Insights Into the Cost of Care for OCD

A National Research Study Commissioned by NOCD and Conducted by Santa Barbara Actuaries

Dedication

This ebook is dedicated to the 179 million* people with OCD around the world who want to reclaim their lives; and the payers, providers, and healthcare innovators who are helping them.

*Based on a global population of 7.8 billion people and <u>a recognized OCD lifetime prevalence of 2.3%</u>

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How to Use this Ebook

This ebook was published for healthcare professionals seeking a better understanding for the identification and treatment of obsessive-compulsive disorder (OCD).

It documents the prevalence of OCD; the degree of difficulty in diagnosing it; and how inaccurate diagnoses can lead to inefficient healthcare system utilization, higher treatment costs, and undermine patient outcomes.

It also provides insights into methods for identification and care of OCD that can improve outcomes and reduce costs.

A financial modeling tool is available for payers who wish to see the impact of this model on their member population. Please contact NOCD Payer Relations.

This ebook was first presented at the *Going Digital: Behavioral Health Tech conference* on June 3, 2021. To ensure you are reading the latest version, please visit.

Citations and references are provided as hyperlinks.

Please address inquiries, comments, or corrections to the publisher.

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Executive Summary

SBA analysis of one million people finds OCD population under-counted, costing payers, employers, and patients billions annually due to inappropriate or wasteful care

An independent analysis of a one-million-member commercially insured population found obsessive-compulsive disorder (OCD) diagnoses gravely underrepresented. The model, developed by [Santa Barbara Actuaries](#), has validity for predicting the likely prevalence, costs, and outcomes of a population that mirrors the average U.S. distribution.

The recognized [one year prevalence of OCD is 1.2%](#) with a [lifetime prevalence of 2.3%](#) in the U.S. population. The expected one-year OCD population within one million members is approximately 12,000 members. But the research revealed only 4% (about 437 members) of the expected OCD population was identified in healthcare claims.

The research found this gross under-representation becomes a revolving door of inappropriate care that can exceed 30 site-of-service transitions. These care transitions can increase the average annual behavioral health cost for high-acuity members to as much as $125,000 each, compared to $2,600 each for low-acuity members.

Moreover, that leaves 96% of the OCD population unidentified or misdiagnosed. That's an estimated 11,500 members within the one-million-member population who likely have, and are not being treated for, OCD as a primary diagnosis. They remain hidden, or "submerged," within the member population.

The reason: Patients with OCD are [at high risk (up to 90%) of having psychiatric comorbidities](#), such as major depression, anxiety or panic disorders, social or other phobias, PTSD, etc. These other conditions

often become the primary diagnosis and levels of care for OCD patients.

The total behavioral healthcare cost for the identified 4% of OCD members is approximately $12,276 per member, amounting to a behavioral health spend of $5.3 million annually. The total cost of care for the remaining OCD population (the hidden 96%) is roughly $8,600 per member[†], amounting to $98.9 million in behavioral health spend, much of which is paying for inappropriate or otherwise wasteful care.

Summing up the total OCD population, including identified and submerged (hidden) members, reveals payers are spending about $104.2 million per year per one million members, or $8.69 PMPM*—all to achieve suboptimal outcomes in many cases.

NOCD estimates payers could reduce this spend by up to 20-25% annually, while improving outcomes, through corrective network design, better OCD screening, OCD education, and improved care collaboration.

For payers, these findings represent an opportunity to reduce healthcare system overutilization and waste and help ensure that members are getting the right care at the right time.

For providers, these findings present an opportunity to evaluate and improve screening, diagnosis, and treatment for OCD.

Lastly, employers can encourage their health plans to offer a more comprehensive covered benefit that includes screenings and treatment for OCD.

A copy of the actuarial spreadsheet behind this research, and an interactive financial modeling tool, are <u>available to qualified payers on request</u>.

* Per Member Per Month
† SBA's analysis accounted for 70% of known costs of this population. The Inpatient spend accounts for the remaining 30% and was not included, as it could be related to other mental and physical health comorbidities.

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Research Methodology

The research was commissioned in the first quarter of 2021 by NOCD and undertaken by Santa Barbara Actuaries (SBA), a leading actuarial consulting firm that develops economic models to demonstrate the financial efficacy of healthcare devices and intervention programs.

