

## MENTAL HEALTH CARE SAVINGS METHODOLOGY

# Exploring our savings evaluation for Mental Health Care



The Teladoc Health Mental Health Care program meets the needs for early access to care while generating cost savings, reducing high-cost medical interventions and increasing workplace productivity. The current study evaluated 1.6M members' commercial claims data and Teladoc Mental Health Care visit data from January 1, 2018, through December 31, 2019. The demographics data within the study represent a diverse geographic, gender and age (18-plus) population. The claims were focused on mental illness visits at traditional brick-and-mortar service locations and were compared to the Teladoc Health Mental Health Care service.

## Direct replacement savings

Teladoc Health Mental Health Care visits create savings by replacing treatment in a traditional brick-and-mortar setting. This is calculated by simply subtracting Teladoc Health costs from traditional costs to determine net savings.

### Traditional costs

To establish typical costs for traditional mental health visits, the frequency of different treatments was established from the commercial claims data research. Next, average allowed amounts for traditional brick-and-mortar treatments were derived from the same dataset of commercial claims. The frequencies are used to weight the traditional visit costs, producing a weighted average of \$195 per visit.

### Teladoc Health costs

Using the same approach, Teladoc Health costs are weighted with the same visit frequencies as traditional visits, producing an average of \$96 per visit. The Teladoc Health costs are plan-design specific, and for the purposes of this example, rates of \$200 for the initial psychiatrist, \$95 for an ongoing psychiatrist and \$85 for a therapist are used.

### Example net savings

With this example, after simply subtracting the average Teladoc Health costs of \$96 from the \$195, a net savings of \$99 is realized. Again, the net savings is variable based on the plan design. However, most designs are in this range. The table below illustrates the visit frequencies, traditional weighted costs, Teladoc Health weighted costs and the example net savings.

Traditional place of treatment	Visit frequencies	Traditional cost per visit	Weighted traditional cost per visit	Teladoc Health cost per visit <sup>3</sup>	Weighted Teladoc Health cost per visit	Teladoc Health example net savings per visit
Initial psychiatrist	5.5%	\$354	\$19	\$200	\$11	\$8
Ongoing psychiatrist	12.9%	\$156	\$20	\$95	\$12	\$8
Therapist consults <sup>1</sup>	47.1%	\$182	\$86	\$85	\$40	\$46
E.R.	4.5%	\$1,558	\$70	\$85	\$4	\$66
No treatment <sup>2</sup>	30.0%	\$0	\$0	\$96	\$29	-\$29
<b>Weighted averages</b>			<b>\$195</b>		<b>\$96</b>	<b>\$99</b>

<sup>1</sup>Therapist visits include consults with mental health counselors, therapists, psychologists and mental health-centric PCP visits.

<sup>2</sup>No treatment adjustment applies a 30% rate to consider members who previously would not have sought treatment without Teladoc Health. Reducing savings by this factor corrects any inflation from additional visits.

<sup>3</sup>Consult fee based on plan design. Net savings will vary by client.

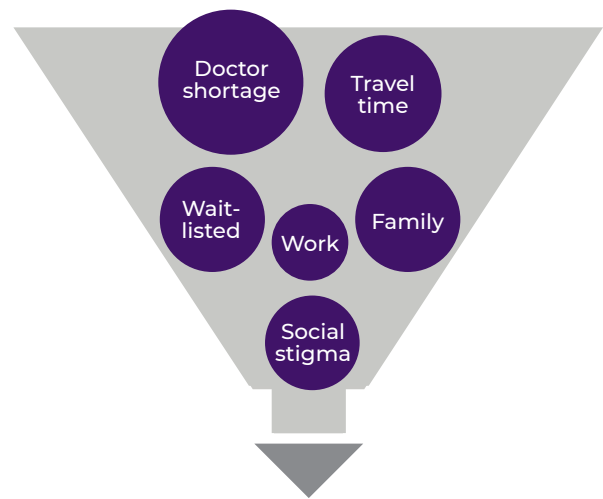
**Direct replacement of net savings per visit is used for ROI and reporting.**





## The Teladoc Health Mental Health Care solution removes barriers to traditional care and provides early access to care

Virtual access to board-certified psychiatrists and licensed psychologists/therapists allows individuals to get the care they need while removing many of the barriers presented by in-person care. While traditional care for mental health can take up to 25 days for an initial visit, Teladoc Health Mental Health Care establishes care within seven days. Moreover, common barriers such as travel time, social stigma or family demands are overcome with the convenient virtual solution.



