

# The Impact of Psychiatric Conditions on Underwriting and Claims

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# Presentation Overview

- Incidence
- Costs
- Underwriting Concerns
- Underwriting Challenges
- Underwriting Solutions



# Presentation Overview

- Claims Concerns
- Claims Challenges
- Claims Solutions
- Case Study
- Questions



# Incidence

- 22% of Americans 18 and older have a diagnosable mental disorder each year
- Over 44 million people have at least one diagnosable event in any given year
- 1 in 5 adults are diagnosed with a mental disorder each year



# Incidence

Four (4) of the top Ten (10) leading causes of disability are mental disorders. They include:

- Major Depression
- Bipolar Disorder
- Schizophrenia
- Obsessive-Compulsive Disorder



# Incidence

## Depressive Disorders

- **Major Depressive Disorder** - Effects 9.9 million Americans or 5% of the US population
- **Dysthymic Disorder** - Effects 10.9 million Americans or 5.4% of the US population
- **Bipolar Disorder** - Effects 2.3 million Americans or 1.2% of the US population



# Incidence

## Anxiety Disorders

- **Panic Disorder** - Effects 2.4 million Americans or 1.7% of the US population
- **Obsessive-Compulsive Disorder** - Effects 3.3 million Americans or 2.3% of the US population
- **Post Traumatic-Stress Disorder** - Effects 5.2 million Americans or 3.6% of the US population

# Costs

## ■ Ambulatory Care Visits 2001

- \* 44.8 million to physician's offices
- \* 2.2 million to emergency rooms

## ■ Nursing Home Care 1999

- \* 238,800 residents with a mental health primary diagnosis
- \* 445,800 residents with a mental health primary diagnosis including Alzheimer's



# Underwriting Concerns

- No specific objective tests to diagnose disorders
- No laboratory tests to diagnose or monitor disorders
- Diagnosis based on presence or absence of subjective symptoms
- Severity of condition often determined subjectively with subjective data



# Underwriting Concerns

- Nearly 74% of American's with symptoms of depression seek diagnosis and treatment from their Primary Care Physician
- The diagnosis is either missed or wrong 50% of the time in the primary care setting
- Diagnosis and treatment frequently not reported

# Underwriting Concerns

## **Depression is the Universal Co Morbid**

### ■ Depression Occurs:

- \* 40 to 65% of the time post MI
- \* 18 to 20% of the time with coronary heart disease
- \* 10 to 27% of the time post CVA
- \* 25% of the time with cancer
- \* 9 to 25% of the time with diabetes



# Underwriting Concerns

## Depression with Diabetes

- Multiple studies have demonstrated:
  - \* Poorer glycemic control
  - \* Increased risk of complications
  - \* Increased healthcare utilization and costs
  - \* Increased odds of functional disabilities
  - \* Increase in lost productive work time



# Underwriting Challenges

- Absence of objective test results
- Difficulty obtaining psychiatric medical records
- Minimization of the condition
  - “ Every one in California takes Paxil”
- Inhibitions for disclosure on application



# Underwriting Solutions

- Development of a new assessment tool
- Very specific guidelines for each diagnosis
- Team review of all difficult and interesting applications including all levels of underwriters

# Underwriting Solutions

## Assessment Tool

- Axis 1 through 5 Diagnosis
  - \* I Acute Diagnosis
  - \* II Personality Disorder
  - \* III Medical Diagnosis
  - \* IV Stressors in the patient's life
  - \* V Level of Functioning (at initial and most recent assessment date)

# Underwriting Solutions

## Assessment Tool (continued)

### ■ Global Assessment of Functioning Scale (GAF)

- \* **91 - 100** – Asymptomatic, superior functioning in most activities
- \* **81 - 90** – Minimal symptoms, mild situational anxiety, good functioning
- \* **71 - 80** – Transient symptoms, expectable reactions to stressors, slight delay in social or work functioning
- \* **61 - 70** – Mild symptoms, depressed mood, and insomnia, some difficulty in social or work functioning but generally functions pretty well
- \* **51 - 60** – Flat affect, occasional panic attacks, moderate difficulty in social or work functioning
- \* **41 - 50** – Serious symptoms, Suicide Ideation, unable to keep job
- \* **31 - 40** – Impaired reality/communication, illogical/obscure speech, avoids/neglects family and friends
- \* **21 - 30** – Delusions/Hallucinations/Impaired judgment/communication, stays in bed
- \* **11 - 20** – Some danger to self/others, suicide attempts, violent, manic, incoherent, poor personal hygiene
- \* **1 - 10** – Serious danger of violence to self/others, suicidal, unable to maintain hygiene



# Underwriting Solutions

## **Assessment Tool (continued)**

- Symptomology for prior 12 months
- Treatment modality and effectiveness
- Prognosis

# Claim Concerns

- Estimated 26.2 percent of Americans ages 18 and older — about one in four adults — suffer from a diagnosable mental disorder
- About half of all Americans will have a mental illness during their lifetime
- “Invisible” illness with subjective symptom complaints
- Typically treatable conditions if compliant and using a combination of:
  - \* **Medication**
  - \* **Cognitive-Behavioral Psychotherapy**
  - \* **Family and Community Support**



# Claim Challenges

- Misrepresentation of past mental health care services received and current care level needs
- Deciphering Diagnosis
- Co Morbid Chaos
- State and policy variations regarding exclusions
  - if any



# Claim Solutions

- Obtain all pertinent Medical, Psychiatric and Neurologic records including inpatient stay information especially if still in contestability period
- Onsite Assessments to determine actual functional capacity and cognitive ability
- Medical Director reviews any questionable claim information
- Independent Medical Reviews if necessary



# Case Studies

# Case Studies - #1 - Underwriting

- Application: 66yrs old - Denied all medical information questions including medications and hospitalizations
- Denied history of psychological, mental, or anxiety dx's
- Paramed reports Lipitor for "HTN" and Aciphex for "reflux"
- Paramed reports - applicant had 2 day hospital stay 4 months prior for reflux – "everything is fine" reported....???

