

Recommendations for a Standardized State Methodology to Measure Clinical Behavioral Health Spending

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Meet Our Team



The Milbank Memorial Fund works to improve population health and health equity by collaborating with leaders and decision makers and connecting them with experience and sound evidence.



Freedman HealthCare is a national consulting firm that strives to improve healthcare access, affordability, equity, and quality by empowering our clients with actionable data.

1. Discuss the Recommendations for a Standardized State Methodology to Measure Clinical Behavioral Health Spending
2. Panel Discussion: Implementing the Standardized Methodology
3. Participant Question and Answer

Today's Presenters



Vinayak Sinha, *Senior Consultant*

Freedman HealthCare

Vinayak Sinha, MPH, leads project teams focused on measuring and improving the value of health care across several states. While at Freedman HealthCare, Mr. Sinha has analyzed primary care delivery and payment models, designed and implemented data collection on health care claims and non-claims payments, developed and delivered reports and presentations for multistakeholder audiences, and managed projects to provide FHC clients with unique insights into measuring and improving health care quality, access, and cost.



Mary Jo Condon, *Principal Consultant*

Freedman HealthCare

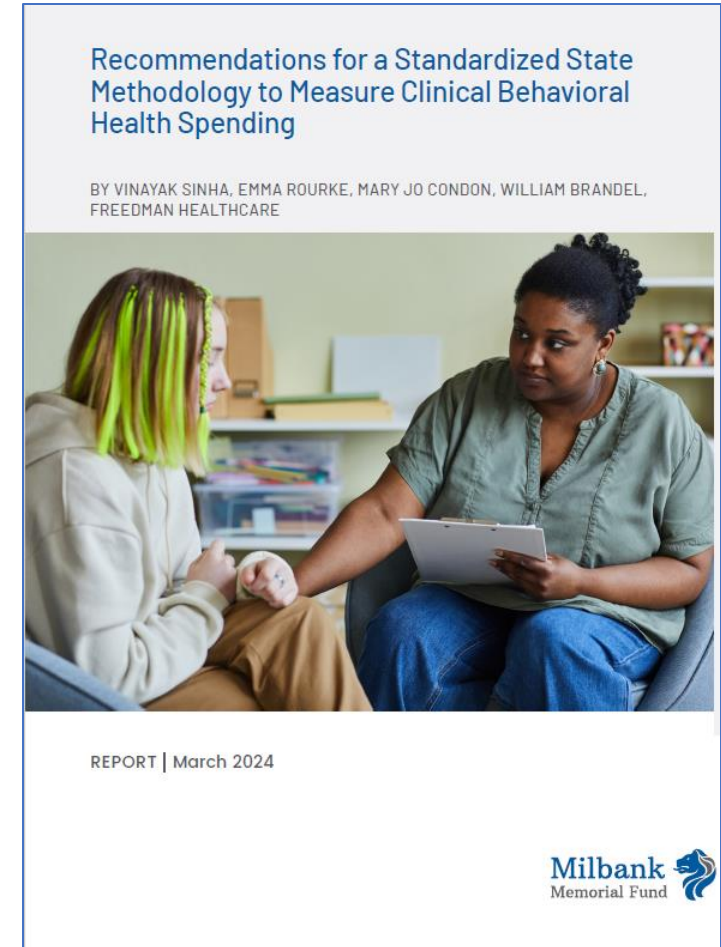
Mary Jo Condon, MPPA, has supported multiple states in the development of care delivery and payment models that put primary care at the center, expand care teams, integrate community resources, and utilize data to address the medical, behavioral, and social needs of patients and caregivers. While at Freedman HealthCare, Condon has led multilayered, data-driven health policy projects requiring extensive stakeholder engagement, complex analytic methodologies, and clear, concise presentation of cost and quality outputs.

Standardized State Methodology to Measure Clinical Behavioral Health Spending

The [report](#) offers a standardized methodology and code set to measure how much payers spend on behavioral health clinical services.

The methodology reflects input from an Advisory Group of state behavioral health leaders and subject matter experts convened by Milbank Memorial Fund and Freedman HealthCare.

To support implementation of the standardized methodology, FHC also developed [Technical Specifications](#) and a [Policy Brief](#).





Components of Behavioral Health Spending

The Advisory Group identified key areas of behavioral health spending.

It also recommended focusing on spending for clinical services paid by payers – the top cluster.

