THIRD WAY

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Executive Summary: A Path to Recovery for Americans with Serious Mental Illness

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Lyn, a consultant from Boston, Massachusetts, documented the cost of her journey to mental health recovery. In her self-described "worst year," she endured one four-month hospitalization as well as several shorter stays, ambulance rides to the emergency room following suicide attempts, partial hospitalizations, outpatient therapy, psychopharmacology services, and prescription medication. When she added it up, the entire annual cost of Lyn's care and other supports, born fully by the government, was more than $208,000. In a more "average year," the total cost was just above $132,000. For 29 years, before she was connected with appropriate services that facilitated her recovery, Lyn estimates the total cost to the state and federal governments of her care and support services was $3.9 million.

Lyn began her journey to recovery when she started volunteering at the Boston University Center for Psychiatric Rehabilitation. There she learned that she could work toward recovery within the limitations of her own illnesses and felt hopeful for the first time in a long time. Now, Lyn pays taxes on her full-time and consulting income, rather than receiving

SSDI and SSI, and she purchases her own health insurance through her employer, rather than receiving Medicaid.

Enrolling individuals with severe mental illness, like Lyn, in *assertive community treatment programs* could help patients take a substantial step toward recovery while also saving the federal government billions of dollars due to better patient care.

This idea brief is one of a series of Third Way proposals that cuts waste in health care by removing obstacles to quality patient care. This approach directly improves the patient experience—when patients stay healthy, or get better quicker, they need less care. Our proposals come from innovative ideas pioneered by health care professionals and organizations, and show how to scale successful pilots from red and blue states. Together, they make cutting waste a policy agenda instead of a mere slogan.

What Is Stopping Patients From Getting Quality Care?

Nationwide, mental health care coordination falls short, resulting in significant service fragmentation and, in some cases, reduced access to care. A shocking 35% of adults with mental illness involving serious impairment receive no mental health treatment. This is due to various reasons, such as no perceived need for treatment, wanting to handle the problem on one's own, fear of stigma, and thinking the condition will improve over time.

In addition, our system has a tendency toward institutionalizing an individual with severe mental illness in order to address an immediate situation—but does far less to provide complete treatment and services that are better for the patient and cost less in the long run.

Where Are Innovations Happening?

A number of innovations are happening across the country to help patients with mental health issues—including with assertive community treatment (ACT), which evolved from work in Madison, Wisconsin, and was first launched in 1972.

The ACT model's purpose is to reduce or eliminate debilitating symptoms of mental illness and acute episodes or recurrences. Programs are comprised of a multidisciplinary team of professionals with expertise in psychiatry, nursing, social work, substance use treatment, and vocational rehabilitation and assume direct responsibility for providing all services needed by the consumer, 24 hours a day, seven days a week, for as long as services are needed. Research repeatedly affirms that, when targeted to those with severe mental illness, ACT reduces hospitalization, increases housing stability, and improves quality of life for participants.

The ACT model has been successful in states across the country, for example:

- Washington State found a way to improve care for individuals with severe mental illness while lowering hospital spending in two separate programs. By launching a statewide network of 10 ACT teams in 2007, participating hospitals saw an average reduction of 32-33 days per person per and overall ranged from $11,257 to $12,699 per person per year for total savings of up to $5.7 million. Another project adopted the ACT program to the criminal justice population, and participants experienced significant reductions in jail and prison bookings and jail days—45% and 38%, respectively.

- ACT teams in Oklahoma were successful in reducing the need for inpatient care and reducing incarceration by focusing enrollment outreach on individuals with significant hospitalizations or those entering or leaving the criminal justice system. The number of inpatient days fell by 63%, the number of individuals hospitalized also fell by 53%, and the total number of jail days decreased from 1,050 to 315, a 70% reduction.

How Can We Bring Solutions to Scale?

Congress should expand ongoing efforts to enable states to expand the use of ACT teams throughout the country using

the following four steps:

1. Expand the certified community behavioral health clinics demonstration to all states.
2. Provide start-up funds.
3. Set performance standards.
4. Share federal savings.

Potential Savings

The potential savings from expanded use of the ACT program include reduced hospitalizations, less time needed in the hospital when a stay is required, and lower prison costs. While the magnitude of savings in relation to the costs of ACT needs fuller study, Congress can look to the eight-state demonstration program for concrete results on cost savings. It calls for improving mental health services using savings to pay for additional costs so that the federal government has no net costs. Third Way will be evaluating additional payment models for these services and potential savings in the coming months.

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