



The Real Cost of High-Cost Members:

Tackling the \$150+ Billion Behavioral Health Problem

Health plans are under enormous pressure to control ballooning costs from members who incur high-cost claims.

Estimates indicate that a mere 5 percent of health plan members account for 44 percent of total claims costs¹. In real dollars, that's more than \$500 billion annually across the private insurance industry². When you include Medicare and Medicaid plans, that figure exceeds \$1 trillion dollars each year.

So, we know that treating behavioral health conditions like depression, anxiety, and substance abuse can go a long way toward reducing overall claims costs. That's why it's critical to treat both the physical and behavioral conditions among these high-cost members.

Our own research shows that roughly 2 — 4% of a health plan's total book are living with undiagnosed or untreated behavioral health conditions. On their own, these members may account for more than \$150 billion in overall claims costs.

Health plan risk is accelerating

Recent research indicates that behavioral health conditions are up 300 percent since the start of the pandemic.

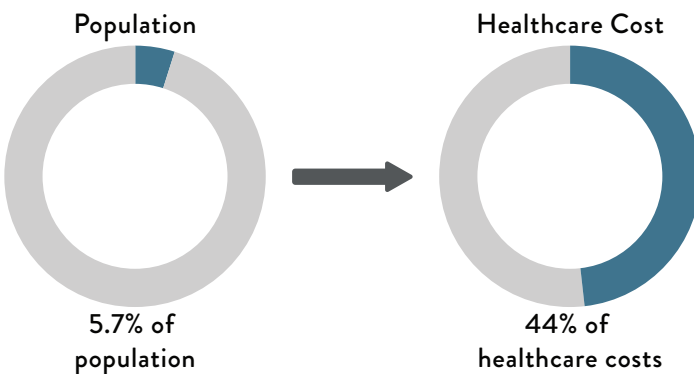
35% of US adults report symptoms of Anxiety Disorder

28% of US adults report symptoms of Depressive Disorder

41% of US adults report symptoms of Anxiety and/or Depressive Disorder

This is a potential hidden bomb set to explode if health plans can't address the problem. A 300 percent³ rise in behavioral health conditions could translate into billions in new claims every year.

Health plans ignore these trends at their own peril.



Spotlight on behavioral health

Some of these claims are especially challenging for health plans because the high costs associated with conditions like hypertension, high cholesterol, and obesity can frequently be traced to unmanaged behavioral health conditions.

Behavioral health conditions that drive costs.

- › Anxiety
- › Depression
- › Substance abuse
- › Addiction
- › Eating disorders
- › PTSD

Why are health plans slow to respond?

The reality is that it's extremely difficult to proactively (and systematically) identify high-cost members with underlying behavioral health conditions.

Evidence shows that upwards of 50 percent⁴ of behavioral health conditions may go formally undiagnosed. We know analyzing medical records alone doesn't solve the challenge.

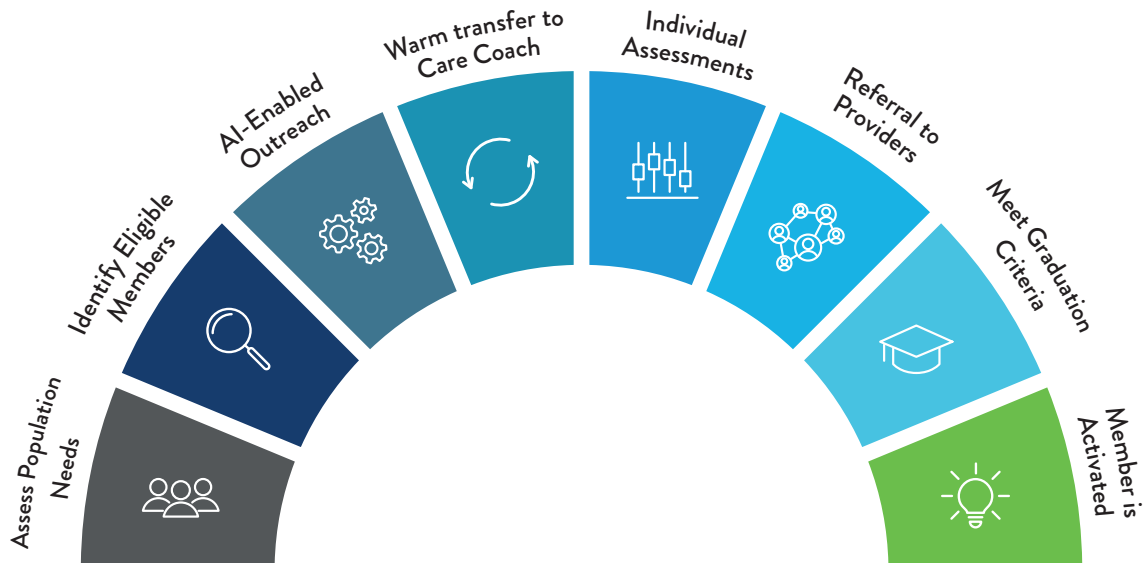
There's no easy answer. It's hard to mobilize meaningful intervention, but let's say you manage to identify high-cost members living with untreated behavioral health needs. Then what? It's even more difficult to engage these

members and then implement a targeted intervention.

In general, these are populations that struggle to access preventative care. They're more likely to visit the emergency department than a primary care physician.

Often this population is also greatly impacted by social determinants of health (SDOH)⁵. So, there are significant barriers to care right from the start.

We understand most health plans simply don't have the resources or technologies to find and engage these populations. It's a significant lift and requires unique expertise and scale.



