

Standardizing How States Monitor Spending on Behavioral Health Services



Prepared by Milbank Memorial Fund and Freedman HealthCare

COMMON CHALLENGE: States are facing an unprecedented rise in the rates of behavioral health conditions such as depression, anxiety, and opioid addiction. To address this health crisis, officials are focused on identifying ways to improve access to high-quality behavioral health care. An early step is often defining and tracking how much it costs to treat behavioral health conditions.

STATE ACTIVITIES: Today, 12 states measure how much payers spend on clinical care to treat behavioral health conditions, including three — Maine, Massachusetts, and Rhode Island — that measure these costs most comprehensively. The three states' approaches to measurement are largely similar, using behavioral health diagnoses, procedures, and providers. Yet, there is still variation across state definitions.

RECOMMENDATION FOR STANDARDIZING ACROSS STATES: A shared definition for behavioral health spending will support cross-state comparisons, streamlining data analysis and decision-making. Milbank Memorial Fund and Freedman HealthCare's recently published [report](#) offers recommendations for this shared definition. The methodology is based on input from an Advisory Group of state behavioral health leaders and subject matter experts.

MEASURING SPENDING ANSWERS KEY QUESTIONS:

How much is spent statewide on behavioral health services?



Understanding how much is spent and on what services is the first step to knowing if spending is sufficient to support behavioral health needs. States may use a standardized definition to inform targets for payer spending on behavioral health clinical services.

Are behavioral health providers being paid appropriately for services performed?



Mental health parity — determining whether mental health services are paid at the same rate as similar physical health services — is a common statutory requirement. This provides a framework for defining mental health services, a first step to evaluating parity.

How is behavioral health spending and utilization changing over time?



Spending on behavioral health services is increasing. Measuring how many times a service is used and how much is spent on it enables states to understand whether upstream investments are addressing patient needs earlier and reducing costs.

How effective are state efforts to address behavioral health needs?



Comparing spending for populations engaged in different programs can help identify programs with the greatest impact. State leaders may use this information to inform future budget decisions.

The full report and code set are available on milbank.org. For more information on how this standardized methodology may support your state in measuring behavioral health spend, please contact Vinayak Sinha (vsinha@freedmanhealthcare.com).