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8 behavioral health trends for 2018

By Julie Miller, Editor in Chief

Behavioral health providers want to enhance their connection to the healthcare system at large, but such a connection brings with it new market currents. In looking at the big picture in overall healthcare trends for the new year, several issues come to mind for behavioral health.

1. Consolidation

It's no surprise that mergers and acquisitions are expected to continue in the fragmented behavioral health landscape. Private equity firms with platform deals will seek to build out their portfolios more strategically in 2018, looking for smaller targets with potentially lower multiples that will fill service gaps in the continuum of care.

But for-profit isn't the only sector seeing activity. Given the increasing pressure on Medicaid reimbursement, not-for-profit organizations are looking to merge or in some cases to be absorbed.

"The consolidation of nonprofit organizations across our country will likely astound all of us when we look back on the next 12 months," said Tom Schramski, VERTESS president and managing partner, via email. "There are more human service nonprofits fighting for fewer donations and the combination with potential block grants is overwhelming for organizations that have existed for over a half century, in some cases."

2. Emphasis on quality

Many private equity acquisition deals allow for established executive teams to stay onboard, running the operation and driving the mission of quality care. In fact, expert sources note that an experienced, successful C-suite is one of the more difficult facets to find among acquisition targets. And a high-performing team isn't just about how they drive the bottom line.

"All you really need is world class treatment," said Barry Karlin, former chairman and CEO of CRC Health Group, speaking at the recent Treatment Center Investment and Valuation Retreat in Scottsdale, Ariz. "If you do that, the payers figure it out. You get more patients, you get more revenue, and if you get more revenue, you can do more things."

3. Compliance with multiple regulations

As state and federal leaders grapple with the opioid crisis, many are beginning to open their eyes to the regulatory environment surrounding addiction treatment. Patient brokering, black-hat marketing and profiteering will be subjected to increased attention. In fact, a group of bipartisan House leaders has been actively investigating patient brokering for the last several months, gathering information about state regulations and hosting committee hearings on the matter.

But there's opportunity for the industry to self-police in a meaningful way before new regulations emerge. Key members of the National Association of Addiction Treatment Providers (NAATP) are working to clearly spell out expected ethical practices for members. The association in time will refuse membership for organizations when there is evidence that they don't meet ethical

standards.

4. Marketing to millennials

Numbering more than 80 million, the millennial generation is larger than the baby boomer generation, and they comprise a larger pool of potential behavioral health patients. That's why it's important for treatment centers to shift marketing messages to appeal to this digitally connected population and meet them where they're at. It's doubly challenging because many are not engaged with the current health system, which they find overly complicated and too inconvenient for them.

For example, most residential addiction treatment centers confiscate mobile phones at intake—for good reason. However, a phone-free treatment experience might not resonate well with millennials. The challenge will be to appeal to their need for tech tools in a way that fits with efficacious treatment.

5. Competing as a low-cost provider

Healthcare costs in the United States are expected to rise 5.6% next year. In the meantime, care and coverage is becoming unaffordable for consumers, especially as their out-of-pocket costs rise. Being a low-cost provider could offer some organizations an advantage, especially in the absence of methods to validate high value.

Being low-cost doesn't mean cutting corners, but rather, it's about economies and efficiencies, such as smooth transitions between levels of care, a technology backbone and revenue cycle management. Consumers and payers will be looking for good deals.

6. In-network status

Having in-network status helps connect a behavioral health provider to the larger health system, which will be important in satisfying the ongoing need for integration and population health management. In addition, as the larger health system finds success in what are known as "narrow networks," payers will be looking to contract with a smaller group of high-quality providers.

"The counter-trend to the rapid expansion of substance use disorder treatment programs will be the decreasing opportunity for out-of-network reimbursement by commercial insurers," said Schramski via email.

Dexter Braff, president of the Braff Group, also says payers will be looking for the local stand-outs that can provide a community a full suite of comprehensive care under a capitated or bundled-pay agreement.

"Having a national brand might not be the right thing to do," Braff said at the recent Treatment Center Investment and Valuation Retreat in Scottsdale, Ariz.

7. Expectation of outcomes

Not only will payers of all types ask for outcomes data, consumers will be looking for ways to compare the "best" treatment centers.

Eight NAATP member programs are participating in a pilot study and are tracking measures that include sobriety, physical health, service delivery, continuing care and quality of life. The study aims to define measurements that can be used across the industry to help treatment centers validate their quality.

Outcomes data also can help payers rationalize the payment structure—something they're lacking currently—which can help reduce coverage denials and boost reimbursement.

8. IT will drive decisions

Health IT is more than just using an EHR to document care. Deep analytical dives can reveal clinical opportunities for quality improvement, and data will be integral to the seemingly inevitable shift toward value-based payment models and lower-cost outpatient care.

Other IT must-haves will include telehealth and digital platforms to expand the reach of clinical teams in shortage areas and to cater to consumers who are looking for convenience. Apps and online interfaces will serve to maintain engagement between outpatient visits while also serving as tools to track outcomes more regularly.

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