MENTAL HEALTH CARE IS COST-EFFECTIVE

The Prevalence of Mental Illness

- Based on national prevalence rates, **about 298,000 adult Virginians have a serious mental illness at any time during a given year.** Symptoms may affect these individuals’ ability to work or care for themselves, and may involve a suicide attempt. JLARC. (2007). Availability and Cost of Licensed Psychiatric Services in Virginia. Report of the Joint Legislative Audit and Review Commission to the Governor and the General Assembly.

- National prevalence rates suggest that **about 102,000 children and adolescents in Virginia have a serious emotional disturbance, and 65,000 of them are extremely impaired.** JLARC. (2007). Availability and Cost of Licensed Psychiatric Services in Virginia. Report of the Joint Legislative Audit and Review Commission to the Governor and the General Assembly.

- **Mental disorders are common.** An estimated 26.2 percent of adults—about 1 in 4—experience a diagnosable mental disorder every year. About 6 percent, or 1 in 17, has a serious mental illness, such as schizophrenia, major depression or bipolar disorder, and about 5%-9% of children have a serious emotional disturbance. National Institute of Mental Health, *The Numbers Count: Mental Disorders in America, 2006* (rev). New Freedom Commission on Mental Health, *Achieving the Promise: Transforming Mental Health Care in America.* (2003).


The Cost of Untreated Mental Illness


- A number of studies have shown that adults with common medical disorders have high rates of depression and anxiety. **Depression increases the risk of dying from heart disease by as much as three-fold.** Depression impairs self-care and adherence to treatments for chronic medical illnesses. New Freedom Commission on Mental Health, *Achieving the Promise: Transforming Mental Health Care in America,* (2003), p. 21.

- Depression is clinically relevant in nearly one of every three individuals with diabetes. **Individuals with diabetes and co-morbid depression have healthcare costs that are 4.5**
times higher than individuals with diabetes without co-morbid depression. National Business Group on Health, Center for Prevention and Health Services, An Employer’s Guide to Behavioral Health Services, 2005, p.27.

- Individuals with severe depression report neck and low back pain four times as often as those with no or mild depression. And individuals with both back pain and depression use twice as many sick days and incur twice the healthcare costs as those with either problem separately. National Business Group on Health, Center for Prevention and Health Services, An Employer’s Guide to Behavioral Health Services, 2005, p.27.


- When mental health and chemical dependency coverage was eliminated from Oregon’s Medicaid expansion plan in early 2003, uninsured ED visits for mental health visits rose by 37% at OHSU. Lowe et al, Center for Policy and Research in Emergency Medicine, Oregon Health & Science University, Changes in Access to Primary Care for Oregon Health Plan Beneficiaries and the Uninsured: A Preliminary Report Based on Oregon Health & Science University Emergency Department Data.

- Common limitations on behavioral healthcare benefits have traditionally not been applied to general healthcare or to prescription drugs. As a result, there are incentives for patients to seek care from a clinician in the general medical setting (e.g., a primary care physician) and to use medications as a sole form of treatment. These unintended incentives are of concern for two reasons. First, the quality of behavioral healthcare in the primary care setting is more uneven that the care delivered in the specialty behavioral healthcare system. Second, numerous studies have shown that for depression and other common mental illnesses, a treatment regimen combining medication and psychosocial interventions such as psychotherapy is more effective than either treatment alone. National Business Group on Health, Center for Prevention and Health Services, An Employer’s Guide to Behavioral Health Services, 2005, p.45.

The Cost Benefits of Mental Health

- “The costs of providing appropriate treatment for mental and addictive disorders must be measured in a larger context that also considers disability costs, employee absenteeism and lost productivity. Taking these into consideration, employers found that traditional benefit limitations were not cost-effective.” Kristen Reasoner Apgar, Large Employer Experiences and Best Practices in Design, Administration, and Evaluation of Mental Health and Substance Abuse Benefits—A Look at Parity in Employer-Sponsored Health Benefit Programs, Washington Business Group on Health, Report to the Office of Personnel Management, March 2000.

- “Research has convinced us [U.S. Office of Personnel Management] that the Federal Employees Health Benefits Program can expand mental health and substance abuse benefits cost effectively. We believe that this is important because adequate mental health and substance abuse benefits coverage has been shown to improve patient health, provide patients with greater financial protection against unforeseen costs, and to reduce workplace absences and employee disabilities.” Mental Health and Substance Abuse Parity Frequently Asked Questions, Office of Personnel Management (2005).

- A large manufacturing corporation, with over 20,000 employees, reduced its mental health benefit between 1992 and 1995. During this period, employees who had used mental health services showed a 37% increase in the use of medical benefits and significantly increased sick days. The money saved by reducing benefits was offset by increased medical costs and

- Mental health treatment reduces the need for hospital and emergency room services and improves health outcomes for people with diabetes, cancer, heart disease, chronic pain, cancer, and other serious illnesses. New Freedom Commission on Mental Health, Achieving the Promise: Transforming Mental Health Care in America. (2003).

- At McDonnell Douglas, absenteeism dropped 44 percent for employees treated for substance abuse issues, and they set the three-year value of employee assistance services at $4.4 million in medical claims. When the Kennecott Copper Corporation provided mental health counseling for its employees, its hospital, medical, and surgical costs decreased 48.9 percent. GHWMHPC, Inc. (2000). Good Mental Health Coverage Brings Big Returns to the Workplace.

- Eight employers—American Airlines, ATUT, Delta Air Lines, Eastman Kodak, General Motors, IBM, the Massachusetts Group Insurance Commission, and Pepsico—“have described how through the introduction of appropriate care management they were able to provide generous mental health and substance abuse benefits, contain and in some cases reduce costs, and at the same time improve their employees’ access to quality mental health and substance abuse care.” Kristen Reasoner Apgar, Large Employer Experiences and Best Practices in Design, Administration, and Evaluation of Mental Health and Substance Abuse Benefits—A Look at Parity in Employer-Sponsored Health Benefit Programs, Washington Business Group on Health, Report to the Office of Personnel Management, March 2000.