Defining Components of Behavioral Health Spend for State Measurement

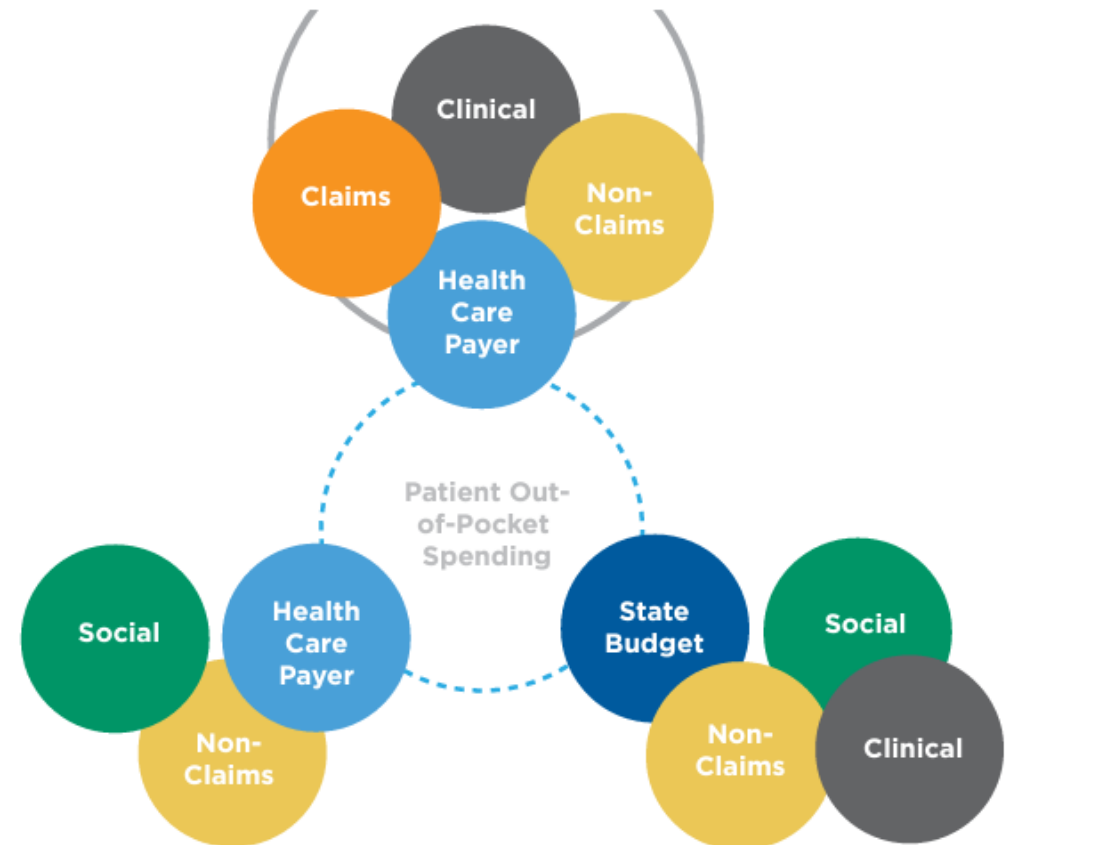
-  **Service Type**
Clinical or Social
-  **Funding Type**
Claims or Non-Claims
-  **Payment Mechanism**
Health Care Payer or State Budget
-  **Medicaid funds behavioral health services as a health care payer and is also funded via state budgets.**

Patient Out-Pocket Spending

Some behavioral health spending is paid by patients due to patient cost share, a lack of coverage of certain services, and a lack of available in-network providers.

Clinical, Payer-Funded Behavioral Health Spend

Traditional health care payers (e.g., Medicare, Medicaid, commercial) pay for most behavioral health clinical services.



Social Support Behavioral Health Spend

Traditional health care payers also use non-claims payments to support social needs (e.g., housing, transportation) of individuals with behavioral health diagnoses.

State Budget Behavioral Health Spend

State budget dollars through Medicaid and other state programs are used to support clinical and social services via non-claims payments.

Common Approaches to Measuring Behavioral Health Spending

Definitions of behavioral health spending typically include behavioral health diagnoses, services and treatments, providers, and care settings.

The Advisory Group used behavioral health spending definitions from Maine, Massachusetts, and Rhode Island to develop the Milbank-Freedman claims definition.



Recommendations for Measuring Claims Spending: Diagnosis

- Include a specific set of diagnosis codes to identify patients with a primary diagnosis of a behavioral health condition.
- Include all diagnosis codes for mental health and substance use disorders consistently used in state definitions, as well as dementia, developmental disorders, and poisoning related to self-harm.
- Assign diagnoses and associated spending to mental health and substance use disorder categories.

Recommendations for Measuring Claims Spending: Services and Treatments

- Include a specific set of procedure codes to define behavioral health services, rather than relying on diagnosis only.
- Use a standardized code set to identify and categorize services into categories such as inpatient, outpatient primary care, outpatient non-primary care and pharmacy. Include additional subcategories such as long-term care, residential care, and mobile services.
- Include a set of national drug codes (NDCs) used to treat patients with behavioral health conditions.
- Include services typically covered by Medicaid only.

Recommendations for Measuring Claims Spending: Providers and Care Settings

- Do not restrict by provider type, except for measuring behavioral health in primary care.
- Track behavioral health services delivered by primary care providers in the primary care setting.
- Assign services to specific care settings based on place of service and revenue codes to support categorizing services.

Recommendations for Measuring Non-Claims Spending

- Measure non-claims clinical spending using the Expanded Framework and apply OHCA approach to allocating capitation payments.
- Include only non-claims payments to support behavioral health needs, such as integrated behavioral health, as behavioral health spending.
- Do not classify non-claims payments to support services with broader impact, such as care coordination and management, as behavioral health spending.

How Can States Use this Measure

Monitor Regulatory Compliance



A standardized clinical behavioral health spending measurement methodology can help states evaluate and enforce mental health parity laws and other regulatory or statutory behavioral health requirements.

Improve Service Delivery through State Budget Reform



Measuring utilization and spending through standardized service categories can help states identify where state budget dollars should be going to support behavioral health care delivery and where to cut back.

Set Spending Targets for Behavioral Health Services



A standardized methodology for measuring behavioral health spending can help states identify areas of underinvestment, develop investment targets, and enable comparisons across regions and states.

Today's Panelists



Margareta Brandt

Assistant Deputy Director, Health System Performance
California Office of Health Care Affordability



Cory King

Health Insurance Commissioner
Rhode Island Office of the Health Insurance Commissioner

Today's Panelists



Lauren Peters

Executive Director

Massachusetts Center for Health Information and Analysis



Yi-Shan Sung

Research Analyst

Oregon Health Authority

Panel Discussion Topics

1. How can including diagnosis in the definition support state uses of behavioral health spending data?
2. What are some tradeoffs of including spending by only a specific list of providers?
3. What are some tradeoffs of including pharmacy spending in behavioral health measurement?

Participant Q&A



Want to learn more?

Contact Vinayak Sinha at
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