The study analyzed 12 months of administrative claims data from a one-million-person sample derived from a de-identified IBM MarketScan database of commercial members. SBA classified diagnosed OCD members and discovered their utilization patterns and associated costs.

The model has validity for predicting the likely prevalence, costs, and outcomes of a population that mirrors the average U.S. distribution. Statistically valid criteria for the identification of OCD patients as a submerged population within a healthcare plan were created.

Once these populations were established, analysts looked at how better screening, accurate diagnosis, and an improved treatment regimen for a percentage of the OCD population within a plan would impact costs and outcomes.

DISCLAIMER: Certain data used in this study were supplied by International Business Machines Corporation (IBM). Any analysis, interpretation, or conclusion based on these data is solely that of the authors and not International Business Machines Corporation.
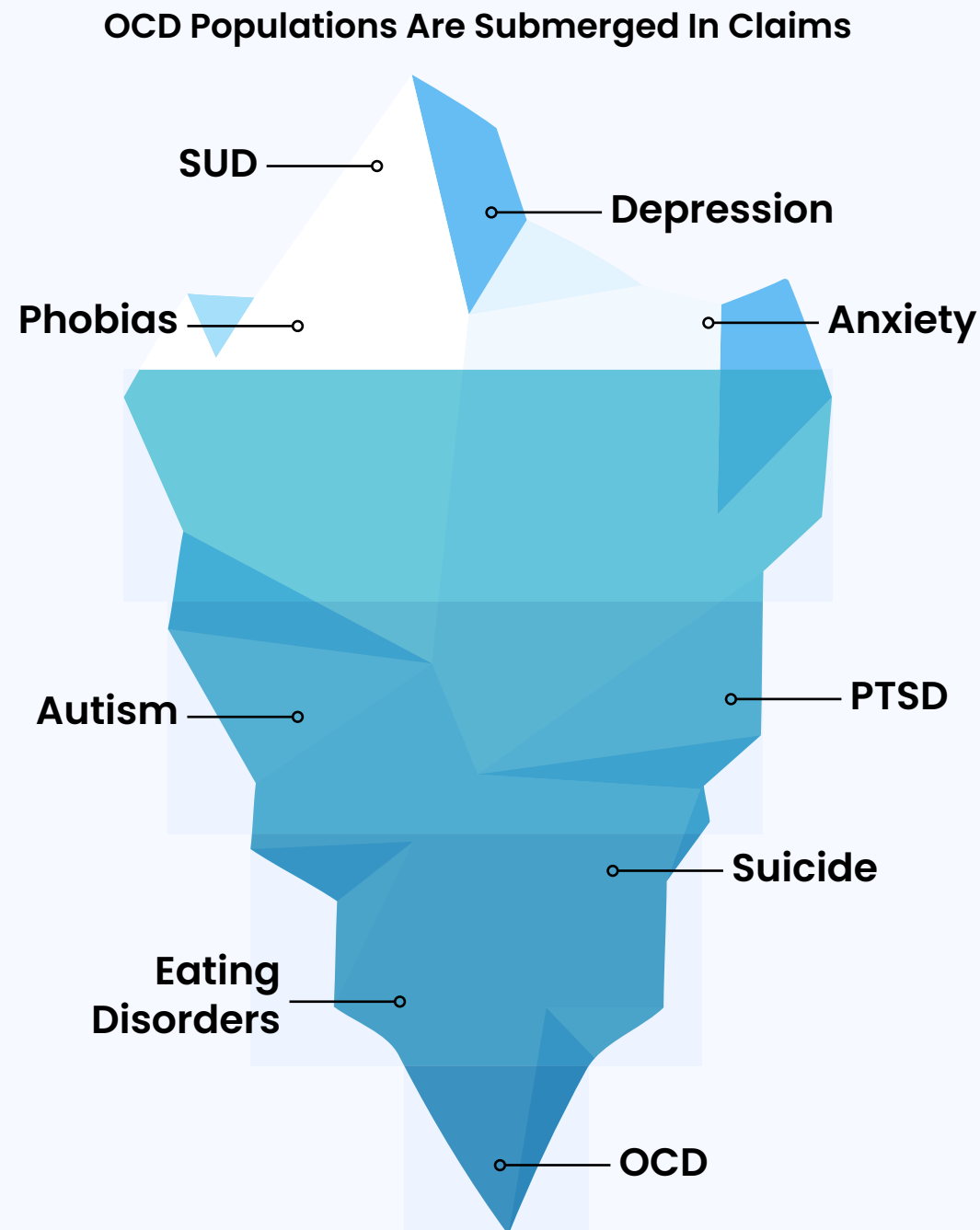
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Claims Analysis Reveals Payers Undercounting, Underserving the OCD Population

Four Out of 100 With OCD Receive Appropriate Care

Independent statistical analysis of a random sample of a one-million-member commercial population, for a continuous 12-month time period, found the diagnosis of obsessive-compulsive disorder (OCD) is critically underrepresented.