# Case Studies - #1 - Claim Time

- 72yr old male admitted to structured living setting due to documented flight risk
- Primary Dx: Alcohol Dependency and Alcohol Induced Persistent Amnesiac Disorder
- Documented having drunk 3 – ½ gallon bottles of whiskey/week for approx 5yrs
- Independent with ADLs; unable to maintain sobriety
- Possible Alternate Dx on application?  
Esophageal Varices vs. Reflux

# Case Studies - #2 - Underwriting

- Application: 65yrs old – Hx of thyroid disease and depression
- Medications listed: Lipitor and Synthroid
- MD records ordered – reported Hx of Alcoholism treatment program within previous 3yrs
- Dx'd with Endogenous Depression - treated with Trazodone
- Reported feelings of inadequacy, depression, difficulty sleeping, sadness, and anxiety in MD records

# Case Studies - #2 - Claim Time

- 71yr old female admitted to Assisted Living following psychiatric inpatient stay
- Primary Dx: Major Depressive Disorder/Bipolar Disorder with Suicide Ideation – recently separated from spouse
- Independent with all ADLs and most IADLs – A&Ox3, good STM/LTM
- “Requires” structured living to administer medications for safety (SI) and transportation to outpatient treatments including ECT weekly

# Case Studies - #3 - Underwriting

- Application: 70 yrs old – Bipolar Disease 8 years
- Medications listed: Depakote 500 mgm daily,  
Risperdal 1 mgm daily

MD records ordered – sees psychiatrist 2 X a year  
Stable GAF Score 70 – 80

Reports feeling well, socializing out side of the home frequently, good relationships in the neighborhood, no difficulty with sleep or appetite. Needs encouragement to remain medication compliant supported by husband. Last office visit husband on Aricept



# Case Studies - #3 - Claim Time

- 72yr old female admitted to Assisted Living along with spouse who was diagnosed with dementia
- Primary Dx: Bipolar Disorder with panic attacks
- Needs hands on assistance with bathing and dressing, cueing with all other ADLs and most IADLs – A&Ox3
- “Requires” structured living to administer medications for compliance and maintain safety

# Case Studies - #4 - Underwriting

- Application: 62 yrs old – No Medical issues
- Medications listed: None
- MD records ordered – Age Required

Reports of feeling job related stress. High pressured salesman frequently wins high sales awards

PCP recommends ativan 2 mgm prn

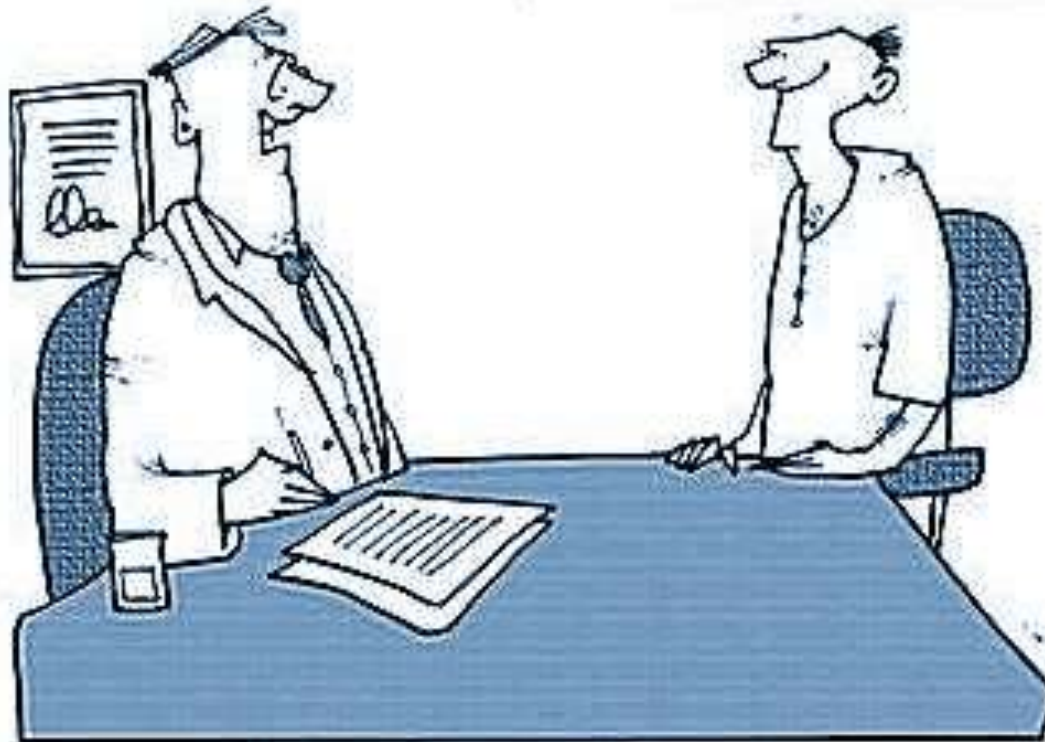
One month later returns to PCP to review lab tests all WNL and tells MD took 1 ativan and did not like feeling will exercise stress away

PCP makes no psychiatric diagnosis



# Case Studies - #4 - Claim Time

- 62yr old male
- Primary Dx: Acute Anxiety Disorder with Panic Attacks
- Needs hands on assistance with 2 ADLs and cueing in most IADLs – A&O X 3
- Requires frequent supervision and reassurance to maintain safety



***I thought we'd look at reducing your medication and replacing it with 8 hugs per day before and after meals***



# Questions