Barriers to traditional care

## Early access to care impacts costs and provides improved outcomes

### Avoided utilization through early access

By providing early access to care, Teladoc Health helps prevent mental health conditions from becoming more serious and preempts the need for high-cost medical interventions. Multiple studies converge on a 26% reduction in emergency room visits and an average of 30% fewer hospitalizations for individuals with major depression. Using these reduction rates, the average avoidance by prevalence, visit frequency and unit costs would provide an average additional savings of \$97 per member per visit. (Specific plan design and visit-fee structure also impact this result.)

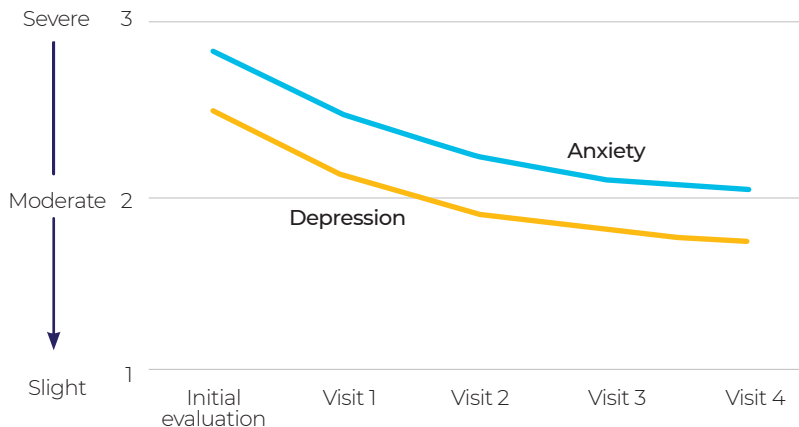
Invasive measures	Visit/hospitalization frequency	Average cost for traditional visit (minus Teladoc costs)	Redirection rate	Teladoc Health net savings
ER Visit	4.5%	(\$1,558-\$96)	26%	\$17
Hospitalization	3.4%	(\$7,900-\$96)	30%	\$80
<b>Total</b>				<b>\$97</b>



# Improved outcomes

Early access to care provides early intervention, which dramatically improves outcomes. And consistent care, which can be easily accessed via the Teladoc Health virtual solution, reduces symptoms. A study of members in the Mental Health Care solution shows an average of 34% reduction of symptoms after just four visits with a Teladoc Health mental health practitioner.

## Symptoms trend down over first four visits<sup>1</sup>



<sup>1</sup>Measured with clinical assessment tool (DSM-5 Self-Rated Level 1 Cross-Cutting Symptom Relief).

# Improved productivity

## Condition-related absenteeism and presenteeism

Studies on workplace absenteeism and presenteeism show that whether a member is taking absences for feeling unwell or not being productive at work, an average of 2.77 days of work are missed per each doctor's visit. Savings were developed using the U.S. Department of Labor's eight-hour day salary of \$229 per day rate of pay, which equals \$634 in salary loss for these absences. Assuming 30% of patients would not seek treatment, \$190 would be lost. Of the 88% of members who are employees, the results in avoidance are \$168 per employee per visit.

## Travel time

An average of two hours of work is lost due to travel time, which incurs costs of approximately \$16 per visit. The productivity loss for members who would not have sought treatment, and for those seeking new treatment, is derived from a \$29 average hourly pay wage, and is conservatively adjusted to account for those already seeking treatment during traditional work hours.

# Visit and episodic savings.

Mental health treatment is different from a typical treatment for a cough or cold as it involves multiple visits. Commercial claims research shows that, on average, each member has approximately 4.1 mental health visits.

Total and episodic visit savings are shown to the right. Multiplying the visit savings components by 4.1 shows a holistic evaluation of the entire member journey. Currently, a very conservative approach is being used for ROI and reporting purposes, using only the visit-level direct replacement savings.

Savings components	Visit savings	Episodic savings (4.1 visits)
<b>Direct replacement</b>	<b>\$99</b>	<b>\$406</b>
Avoided utilization	\$97	\$398
Productivity	\$168	\$688
Travel time	\$16	\$69
<b>Total</b>	<b>\$380</b>	<b>\$1,559</b>

Example is plan-design specific (initial psychiatrist \$200, ongoing psychiatrist \$95, therapist \$85).



# Conclusion

The Teladoc Health Mental Health Care program offers savings and cost avoidance advantages when compared to traditional care. Most importantly, members establish care faster, and symptoms are more quickly relieved. Our vast clinical network and virtual platform provide early and convenient access to appropriate care when and where it is needed.



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### About Teladoc Health

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