1,315)
Net Total Cost of Care	Increased \$130/employee (\$4,241 to \$4,369)	Increased \$18/employee (\$1,297 to \$1,315)
Days Absent from Work	Increased 21.9% (6.4 to 8.7)	Decreased 10.8% (4.0 to 3.6)

*managed behavioral health organizations (MBHOs)

Rosenheck et al, Health Aff 18:193-203, 1999



- Integrated evidence-based treatment in multiple clinical service areas leads to improved health, lower total health care cost, and enhances productivity

Health, Cost, and Productivity Outcomes with Integrated Physical and Behavioral Health Treatment



Integrated Care in Multiple Settings Improves Employee Health and Reduces Cost

- Depression and diabetes: 115 fewer days of depression/year; projected **\$2.9 million/year lower total health costs/100,000 diabetic members**¹
- Panic disorder in PC: 61 fewer days of anxiety/year; projected **\$1.7 million/year lower total health costs/100,000 primary care patients**²
- Substance use disorders with medical compromise: 14% increase in abstinence at 6 months (69% vs. 55%); **\$2,050 lower annual health care cost/patient in integrated program**³
- Delirium prevention programs: 30% lower incidence of delirium; projected **\$16.5 million/year reduction in IP costs/30,000 admissions**⁴
- Unexplained physical complaints: no increase in missed general medical illness or adverse events; **9% to 53% decrease in costs** associated with increased healthcare service utilization⁵
- Health Complexity: halved depression prevalence; statistical improvement of quality of life, perceived physical and mental health; **7% reduction in new admissions** at 12 months⁶
- Proactive Psychiatric Consultation: doubled psychiatric involvement with nearly one day shorter ALOS and **4:1 to 14:1 return on investment**⁷

Data from 1. Katon et al, Diab Care 29:265-270, 2006; 2. Katon et al, Psychological Med 36:353-363, 2006; 3. Parthasarathy et al, Med Care 41:257-367, 2003; 4. Inouye et al, Arch Int Med 163:958-964, 2003; 5. summary of 8 experimental/control outcome studies; 6. Stiefel et al, Psychoth Psychosom 77:247, 2008; 7. Desan et al, Psychosom 52:513, 2011



Integrated Care Enhances Productivity

	Treatment (N = 158)	Usual Care (N = 168)	P
● Max. Productivity			
● Baseline	72%	72%	NS
● 2 years	76%	68%	.03
● Hours Work Lost			
● Baseline	23	23	NS
● 2 years	4.5	13.5	.08
● Treatment Value	\$ 1,982/year/depressed FTE		

Rost et al, Med Care 42:1202-1210, 2004



Capturing the Integrated Care Business Opportunity

Capturing the Business Opportunity

- Purchasing Health Insurance Products for Employees
 - Desired Outcome--employee access to coordinated physical and behavioral services
 - Important contract features for physical and behavioral health care delivery support
 - Contract with a single integrated network of physical and behavioral providers that use a common electronic health record
 - Contract uses common physical and behavioral payment adjudication procedures
 - Contract allows employees access to an integrated network of behavioral and physical health providers driven by illness prevention and health outcomes that achieve the Triple Aim (improved health, lower cost, better delivery experience), e.g., accountable care organization, clinically integrated network of providers
 - Core Health Benefit Contract Components
 - Behavioral services are part of physical health benefits with similar/identical payment procedures
 - Behavioral health providers are core members of the physical health physician provider network
 - Single enrollee identifier for physical and behavioral health service use
 - Colocation and close communication expectation for physical and behavioral services delivery, such as with collaborative care teams
 - Integrated physical and behavioral health care/case management support procedures and payment for complex, complicated, comorbid, high cost employees
 - Common claims and quality improvement data set for all physical and behavioral health service use

