Investing in Behavioral Health: 
A New Perspective 

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Mental illness and substance use disorders have a profound impact on our society and on the cost of healthcare. Most health systems approach investing in behavioral healthcare with the same business rationale used for other service lines such as oncology, orthopedics or neurosciences: they must “float on their own bottom.” This has resulted in health systems limiting their commitment to providing behavioral health services at a time when greater investment is needed. This paper describes how a broader perspective regarding the value of behavioral health services, including the adoption of new approaches to providing care, can lead to better financial margins, enhanced provider experience, and improved quality and access.
Managing patients’ behavioral health conditions can improve an organization’s bottom line.

New care models, including telemental health, can improve quality and access to care and cost-effectively address the shortage of behavioral health clinicians.

Providing behavioral health support can enhance the productivity and professional satisfaction of non-behavioral health providers.

Partnering with community and other behavioral health resources ensures that comprehensive services are available to patients.

Organizations can leverage their cutting-edge behavioral health research and/or clinical programs to enhance their market position and attract philanthropic funding.

Past performance doesn’t necessarily reflect future opportunity when it comes to reimbursement for behavioral health.
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Having a behavioral health condition increases medical costs. A recent study by Milliman and the American Psychiatric Association found that medical costs for patients with behavioral health comorbidities are two to three times higher compared to costs for patients without comorbidities, regardless of payor or medical condition. The study estimated $38 billion to $68 billion in potential savings through the implementation of treatment strategies that integrate behavioral health with medical care.\(^2\) Embedding behavioral health clinicians in primary care practices is the most widely researched strategy demonstrating both clinical effectiveness and lower annualized total medical expense.\(^3\) Similarly, patients hospitalized for medical and surgical conditions who have behavioral health comorbidities have longer lengths of stay compared with patients who do not. Proactive identification and management of these patients with comorbidities has the potential to reduce length of stay,\(^4\) resulting in cost savings and increased revenue from backfilling available capacity. In addition, health systems with a significant commitment to value-based payment will benefit financially while also improving performance if they can better manage behavioral health conditions for populations under these payment models.

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The significant national shortage of psychiatrists is exacerbated by the limited number who take insurance; projections also indicate that the number of psychiatrists retiring could exceed the number being trained.\(^5\) To meet current and anticipated future patient demand, healthcare organizations need to adopt highly leveraged care models, which include psychiatric nurse practitioners for psychopharmacologic management and licensed clinical social workers and licensed mental health workers for psychotherapy and care management support.\(^6\) Additionally, telemental health (TMH) has been an important innovation that improves patient access to behavioral health services. Although some organizations are building their own TMH capabilities, many are partnering with outside TMH vendors that offer platforms that connect patients with the organization’s providers as well as “leased” networks of additional providers. Providers are also exploring the value of consumer-facing “self-help” apps that screen for prevalent conditions such as depression and anxiety, while also augmenting or replacing provider-driven therapy. There are an estimated 10,000 healthcare apps with a mental health focus currently on the market,\(^7\) and numerous new technology-driven mental health tech startups. Knowing which technology to adopt will require evaluation of the quality and efficacy of these tools and oversight to ensure they are integrated with an organization’s other clinical programs.
Providing behavioral health support can enhance the productivity and professional satisfaction of non-behavioral health providers.

Increasing access to behavioral health services for patients has significant benefits for non-behavioral health providers. With better behavioral health support, primary care physicians (PCPs) experience lower burnout levels due to a greater sense of personal accomplishment and lower levels of depersonalization, and pediatric PCPs also report more time to focus on providing “medically-related care.” An analysis for the Substance Abuse and Mental Health Services Administration and the U.S. Department of Health Resources and Administration (SAMHSA-HRSA) Center for Integrated Health Solutions found the potential for significant gains in PCP productivity with the implementation of a model that integrates primary care and behavioral healthcare. A corollary benefit to enhanced provider experience is improved provider retention, which could translate into significant savings by avoiding recruitment costs and mitigating the opportunity cost of lost revenue from productivity ramp-up of new providers. The Winter 2017-2018 Blue Ridge Academic Health Group report “The Hidden Epidemic: The Moral Imperative for Academic Health Centers to Address Health Professional Well-Being” estimated the cost of turnover to be more than $500,000 per physician and over $60,000 per nurse.