Harnessing an AI-Driven Clinical Health Model

Ontrak Health 4-step approach

Identify > Engage > Treat > Activate

Given the mounting risks, it's no surprise more health plans are turning to Ontrak Health. We combine AI-infused capabilities with proactive, hands-on care coaching to identify members with unmanaged behavioral health conditions, then deploy targeted intervention to promote better health outcomes.

Our innovative approach uses a 4-step process to help health plans realize their cost reduction goals. Here's what that process looks like.

1 Step #1: Identify Uncover high-cost members with behavioral health needs

It's easy to identify high-cost members. The hard part is finding those living with undiagnosed behavioral health conditions that are driving high healthcare claims.

This is where augmented intelligence and deep analytics can make all the difference. Our years of experience analyzing health plan populations give us the unique visibility into millions of members and the associated claims data. Building on these massive data sets, our proprietary AI algorithms identify patterns, then connect the dots between relevant indicators and claims history.

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The result? We can impute and predict the presence of behavioral health needs with a high degree of accuracy. Five indicators are especially integral to our analysis:

- › Risk factors (cost, disease, utilization, mortality)
- › Demographics (age, race, gender)
- › Costs threshold (>\$7,500 annual claims)
- › Chronic disease (hypertension, anxiety, diabetes, etc.)
- › Social factors (zip codes, geography)

Ultimately, we go beyond diagnosis codes and claims data to impute behavioral health diagnoses using myriad factors. Among the 2 – 4 percent of members eligible to participate, we identify nearly 50 percent of them via imputed diagnosis. In other words, we uncover behavioral health conditions usually hidden to health plans prior to working with Ontrak Health.

2 Step #2: Engage Conduct empathy-based outreach

After we identify a pool of potential candidates, our team gets to work on outreach and engagement. Obviously, outreach to members who may be living with undiagnosed behavioral health needs and who are not actively seeking treatment is going to bring a unique set of challenges.

So, how do we effectively engage this group? It's a multipronged approach built on proven processes, meaningful interactions, and nearly two decades of experience.

First, our member engagement specialists follow carefully designed approaches that we've seen drive success in the past. We ask questions to build trust and confidence. And encourage members to view us as an ally who can help them achieve their goals.

In this respect, we put a lot of emphasis on 1:1 human interaction. This best positions us to leverage expertise to reliably assess a member's readiness and willingness to participate in our program.

Detailed evaluations help identify patterns of behavior and specific needs that warrant customized treatment. These evaluations also ensure we only bring members into our program who will truly experience life-changing benefits.



We focus resources where we're confident clients can maximize ROI.

Finally, we invest significantly in our people. It starts with recruitment. Cultural and linguistic competence make a big difference when it comes to building trust and confidence. So, we hire people who reflect the members we serve. We also prioritize recruits who display empathy and understanding.

We're a mission-driven company—and our people embody that commitment.

3 Step #3: Treat Create personalized coaching plans with clear success criteria

Every member is unique. That's why Ontrak Care Coaches create personalized, targeted plans of care to address each member's needs and challenges.

Care Coaches create plans based on evaluation insights and recommendations from our AI toolset. Using SMART methodology⁶, they map a sequence of activities, help coordinate care, and then follow up after each visit.

Each phase of care is linked to a measurable and trackable set of goals. Care Coaches work directly with members for up to 52 consecutive weeks, guiding them to the appropriate provider and care plan.

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We then coordinate closely with providers using AI-enhanced care notes and treatment plans.

The Ontrak experience is different from app-based behavioral health treatment plans because we assign dedicated Care Coaches to every member over many months, not a few weeks.

Our approach is also different from the traditional case management model. Whereas case managers operate from a condition- and diagnosis-centered approach, our Care Coaches assume a person-centered posture. In other words, where case managers focus frequently on tasks, we go beyond short-term activities to promote long-term behavior change.

Our Care Coaches put a high-touch approach into the care experience to ultimately drive more durable outcomes. This reduces claims in the long run, which helps to maximize health plan ROI.

④ Step #4: Activate Set members on the path toward sustained health and wellbeing

So, how do we ensure more durable outcomes for members and health plan clients? Program graduation requires meeting a very specific set of criteria.

Along with adhering to their treatment plan, members must achieve the following:

- › Complete 2 SMART goals to promote quality of life
- › Display measurable improvement in self-management skills
- › Fully engage with their primary care provider
- › Actively access preventative care
- › Consistently attend physical health specialist visits
- › Fully engage with a behavioral health specialist(s)
- › Commit to ongoing post-graduation comprehensive health plan

Because we only refer members to in-network behavioral health specialists, the post-graduation experience involves fewer hurdles and a smoother transition out of the program. Graduating members are more proactive when it comes to preventative care and consult their PCP before seeking higher-cost alternatives.

To date, Ontrak is proud to achieve a graduation rate of around 55 percent, including 62 percent for Medicaid members.

Connect with us

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¹<https://www.nationalalliancehealth.org/www/initiatives/initiatives-national/workplace-mental-health/pathforward/milliman-report>

²<https://sgp.fas.org/crs/misc/IF10830.pdf>

³<https://www.kff.org/coronavirus-covid-19/issue-brief/the-implications-of-covid-19-for-mental-health-and-substance-use/>

⁴https://www.huffpost.com/entry/mental-health-underdiagnosed_l_60e5dd5ae4b0d00882ade4ecl

⁵<https://www.cdc.gov/socialdeterminants/index.htm>

⁶https://en.wikipedia.org/wiki/SMART_criteria