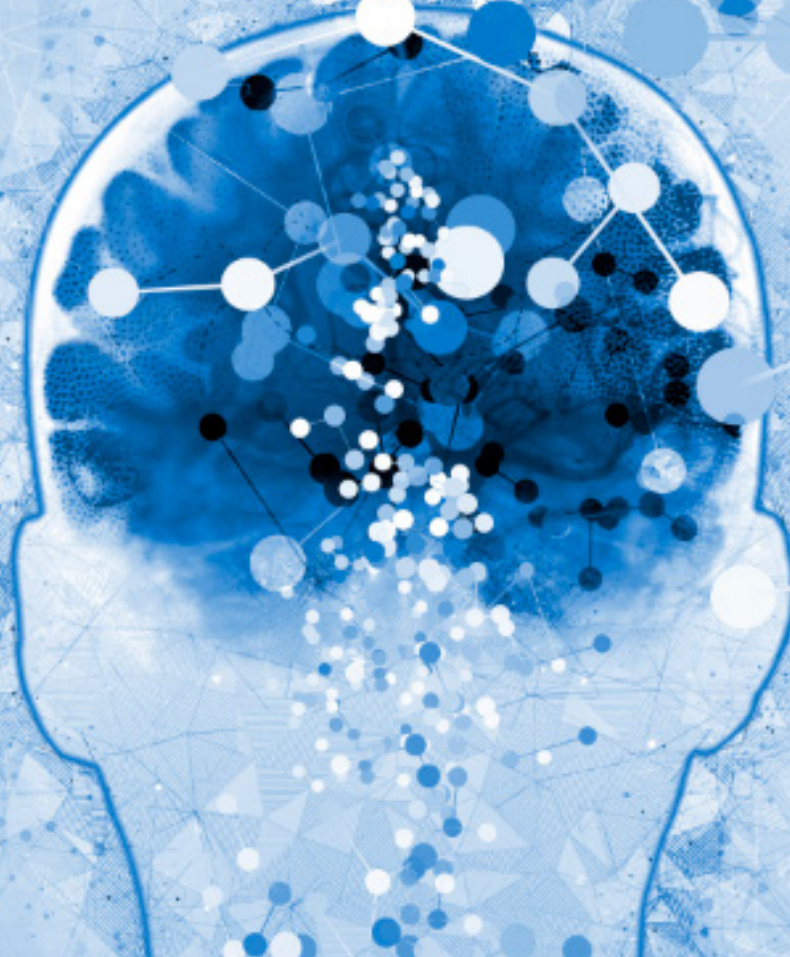


SECOND EDITION

TRENDS^{IN} BEHAVIORAL HEALTH



EXECUTIVE SUMMARY

A POPULATION HEALTH MANAGER'S REFERENCE GUIDE
on the US Behavioral Health Financing and Delivery System

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2019

EXECUTIVE SUMMARY

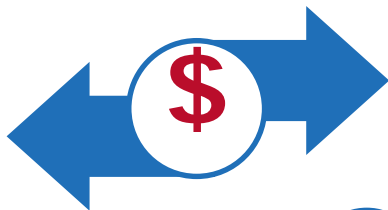
In 2017, Otsuka Pharmaceuticals and Lundbeck sponsored the inaugural semi-annual edition of the *Trends In Behavioral Health: A Reference Guide On The U.S. Behavioral Health Financing & Delivery System* (The Inaugural Guide). The Inaugural Guide provided an overview of the national behavioral system landscape, state behavioral health financing and service delivery systems, health plan population management

improve quality and cost of care, the management of long-term support services (LTSS), trends in substance use disorder (SUD), and autism.

Most importantly, The Guide now provides a picture of trends in health plan strategies, changes, and new initiatives to address the triple aim. For example, there is pronounced movement toward digital strategies to engage consumers. In the Inaugural Edition, digital strategies centered on telehealth

Payment models

In 2019



Alternative payment models

helped health plans address quality and cost.

93%

Health plans

have now implemented pay-for-performance reimbursement models.

strategies, and statistics on consumer access to behavioral health care. The Inaugural Guide also included a wealth of information on the impact of the Patient Protection and Affordable Care Act (PPACA). What was truly unique about the Inaugural Guide is that it was the first national look at the specific strategies health plans used to manage complex populations. One such example was the widespread adoption of telemental health, with 96% of health plans reporting that they utilize telehealth technology—a trend that has continued in 2019.

