

Medicaid Patients Using Telepsychiatry Associated With Reduced Hospital Admissions

Montana Study Identifies 38% Lower Hospitalization Rates and Similar Total Healthcare Costs Among Remote Care Recipients

BILLINGS, MT, UNITED STATES, May 5, 2025 /EINPresswire.com/ -- Medicaid patients with psychiatric disorders who received care through an outpatient telepsychiatry clinic showed 38% lower rates of hospitalization compared to similar patients who did not use these services, according to a new study published today in JAMA Network Open.

The research, which found no significant difference in overall costs, suggests that expanded access to remote psychiatric care may be associated with improved outcomes for patients enrolled in Medicaid.

Expert Commentary

"It's often said that the costs of mental illness are not from treatment but from lack of treatment. This study shows that providing telepsychiatry support to Medicaid patients reduces hospitalization, one of the largest cost drivers in health care," said Dr. Thomas Insel, the former Director of the National Institute of Mental Health and author of "Healing: Our Path from Mental Illness to Mental Health."

"While there was no overall reduction in the total cost of care, the substantially reduced rate of hospitalization demonstrates the value of outpatient telepsychiatry for Medicaid beneficiaries," added Dr. Insel.

Addressing Rural Healthcare Gaps

The observed difference in hospitalization rates highlights the potential value of telepsychiatry in addressing persistent gaps in mental health care delivery. For Medicaid populations in rural areas like Montana, geographical distance and provider shortages have historically limited access to psychiatric specialists.

Mental health hospitalizations often represent a point of crisis after symptoms have significantly deteriorated. The study's finding that telepsychiatry patients had 17.9% fewer admissions from emergency departments suggests a possible connection between regular outpatient care and

reduced crisis interventions.

Study Methods

The cross-sectional study analyzed 5,372 Montana Medicaid patients, comparing 2,686 patients who received services from [Frontier Psychiatry](#), a telepsychiatry clinic based in Billings, Montana, with an equal number of propensity-matched controls who did not use this clinic's services during 2022.

Key Findings

1. Patients using telepsychiatry services had a 38.0% lower annualized hospitalization rate compared to controls (274.3 vs. 442.6 hospitalizations per 1,000 patients)
2. Telepsychiatry patients had 17.9% lower rate of admissions from emergency departments (47.7% vs. 58.1% of hospitalizations)
3. Overall monthly costs to Medicaid were statistically similar between the groups (\$685.50 for Frontier patients vs. \$734.00 for non-Frontier patients per member per month) across all cost categories analyzed
4. While professional service costs were higher for telepsychiatry patients, inpatient hospitalization costs were significantly lower

Implications for Healthcare Access

"Much health care spending is wasted on consequences of forgoing upstream treatment," said Dr. John Havlik, lead author and psychiatry resident at Stanford University School of Medicine.

"This is particularly true in psychiatry, where access to timely outpatient psychiatric care remains limited, especially for those on Medicaid, as the majority of psychiatrists do not accept this insurance."

Policy Considerations

For health policy considerations, the study's observation that overall costs remained statistically similar between the groups is noteworthy. This indicates that while professional service costs were higher for telepsychiatry patients, these expenses were offset by lower inpatient hospitalization costs, providing important data for discussions about resource allocation in mental health care systems serving vulnerable populations.

Stakeholder Reactions

"These results are so encouraging. Montana has continued to invest further upstream in the continuum of mental health care," said Matt Kuntz, Executive Director of NAMI Montana. "We're thrilled to see proof that these investments are improving patient outcomes and yielding a

demonstrable ROI.”

Eric Arzubi, MD, the CEO of Frontier Psychiatry, agreed. "These findings suggest that outpatient telepsychiatry care could play an important role in reducing hospital admissions among patients enrolled in Medicaid," he said. "Montana has really made boosting access to mental health care a priority."

Research Partnership

The research was conducted in partnership with [Humbi](#) AI by Innovacer, leveraging its national Medicaid analytics platform.

"This research demonstrates the power of actuarially sound data analysis in uncovering opportunities to simultaneously improve patient outcomes and optimize healthcare spending," said Puneet Budhiraja, Managing Director at Humbi AI by Innovacer.

"By providing concrete evidence of telepsychiatry's value, we're helping healthcare stakeholders make informed decisions about resource allocation that benefit both patients and the healthcare system as a whole. This is precisely the kind of actionable intelligence that allows providers to thrive in value-based environments."

The study was authored by John L. Havlik, MD, MBA, Psychiatry Resident at Stanford University; Reza H. Ghomi, MD, MSE, Chief of Innovation at Frontier Psychiatry; Na An, MA, Actuary at Humbi AI; Puneet Budhiraja, MS, Managing Director of Humbi AI; and Eric R. Arzubi, MD, CEO of Frontier Psychiatry.

Study Limitations

The researchers acknowledge several limitations of their work. The study's one-year timeframe provides only a snapshot of care patterns, and the research design was unable to control for disease course and symptom severity. Importantly, the researchers emphasize that their cross-sectional design cannot determine causality between telepsychiatry services and patient outcomes, highlighting the need for longitudinal studies to better understand these relationships over time.

Broader Significance

This research provides timely evidence as healthcare systems and policymakers seek cost-effective approaches to address mental health needs, particularly for vulnerable populations in rural areas where access to psychiatric care has traditionally been limited.

The full study, "Medicaid Costs and Outcomes for Patients Treated in an Outpatient Telepsychiatry Clinic," is available online on May 5, 2025 in JAMA Network Open.

About Frontier Psychiatry

Frontier Psychiatry is a mission-driven, all-telehealth psychiatric practice dedicated to increasing access to high-quality mental health and addiction care across rural and underserved communities. Based in Montana, our team of board-certified psychiatrists and advanced practice clinicians aims to serve patients across the Intermountain West and Alaska. Trusted by state agencies and health systems, we deliver culturally informed care, innovative clinical solutions, and measurable outcomes that reduce hospitalizations and improve lives. Frontier Psychiatry is leading the way toward a more equitable, connected, and patient-centered future in behavioral health.

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