The research revealed 4% (about 437 members) were identified with OCD as a primary diagnosis. But that doesn't square with a [one year prevalence of 1.2%](#) (about 12,000) and a [lifetime prevalence of 2.3%](#) (about 23,000) of OCD in the U.S. population.

Accepting that 437 members were identified with OCD versus an expected one-year prevalence of 12,000 in the one-million-member population studied, we can conservatively conclude that 96% of the OCD population is not accounted for in commercial claims populations. This indicates just 4 out of 100 OCD patients are receiving appropriate care with OCD as a primary diagnosis.

OCD Populations Are Submerged In Claims

SUD
Depression
Phobias
Anxiety
Autism
PTSD
Suicide
Eating Disorders
OCD

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"When it comes to OCD, the research shows that claims data is inaccurate. The confirmed diagnosis results are well below any of the documented prevalence standards. This is resulting in billions in wasteful utilization annually, and more importantly, poor outcomes for OCD patients. We can turn a blind eye to this problem, or we can work together to end needless suffering."

Stephen Smith
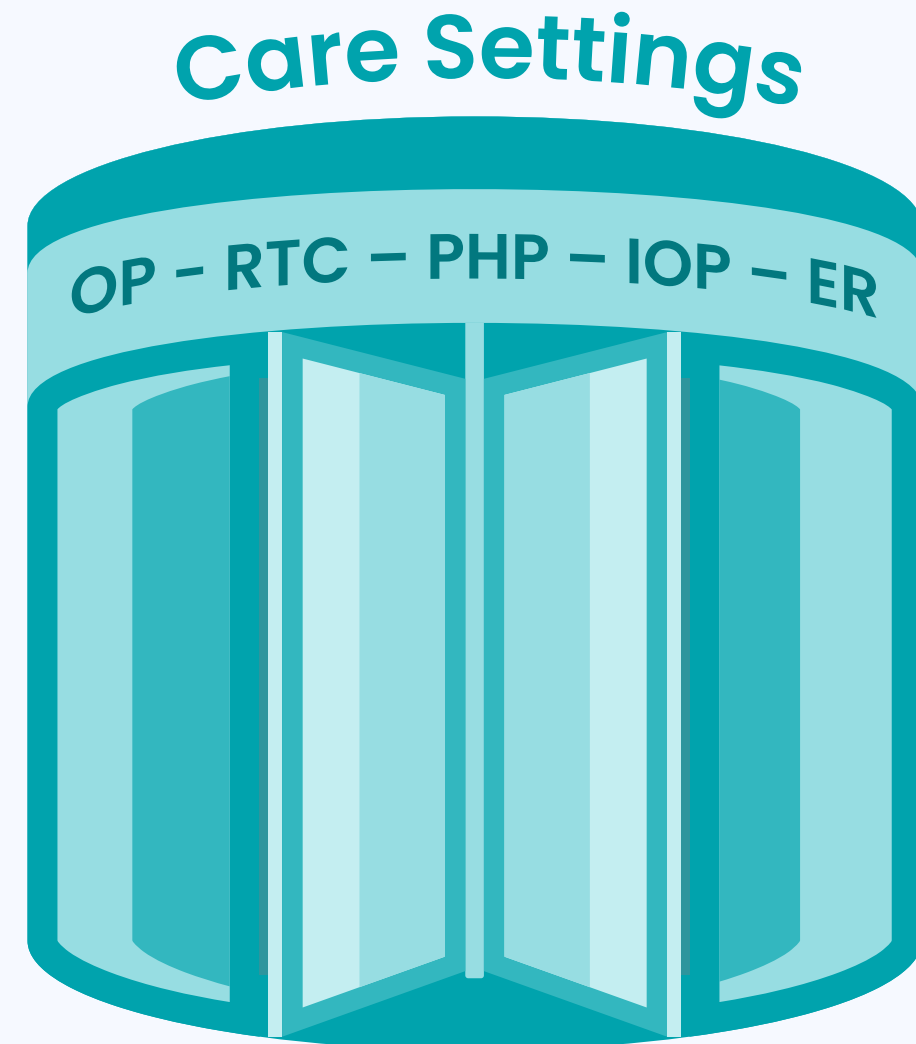**Chief Executive Officer of NOCD**

