DataBrief: Medicare Beneficiaries With Severe Mental Illness and Hospitalization Rates

Did you know...

In 2010, Medicare beneficiaries age 65 and older with severe mental illness (SMI) were hospitalized nearly three times as often as those without SMI?

About the data:

This analysis used 2010 Medicare claims data to identify seniors with severe mental illness (SMI).

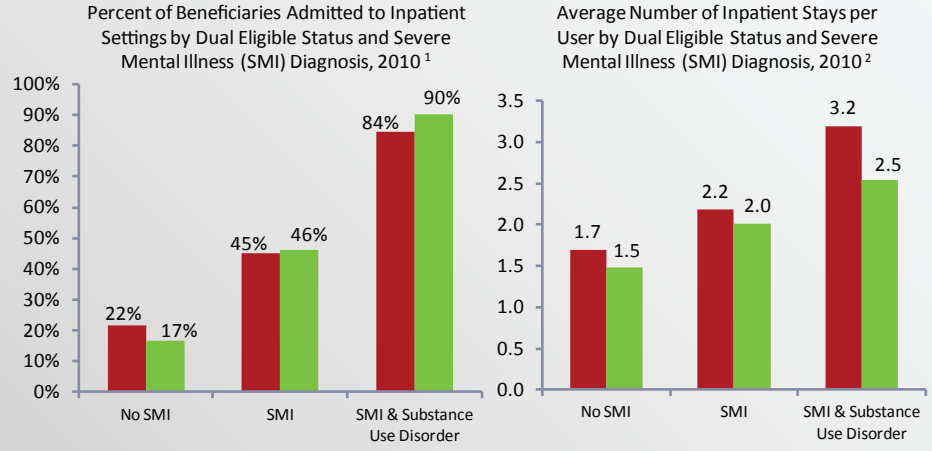
Individuals were defined as having severe mental illness if their Medicare claims had one or more International Classification of Diseases, Version 9 (ICD-9) codes associated with selected severe mental illnesses in any acute care setting. Severe mental illnesses included depression, bipolar disorder, schizophrenia, and other psychotic disorders.

This analysis is limited to individuals age 65 and older enrolled in the fee-for-service, or traditional, Medicare program, and excludes beneficiaries who died in 2010.

Analytics powered by Avalere Health LLC

- Severe mental illness (SMI) can seriously impair quality of life, cause disability, and significantly decrease life expectancy.[1] For the purpose of this analysis, SMI is defined as major depression, other mood disorders, and psychoses.
  - SMI is associated with higher rates of medical comorbidities among Medicare beneficiaries aged 65 or older and is often associated with co-occurring substance use disorders (SUD), like alcohol or drug use.[2]
- Among Medicare beneficiaries age 65 and older, SMI is associated with higher rates of inpatient hospital use.[2]
  - Of all Medicare beneficiaries without a SMI diagnosis, 17% were hospitalized in 2010, compared to 46% of beneficiaries with a SMI diagnosis and 88% of beneficiaries diagnosed with both a SMI and a substance use disorder (SUD).
- Among Medicare beneficiaries who were hospitalized in 2010, beneficiaries with SMI had more hospital stays than beneficiaries without SMI.[2]
  - Medicare beneficiaries without SMI who were hospitalized averaged 1.5 stays during 2010. In comparison, Medicare beneficiaries with SMI who were hospitalized averaged 2.1 stays in 2010, and beneficiaries with both SMI and SUD who were hospitalized averaged 2.8 stays in 2010.
  - Dual eligibles with SMI and dual eligibles with both SMI and SUD had a higher average number of inpatient stays per user than Medicare-only beneficiaries with the same conditions.

Medicare Beneficiaries With Severe Mental Illness Are More Likely to be Hospitalized and Are Hospitalized More Frequently



[1] N = 3,167,300 dual eligibles and 20,356,540 Medicare-only beneficiaries.
[2] N = 782,300 dual eligibles and 3,647,680 Medicare-only beneficiaries admitted to inpatient settings in 2010.

A Clear Policy Connection

Severe mental illnesses (SMI) can hinder Medicare beneficiaries' quality of life and put them at increased risk for hospitalization. This impact is magnified by substance use disorders (SUDs).[3]Medicare's coverage of outpatient mental health services is more limited than its coverage of acute care services. Certain benefits that could support those with SMI and reduce hospitalizations, such as intensive case management, are not covered by Medicare.[4] Historically, behavioral health and acute care providers have not had incentives to coordinate services with each other. New opportunities, including the Financial Alignment Initiative, may create incentives for providers to coordinate services for those dually eligible for Medicare and Medicaid to reduce hospitalizations and improve overall care.

The Initiative aims to align financing to improve health outcomes for dual eligibles and to improve care coordination across settings and providers in states who apply. Savings achieved through high-quality and better coordinated care will be shared by the state and federal governments. Given that inpatient care is among the most costly services, providers in the demonstration states will be incentivized to better coordinate care in the community to avoid hospitalizations. Care coordination will need to involve the whole array of medical, behavioral, and supportive services providers. The high rates of hospitalization for this population indicate an opportunity to improve care while decreasing costs.

[1] Colton, Craig and Ronald Manderschied. "Congruencies in Increased Mortality Rates, Years of Potential Life Lost, and Causes of Death Among Public Mental Health Clients in Eight States." Preventing Chronic Disease 3(2) (2006). http://www.cdc.gov/pcd/issues/2006/apr/05_0180.htm
[2] Avalere Health, LLC analysis of 2010 Medicare Standard Analytic Files.
[3] National Business Group on Health. An Employer's Guide to Behavioral Health Services. April 2005.
[4] Ostrow, Laysha and Ronald Manderscheid. "Medicare Mental Health Parity: A High Potential Change that is Long Overdue." Journal of Behavioral Health Services and Research, 37(3) (2010): 285-290.