

What Is Driving Increased Spending on Mental Health Care Services?

The COVID-19 pandemic has exacerbated mental health issues nationally and in the workplace. The rate of Americans experiencing mental illness has been rising, and over 20 million Americans report a substance use disorder. With increases in both the number of individuals diagnosed with mental health disorders and use of health care services, higher spending is of great concern to plan sponsors of health benefit programs. [Recent research from the Employee Benefit Research Institute \(EBRI\)](#) examined spending on health care services among people with mental health disorders.

Key Findings From the Study:

- Overall spending on mental health care services as a percentage of total spending increased from 6.8 percent in 2013 to 8.2 percent in 2020. As expected, among diagnosed enrollees, spending on mental health care services as a percentage of total spending was higher — roughly 20 percent between 2013 and 2020. Enrollees with a mental health disorder also tend to have higher overall health care spending.
- Among enrollees with a mental health diagnosis, average annual spending on mental health care services increased from \$1,987 to \$2,380 between 2013 and 2020. It increased 20 percent, or an average of 3 percent per year.
- Examining overall trends buries some important findings. Spending on outpatient mental health services increased 37 percent, while spending on prescription drugs for mental health disorders fell 15 percent. Had spending on prescription drugs not fallen, overall spending on mental health care services would have been significantly higher.
- Outpatient mental health care services accounted for two-thirds of total spending in 2020, up from just over one-half in 2013. The share taken by outpatient spending increased in part because spending on prescription drugs fell and because the dollar amount of outpatient spending increased. The decline in the share taken by spending on prescription drugs, from 34 percent to 23 percent of total spending between 2013 and 2020, was due to lower average prices for drugs, which may be due to some medications becoming available in generic form.

Total Annual Spending on Mental Health Disorders per Diagnosed Enrollee, 2013–2020



Source: Employee Benefit Research Institute estimates based on administrative enrollment and claims data.

Not surprisingly, statistics like these have caused employers to have a heightened awareness of — and response to — employees’ mental health disorders. Policymakers have also been addressing the issue of access to mental health services through various forms of mental health parity legislation. At the same time, with increases in both the number of individuals diagnosed with mental health disorders and use of health care services, higher spending will continue to be of great concern to plan sponsors. A healthier and more productive work force should be considered as employers seek to manage the cost of treating mental health disorders.

Data and Study Sample

Our main data source for the study was the MarketScan® Commercial Claims and Encounters Database (CCAE). Enrollee health insurance eligibility information, as well as medical (inpatient and outpatient) and pharmacy claims, comprise the CCAE. The CCAE contains more than 20 million covered lives with private health insurance. For each of the years spanning 2013 through 2020, we included all full-time active employees and their dependents. We required that enrollees were continuously enrolled for an entire calendar year in a non-capitated health plan. We excluded enrollees whose carve-out claims for mental health (MH) and substance abuse (SA) treatment were not included in the dataset. The resulting analytical sample was made up of 10 to 14.5 million individuals depending on the year.

About EBRI: The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public, private, for-profit and

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