



The Problem

Psychosis typically onsets in teenagers and young adults aged 16-22. When young people experience a psychotic episode (schizophrenia, bipolar or schizoaffective disorder), they are often hospitalized in acute crisis and given large doses of medication to be stabilized.

Once discharged, these individuals and their families must navigate their illness and find a path to recovery without the support of a dedicated care team. Although they are told to go to an outpatient clinic some days later, most are unable to do that without support. These young people are disoriented, overwhelmed and soon feel hopeless about managing a daunting psychiatric condition and navigating themselves through a fragmented care system on their own. Without a treatment team or a care plan in place, many individuals cycle in and out of the hospital from crisis to crisis. Family members are left to watch helplessly as their child suffers without adequate care, losing more ground with each episode of illness. Our medical system does not operate in this way for serious physical illnesses such as cancer, diabetes or a heart attack. All of these illnesses provide follow up, supportive care to ensure an individual has the best possible outcome.

The Solution: Coordinated Specialty Care (CSC) and other modalities

Decades of research has identified effective treatment modalities to help individuals with serious and disabling mental health conditions navigate the road to recovery. There are numerous program models, which are implemented and reimbursed in slightly different ways; however, they share many common components:¹

- Available 24x7x365
- Person-centered approach to a personal treatment plan
- Job, work, or school supports
- Family support and education
- Peer supports
- Case management
- Traditional clinical supports including therapy and medication
- Implemented with a multi-disciplinary team

Barriers to Accessing Necessary Care

When young people cannot access care as dependents on their parents' health insurance coverage, they end up getting treatment in taxpayer-funded programs usually after a substantial delay. As they live with untreated psychosis, they often lose their community, developmental and economic supports – friends, school, jobs – and consequently experience interactions with law enforcement, incarceration, homelessness, and increased utilization of social services. Not only do these interactions deplete state and local budgets, but they also result in a deterioration of the individual's condition, functional disability, and necessitates more intensive treatment to achieve recovery. The longer these young people go without adequate treatment, the more likely they are to be chronically unemployed, have comorbid medical conditions, lose cognitive capabilities, and be enrolled in Medicaid and disability programs. This all comes at a cost to taxpayers that could have been avoided if health insurers were required to cover these comprehensive treatment programs at the onset of a crisis.

¹ Examples of these evidence-based practices include: First Episode Clinics (FEP), NAVIGATE programs, PACT (Program of Assertive Community Treatment)/ACT (Assertive Community Treatment)¹



Why now?

The ACA requires health insurers to cover dependents until age 26, during the crucial period when most first episodes of psychosis onset. In the past, commercial insurers could effectively move individuals with severe mental illness directly onto the government-funded insurance plans (passing the buck to the taxpayer), avoiding the possibility of providing available evidence-based treatments. Typically, when a child is enrolled in a parents' health plan and becomes gravely ill, insurance covers all of the necessary and evidence-based components of care. However, this is not the case for serious and disabling mental health conditions. Despite mental health parity laws, some of the most effective parts of care, those that ensure long term recovery and mitigate morbidity and mortality, are simply **not** covered. Would we find it acceptable if an insurer covered surgical treatment for children with cancer, but not chemotherapy and radiation? Illinois² recently passed legislation that requires commercial insurance to cover both First Episode Psychosis (FEP) programs and PACT. The time is now for commercial insurers in Massachusetts to address and cover treatments and rehabilitation for these serious medical conditions as they would for any other.

What does it cost?

Beyond having a much better outcome for the individual, providing CSC and similar modalities helps **reduce the overall cost burden on insurers**. Individuals with psychosis are high utilizers of health care benefits. Average excess medical costs for individuals with severe mental illness (SMI) annually are ~\$67,000.³ In some cases 0.5% of the insured population is using 50% of the resources. In addition to the cost of hospitalization, individuals who have been hospitalized typically incur \$22,704 more than those with SMI who are not hospitalized.⁴ Employers may not realize that their employees who are caregiving for someone with SMI have a higher rate of productivity loss (7.7%) than all other types of caregiving (3.7%).⁵ In addition, research shows that "ACT [Assertive Community Treatment]⁶ is more cost-effective than brokered approaches,"⁷ meaning separate programs cobbled together to provide these services. Research shows that "ACT services are justified from an economic point of view to the extent that they generate **more benefits per dollar** than alternative programs."⁸ Here in Massachusetts, the Program for Assertive Community Treatment (PACT – an alternative name for ACT) at McLean Hospital, established in 2017, reports an average decrease in hospitalization from an average of 2 hospitalizations per year before PACT, to 0.7 per year in PACT. In addition, those hospital stays are shorter, as the PACT team works with the hospital on the treatment plan and the individual can be quickly discharged back to PACT.⁹

Conclusion

Expanding coverage by commercial insurance carriers to include evidenced-based treatments for individuals dealing with psychotic illnesses is shown to advance recovery and improve quality of life at less cost to insurers than the current practice of paying only for acute care. Delaying this necessary care until after age 26 when the individual will pass onto the public sector-funded programs is both cruel and not cost effective. Insurers are passing the cost of treating psychosis to the taxpayer, but they are also delaying appropriate care for these young people. Young people need this crucial treatment and the state and localities shouldn't have to foot the bill for the consequences of delayed treatment and prolonged misery. Our imperiled youths deserve better.

² <http://www.ilga.gov/legislation/101/HB/PDF/10100HB2572lv.pdf>

³ Cloutier, M. & Aigbogun, M. & Guerin, A. et al (2016). The Economic Burden of Schizophrenia in the United States in 2013. *The Journal of Clinical Psychiatry*. 77. 10.4088/JCP.15m10278.

⁴ Zhu, B. & Ascher-Svanum, H. & Faries, D. et al (2008). Costs of treating patients with schizophrenia who have illness-related crisis events. *BMC Psychiatry*. <https://doi.org/10.1186/1471-244X-8-72>

⁵ Lerner, D., Benson, C., Chang, H., et al (2017) *Measuring the Work Impact of Caregiving for Individuals with Schizophrenia and/or Schizoaffective Disorder with the Caregiver Work Limitations Questionnaire (WLQ)*. *Journal of Occupational and Environmental Medicine*: October 2017 - Volume 59 - Issue 10 - p 1016

⁶ https://en.wikipedia.org/wiki/Assertive_community_treatment.

⁷ Latimer, E. (2005) *Economic considerations associated with assertive community treatment and supported employment for people with severe mental illness*, *J Psychiatry Neurosci*. 2005 Sep; 30(5): 355–359.

⁸ Bond, G.R., Drake, R.E., Mueser, K.T. et al. Assertive Community Treatment for People with Severe Mental Illness. *Dis-Manage-Health-Outcomes* 9, 141–159 (2001). <https://doi.org/10.2165/00115677-200109030-00003>

⁹ Contacts at McLean Hospital: Chloe Pedalino, Program Director <https://www.mcleanhospital.org/treatment/pact>