This Second Edition of The Guide provides additional insights that were gathered through survey results and interviews with health plan executives. This year's survey included topics not covered in The Inaugural Guide, such as value-based benefit plan design, the use of social determinants of health to guide interventions to

as the focus. With telehealth now in place for most plans, payers have turned to a broader array of digital strategies to promote consumer engagement, including electronic cognitive behavioral therapy (eCBT), consumer portals, applications, and other approaches—many of which are on the payers' roadmap for 2019. Universal to almost all payers is the effort to promote access and consumer engagement in care.

In 2019, health plans continued to look to alternative payment models to address quality and cost. 93% of health plans surveyed—including commercial plans, Medicaid and Medicare—have now implemented pay-for-performance reimbursement models, which is an increase from what was highlighted in The Inaugural Guide. Of note, Medicaid and Medicare plans reported greater use of bundled payment arrangements than commercial plans, the opposite of what was found in 2017. Health plans are also using member incentives through value-based benefit

design. As member out-of-pocket costs for care have increased empowering and rewarding consumers for making more informed decisions, seeking high-value care from high-performing providers and better managing chronic conditions are important steps toward containing both payer and member costs.

Beyond value-based benefit design, health plans are implementing multiple technology/digital tools as part of their strategies to promote member access and engagement such as mobile applications, wearables, and online engagement tools. These strategies are also important components of health plan efforts to support consumers to better manage their chronic conditions. Additionally, Medicaid plans are increasingly utilizing peer support to promote better member engagement in care and all payers continue to build out their specialty

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services, such as medication assisted treatment, to meet the growing number of individuals in need of evidence-based opioid use disorder treatment.

Compared to findings in The Inaugural Guide, health plan use of specialty care coordination models focusing on members with complex conditions has substantially increased. Across the board, payers have widely adopted Emergency Department (ED) diversion programs, inpatient and behavioral health readmission initiatives, supporting mental health professionals embedded in primary care settings, and collaborative care. As in 2017, states are continuing to implement models of care within their Medicaid programs, such as health homes, Accountable Care Organizations (ACOs), and patient centered medical homes (PCMHs), that aim to improve the coordination of care among complex populations.

For this Second Edition of The Guide, 1,265 payers responded to our health plan trends survey (a 68% increase in response rate compared to The Inaugural Guide), including national and regional payers across all lines of business (commercial, Medicare, and Medicaid). The Guide also updates the national and state behavioral health system and financing landscapes, reflecting both national and state response to some of the core payer challenges and focus noted above, including psychiatric access, high quality and cost-effective addiction and autism treatment, and LTSS.

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BEHAVIORAL HEALTH LANDSCAPE TRENDS

Legislation and Policy: Legislative changes continue to have a significant impact on the behavioral health industry, and the evolution toward value-based care, improving member outcomes, and tackling rising healthcare costs continues to evolve. Meanwhile, transitions continue for state-level Medicaid programs, including new work requirements and lifetime caps, reimbursement for collaborative care, and increasing managed care penetration within LTSS programs.

Mergers and Acquisitions: Movement in national payer mergers or retail pharmacy acquisitions will be important to watch in the coming years to determine how these new entities will be able to respond to growing consumer demands for healthcare access and convenience.

View of Care: Payers are taking a more integrated, holistic view of their members' overall healthcare needs and the costs associated with individuals with medical conditions who have unmet or undeserved behavioral health conditions.

Consumer Engagement: Payers have focused on enhancing consumer engagement with mobile applications, online engagement tools, and patient portals.

Social Determinants of Health: According to the 2019 survey, 35% of payers are capturing and leveraging social determinants of health to guide interventions to improve overall population health and consumer engagement and 55% have it on the roadmap.

Value-Based Reimbursement: Nearly all payers focused on increasing value-based reimbursement (VBR) with providers, with 92% offering pay-for-performance (P4P) arrangements in addition to an increasing focus on other alternative payment models.

Evidence-Based Addiction Treatment: Payers are seeing increases in substance use spend and use of out-of-network programs that may not offer effective treatment options, prompting them to focus on expanding access to evidence-based addiction treatment, particularly outpatient medication-assisted treatment (MAT).

Applied Behavior Analysis: Payers who are seeing wide variability in treatment quality and costs have focused on expanding access to applied behavior analysis (ABA) for children with autism.

Access to Care: Access to behavioral healthcare has become a growing concern for payers, with 99% incorporating telehealth and other technologies as a means to enhance access to services, and the timely availability of prescriptive capacity being one of the leading challenges.



It is clear that payers' focus on innovations are a direct tie to the market needs

in terms of access, quality, and cost of care with greater attention on serving the diverse needs of the whole person.

For additional insights and information, download the full guide,

A POPULATION HEALTH MANAGER'S REFERENCE GUIDE

on the US Behavioral Health Financing and Delivery System, at www.psychu.org/guide-second-edition.

Or, contact your Otsuka Account Executive to set up a meeting.