

# New study suggests that reduced insurance coverage for mental health treatment increases costs for the seriously ill

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Higher out-of-pocket costs for mental health care could have the unintended consequence of increasing the use of acute and involuntary mental health care among those suffering from the most debilitating disorders, a Harvard study has found.

Co-authored by Bastian Ravesteijn, a research fellow in the Department of Health Care Policy at Harvard Medical School, Eli Schachar, a Ph.D. candidate in the Department of Economics, and three researchers at Dutch institutions, the study relied on mental [health](#) care data from the years before and after the Netherlands raised the out-of-pocket cost for adults seeking specialist mental health care.

In the first year after the fee was established, Ravesteijn said, data showed that the total cost of mental health care declined by an estimated €13 million (US\$15 million), but the total cost for treating the most serious disorders - psychotic disorder and bipolar disorder - increased by an estimated €25 million (US\$28 million). The study is

described in a July 19, 2017 paper in the *JAMA Psychiatry*.

"For the seriously ill, the [costs](#) from increased involuntary commitment and acute mental health care substantially outweighed the savings from reduced use of regular care after the reform," Ravesteijn said. "These downstream costs are an example of how higher cost sharing can increase rather than decrease total spending for certain populations."

Launched in 2012 as part of an effort to curtail the increasing cost of mental health care, the reform instituted a €200 (US\$226) annual deductible for all adults seeking outpatient specialist mental health care and a €150 (US\$169) monthly copay for inpatient specialist mental health care. This reform was enacted on top of a single health care-wide annual deductible, which before 2012 had not been more than €170.

"The reform was meant to control costs by discouraging the use of low-value mental health care," Schachar explained. "We investigated who after the reform cut back on care and what that did to total mental [health care costs](#)."

As intended, the reform was followed by reduced use. In 2011, Schachar said, more than 450,000 adults sought "regular" care (treatment other than acute care and involuntary civil commitment) for the mental disorders studied. After the reform was implemented, that number dropped, to just over 393,000.

With that drop in patients came a drop in costs, but Schachar said digging into the data revealed some remarkable trends.

"When we looked at the reduction in regular use by

diagnosis, we found a significant decrease among those with severe disorders, not just those with mild [disorders](#)," Schachar said. "And, across diagnoses, the decline in use was largest among those living in the poorest neighborhoods."

At the same time that the use of regular mental health care dropped, the number of patients in acute care jumped from 20,000 to more than 25,000, and the number of involuntary commitments nearly doubled, from 1,100 to more than 2,100.

Ultimately, Ravesteijn said, the study highlights the complex nature of [mental health care](#) and the challenges that come with trying to reform the system.

"Our results do not rule out that higher out-of-pocket costs incentivized certain individuals to reduce their use of low-value care, and certainly it reduced overall treatment costs," Ravesteijn said. "However, they do suggest that higher cost sharing for seriously ill and low-income patients could discourage treatment of vulnerable populations and create substantial downstream costs."

Ravesteijn also emphasized that the study's cost estimates are only part of the calculation.

"Untreated mental illness may lead to lost productivity, crime, or even homelessness, and there is also a personal cost to those suffering from these illnesses," Ravesteijn explained. "An important next step would be to estimate the downstream costs to these other parts of the economy."

Provided by Harvard University

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