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A Revolving Door of Inappropriate, Costly Care

Overutilization and Poor Outcomes Are the Norm

The data show most members identified as having OCD are experiencing a revolving door of inappropriate care that can raise the average annual cost per member for high-acuity patients to as much as $125,000, compared to a low of $2,600 for low-acuity patients.

Not surprisingly, the care experience for high-acuity patients is the most inefficient and expensive of all, prolonging suffering unnecessarily with 30 or more visits to specialists, out-patient, in-patient, intensive out-patient, ED/ER, and other healthcare delivery settings. But treatment for all but the lowest-acuity patients is also overutilizing the healthcare system.

The total cost of care for the identified 4% of OCD members is approximately $12,276 per member, or a behavioral health spend of $5.3 million annually. The total cost of care for the remaining OCD population (the hidden 96%) is roughly $8,600 per member[†], or $98.8 million, much of which is paying for inappropriate or otherwise wasteful behavioral healthcare.

* Per Member Per Month
† SBA's analysis accounted for 70% of known costs of this population. The Inpatient spend accounts for the remaining 30% and was not included, as it could be related to other mental and physical health comorbidities.

Care Settings

OP – RTC – PHP – IOP – ER

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"We wanted to study a large population, around a million or so people, because that's what payers need to see. That's when you get to clinical validity—where the sample size is big enough to see variability in the utilization pattern—which is very good for understanding patient journeys or the episode of care, as well as measuring a condition's prevalence in claims data and the range of treatment costs."

Dr. Jamie Feusner
Chief Medical Officer of NOCD

96% of Payers' OCD Population Is Hiding in Plain Sight

OCD Population Is "Submerged" in Comorbid Disorders

Behavioral health literature offers evidence of co-morbidities between OCD and other conditions, such as major depression, anxiety and panic disorders, phobias, PTSD, substance abuse, and others, in up to 90% of cases.

The research indicates the common claims data analysis payers use undercounts OCD cases, leading to less effective treatment and higher costs. Other conditions become the primary diagnosis in claims, submerging OCD within those conditions.

Calculating* non-identified and misdiagnosed patients, however, reveals that 96% of the OCD population is submerged in the claims data studied.

That translates to a conservative estimate of 11,500 OCD members hidden in the studied one-million-member population, with the average cost of treatment roughly $8,600 per member. The result: Up to $98.9 million is spent on potentially (indeed, likely) inappropriate care.

* See the Executive Summary or page 7 for calculation determining 4 in 100 OCD patients are identified

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"By taking a hard look at the data, and a fresh look at the practices and technologies we use to treat behavioral health conditions, we can advance our understanding of OCD in the population, and introduce better approaches to reduce the high cost of mental health conditions on people and society."

Solome Tibebu
Founder and Host of the *2021 Going Digital*:
Behavioral Health Tech conference