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Behavioral health services are highly fragmented in most communities; they are provided in a myriad of settings by a range of traditional healthcare providers, including community organizations, public services and for-profit behavioral health providers. It is not necessary, or even possible, for healthcare systems to provide all of the behavioral health services needed by their patients. Each health system must determine its desired role and focus within this complex care ecosystem, considering its capabilities and strategic priorities, and then design partnerships with other providers to create cohesive solutions. Examples of successful partnerships include the South Jersey Innovation Collaborative, the San Francisco Healing Center, the Doorway program in New Hampshire (see below), and River Place Behavioral Health, an inpatient behavioral health facility opened by Ochsner Health System and Acadia Healthcare, a large, publicly traded multinational behavioral health provider.

**The Doorway Program**

**State Partnership to Address Opioid and Other Substance Use Disorders**

Last year, with the support of a SAMHSA grant, the state of New Hampshire launched the Doorway program to address its opioid crisis. The program provides comprehensive services for substance use support through a hub-and-spoke network of providers. Nine Doorway “hub” locations provide single points of entry for people seeking care for substance use disorders. Services offered in collaboration with community providers include medication-assisted treatment (MAT), peer recovery support services, recovery housing, prevention programs and workforce support. 24/7 access to services is available through a 211 phone number.
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Health systems with successful neuroscience and behavioral health research programs have expanded their reach through the development of specialized destination centers. Conditions most commonly targeted include first episode psychosis, autism, severe ADHD and substance use disorders. These centers can advance care and raise the organization’s profile by drawing patients both regionally and nationally. A number of these centers have received significant philanthropic support, in some cases from donors who are seeking effective local treatment for family members. Although most destination programs accept patients with a variety of payor sources, some have specific cash-pay programs that can help subsidize overall program finances. For example, the Borden Cottage and the Pavilion are specialized self-pay residential programs at McLean Hospital, a Harvard-affiliated behavioral health hospital that offers a broad range of nationally recognized behavioral clinical programs.

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Increasing demand and expanded coverage of services will support growth across the behavioral health sector, creating opportunity for both providers and for-profit investors; in fact, private equity interest in behavioral health remains strong, particularly in substance use disorder and specialty care. In addition to expansion of benefits, payors are beginning to reimburse providers for different types of services. In 2017, CMS introduced new billing codes to support behavioral health integration (BHI) and collaborative care management (CoCM) services. Commercial payors are also reimbursing for these services in an increasing number of states; for example, the state of Illinois has mandated that all commercial payors and Medicaid cover these services starting in 2020. Additionally, organizations that make a significant commitment to investing in behavioral health programs may have greater leverage in negotiating more favorable rates with payors as well as developing direct-to-employer contracts. From the employer perspective, behavioral health access is important as depression has a significant impact on worker productivity through reduced absenteeism and presenteeism (impaired functional performance while on the job). As a starting point, healthcare organizations that are self-insured can initially target their own employees for expanded behavioral health access. The impact of behavioral health interventions on total medical expense also benefits organizations with ACOs and value-oriented products. Organizations that are in such arrangements today or planning to take on more risk in the future may see better aligned economics related to their behavioral health investments.
Call to Action

All healthcare systems should expand their role in addressing the behavioral health needs of the patients and communities they serve. To justify the necessary investment, healthcare leaders need to adopt a broader perspective by understanding the value of new care models, developing clinical programs that play to their organization’s strengths and exploring different reimbursement strategies. This perspective also requires a different definition of “return on investment,” looking beyond traditional economics, and taking into account the impact of improved access to behavioral health services on the reduction of total medical costs for patients with behavioral health comorbidities, better clinical outcomes and improved provider experience.

**Health system leaders should consider the following action items:**

- Understand the behavioral health needs of their populations served including types and severity of conditions and the current settings where patients receive care both inside and outside of the health system.

- Evaluate the financial impact of behavioral health conditions, either as primary diagnoses or comorbidities, including the impact on inpatient length of stay, ED and inpatient utilization, primary care productivity and total medical expense.

- Consider and incorporate new care models that expand access to behavioral health services; in addition to leveraging teams, evaluate the quality and efficacy of supporting technology and tools as well as their ability to meet the program’s and broader health system’s objectives.

- Engage primary care and population health/accountable care leaders to determine how to support primary care and selected specialty practices with integrated behavioral healthcare services.

- Understand the behavioral health ecosystem in which the health system operates; determine the organization’s most appropriate role, including the potential to leverage successful clinical and research programs, as well as to identify opportunities for partnership with community-based and other behavioral health resources.

- Discuss opportunities to improve financial performance through improved reimbursement from payors, including taking advantage of new billing opportunities and implementation of programs for self-insured or broader at-risk populations.
Sources


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