

What's The Future of Behavioral Health? The Four Megatrends That Are Driving Innovation

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Stakeholders in the behavioral health field have witnessed steady stream of 'innovation' over the past decade -- innovations that are changing the fundamentals of behavioral health treatment, service delivery, and financing. For these stakeholders, a key issue is understanding these many changes and their likely synergistic effect on how consumers connect with treatment in the decades ahead.

The framework for understanding the innovations coming to the behavioral health field – and their future effects on consumers – is in four “megatrends” that are driving change. There are four overarching national (and international) developments that are shifting the fundamental landscape for behavioral health:

- Projected U.S. health care costs and the effect of those costs on the national economy
- The long-term effects of parity and health care reform legislation
- New science that is providing a better understanding

of what we now call 'behavioral disorders'

- More affordable technology for both analytics and communication

At its core, our understanding of behavioral health disorders and their treatment is growing through “new science” – and with it the ‘best practices’ in serving consumers. The use of genetics and epigenetics to predict the incidence of illnesses and the effectiveness of treatments – for schizophrenia, depression, addiction, autism, and dementias. New modes of treatment – from remote monitoring to support recovery, to long-activity pharmaceuticals, to neurotech devices, to virtual reality, to applied models of cognitive behavioral therapy and cognitive retraining – what is considered ‘best practice’ is changing. And, these new modes of treatment are offering more options for consumers to chart their own path to recovery,

A second trend shaping the market is continuing decline in the costs of both analytical technologies and communication technologies. The cost of data storage and the tools to analyze large amounts of data has declined precipitously – making ‘big data’ a reality within and among many organizations in the health and human service field. At the same time, the cost of telecommunications tools – hardware, software, and bandwidth – is on the decline. This has enabled every area of commerce to push out to consumers a wide range of data-driven tools and the ability to connect real time

with consumers on the use of those tools.

At the same time that these advances in science and technology are taking place, U.S. health care spending as a proportion of GDP is at an all-time high – now over 17% of GDP (compared to 11% in Canada, for example). The continuing increases are due to a combination of factors – an aging population and longer life expectancy, increases in expenses due to chronic disorders, the expense of new treatment technologies, and more. These increased health care expenditures are causing issues with U.S. economic competitiveness – and creating political pressure to decrease health care spending.

Finally, in the past several years, two national pieces of legislation has passed that have changed the behavioral health treatment landscape – the parity and health care reform legislation. The parity legislation, the Mental Health Parity and Addiction Equity Act, has required that insurers and employers provide coverage for behavioral disorders at the same level as other illnesses. This parity legislation passed slightly before the health care reform legislation, the Patient Protection and Affordable Care Act (PPACA), and was adopted in full (with minor exceptions) in the subsequent legislation. While the PPACA has a myriad of effects on the health care field, those provisions with the greatest effects on the treatment of behavioral health include:

- Minimum medical loss ratio (MLR) for insurers

- Medicaid health homes
- Medicare accountable care organizations and value-based purchasing
- Reduced Medicare payments for hospital readmissions
- Medicare disproportionate share hospital payments
- Expanded Medicaid coverage and essential health benefits

The effects of each of these megatrends, in and of itself, have the potential to greatly change the behavioral health treatment landscape. But together, their synergistic effect is creating stark and rapid disruption to the field. Parity legislation and the PPACA have reduced the proportion of the population have adequate insurance coverage for behavioral conditions for the first time. At the same time, the political desire for reduced health care costs coupled with the PPACA has restructured the health care 'playing field'. In this new landscape, payers have a preference to eliminate cost-based and fee-for-service reimbursement to provider organizations. And this change in financing is driving a change in service delivery models – with the emergence of coordinated care models that are focused on reducing the use of institutional services and multiple specialists. This financing and service delivery system shift is encouraging more rapid adoption of new treatment models, new data-driven decision support tools, and tech-enabled service delivery – provided these innovations can demonstrate 'value' to the system.

As a result, the roles and activities of every stakeholder in the behavioral health financing and service delivery system is in motion. Insurance companies and health plans are finding their margins squeezed due to medical loss ratio requirements of the PPACA and reorganizing their delivery systems in search of “better value”. They are investing in technology and analytics for better decision support and more tech-enabled consumer care. And these insuring organizations are shifting their role with service providers – from “providers as vendors” to “providers as partners.” The upside of this shift in relationships is that provider organizations have more control of care delivery decision-making – but they also share the downside of inefficiency and ineffectiveness of care delivery. This changing relationship is significant for professionals and consumers.

For clinical professionals, these megatrends have implications on their role in the delivery system. The preference of insuring organizations to move away from fee-for-service to value-based reimbursement models favor larger organized systems of care, rather than private practices. In addition, the use of technology is affecting clinical practice in two ways. First, e-health is eroding geographic boundaries to service delivery. And both payers and consumer prefer “tech-enabled professionals” who are able to use decision support tools in clinical practice.

For service delivery organizations – from hospital systems

to community mental health centers – the insurer preference for value-based contracts with provider organizations is creating competitive pressure on two levels. First the competition for consumers – with intense competition for partnerships with insuring organization who direct consumer referrals. Secondly, the cost of the infrastructure and technology for new value-based contracts, for new compliance requirements, and for consumer preference and engagement, is increasing the size and scale needed to compete.

Finally, for consumers in need of behavioral health treatment services, the new environment is one of challenges – but also has opportunities for better care. At a macro level, the reduced rate of uninsured people the U.S. coupled with parity is creating the access to coverage for behavioral health services that have long been missing in the U.S. system. And the political pressures to reduce overall health system costs is fostering more consumer-centric models of service delivery – with more rapid adoption of new treatments and tech-enabled services. For the engaged consumer, armed with new technologies, the opportunity to direct and participate in treatment is greater. But despite these mega changes in the field, the proportion of the total cost of health care services borne by consumers continues to increase – which will continue to raise issue of equity.

So what of the future of behavioral health services? The continued path of ‘integration’ of behavioral health in

terms of service financing and care coordination will continue. The pressure to create 'value' for funders will force provider organizations to manage populations rather than services; to invest in new coordinated service delivery models for the consumers with the most complex needs; and to create innovative alternatives to institutionally-based treatment. The role of clinical professionals will be altered by technology – by the need to embrace the use of decision support tools and the shift to tech-enabled interfaces with consumers. For consumers, changes in policy and technology offer new choices and a new and more active role in treatment planning.

For all stakeholders, these disruptive innovations present both challenges and opportunities. What we can be certain of is that the role of every stakeholder - including consumers – will be different. Understanding the framework for change is key to minimizing the negative effects and capitalizing on the promise of innovation.