Total OCD Population Costs Payers $104 Million per Year per One Million Members

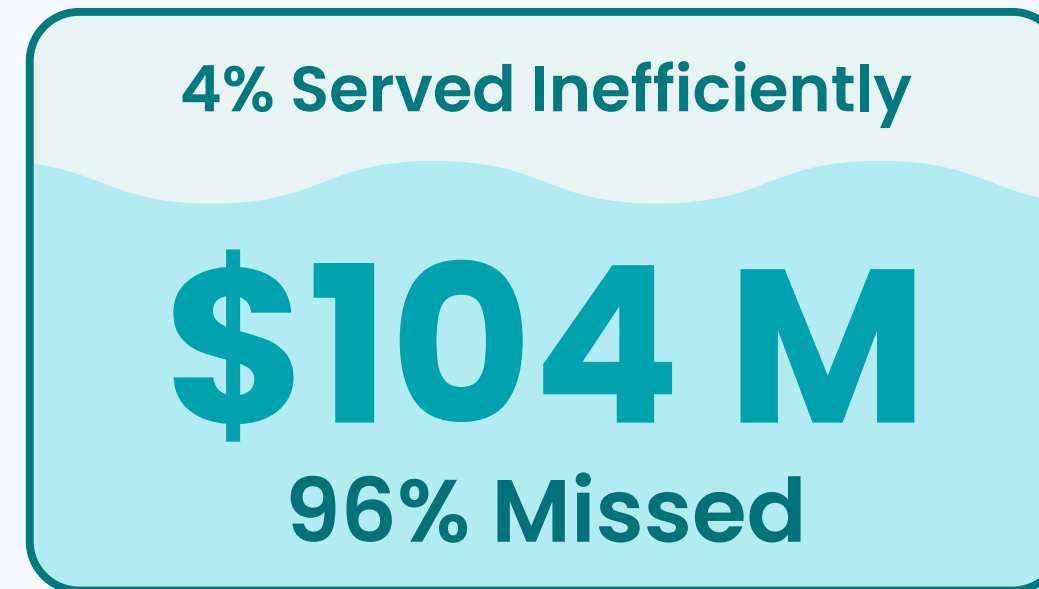## Payers Can Cut Costs 20-25% While Improving Outcomes

The actuarial model used for this study is valid for predicting the likely prevalence, costs, and outcomes of a population that mirrors the average U.S. distribution.

The model found OCD in the one-million-member commercial population was underrepresented by 96%, with just 4% of patients identified with OCD as a primary diagnosis (i.e., less than 4 in 100 OCD patients were identified). The model shows the annual health plan spend on identified patients is $5.3 million.

The 96% (or 11,500) of the unidentified OCD population is submerged in claims for likely co-morbid populations, with an average total cost-of-care per member of $8,600, totaling as much as $98.9 million in annual behavioral health spend.

Combining the costs of these two OCD populations—identified and unidentified—reveals payers are spending about $104.2 million annually per one million members to treat the OCD population in their ranks, or $8.69 PMPM*.

* Per Member Per Month

4% Served Inefficiently

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96% Missed

NOCD estimates payers could up to 20-25% less annually, while also improving outcomes, through corrective network design, better OCD screening, OCD education, and improved care collaboration.

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The NOCD View

NOCD's experts recommend health plans consider the following five-step program to reduce wasteful spending and improve outcomes for OCD patients.

1. Raise awareness: OCD is one of the most treatable behavioral health conditions when it's the primary diagnosis and given appropriate care.

2. Use better analytics: Don't trust basic claims analysis to reveal your OCD member population. It won't.

3. Improve OCD screening. Stop generalizing behavioral health screening. Use documented screening tools to increase OCD identification.

4. Enhance provider network design. Include specialized providers that deliver evidence-based treatment for OCD.

5. Stop OCD stigma. OCD is not germaphobe condition or a way to describe a type A personality. It's a debilitating condition for members that, untreated or improperly treated, costs the healthcare system billions annually, not to mention the human cost of suffering.

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How NOCD Can Help

**Payers and providers want to serve their populations better.
When it comes to OCD, we can help them meet that objective.**

NOCD is an affordable, effective, and proven digital behavioral health alternative to traditional care approaches.

Our behavioral telehealth platform is ready made to help payers quickly and accurately screen members, to help ensure they are getting the appropriate care they want and need.

Our licensed therapists use Exposure and Response Prevention (ERP) therapy, recognized as the "gold standard" for OCD treatment. They help members with personalized treatment programs that help members get better, faster, with fewer costly transition of care.

Contact us so to see how our innovative platform can help your members.

Right Screening
Right Therapist
Right Care

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About the Authors

Actuarial Analysis by Santa Barbara Actuaries Inc.

Santa Barbara Actuaries is an actuarial consulting firm that assists clients in developing economic models to demonstrate the financial efficacy of healthcare devices and intervention programs. Learn more at www.sbactuaries.com.

Ebook and Report by NOCD Inc.

NOCD (https://www.nocd.com) is the #1 telehealth provider for the treatment of obsessive-compulsive disorder (OCD). We help people reclaim their lives with clinically proven OCD treatment, by removing barriers to OCD care, and by reducing the stigma associated with OCD. Our innovative telehealth platform lets members quickly access our national network of licensed therapists who specialize in Exposure and Response Prevention (ERP), the "gold standard" for OCD treatment. Working together with our therapists, patients, health plans, provides, and employers, we are improving the lives of people with OCD. Please visit our website for more information about NOCD.