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# Vanguard, Magellan team on Arizona mental health contract

**Premium content from Phoenix Business Journal by Angela Gonzales, Senior Reporter**

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Vanguard Health Systems Inc. and Magellan Health Services of Arizona have formed a company to integrate behavioral and physical health care for the Valley's seriously mentally ill population.

Magellan Complete Care of Arizona will create as many as 100 jobs — including doctors, administrators, nurses and nurse practitioners — to serve those suffering from major depression, schizophrenia, and bipolar, obsessive compulsive, panic, post-traumatic stress and borderline personality disorders.

The joint project comes as the Arizona Department of Health Services prepares to issue a request for proposals next month to provide integrated physical and mental health care services for the Valley's SMI population of 14,000 enrolled in Medicare or Medicaid.

Several other companies have expressed an interest in serving the seriously mentally ill population, including Banner Health and [UnitedHealthcare](#) of Arizona Inc., although it is unclear whether any of them will respond to the state's RFP.

The integrated model was designed to save the lives of SMI patients in Maricopa County and to save money in the long run. This population has

such severe medical problems that they end up costing the state more money when they finally do receive health services, said Will Humble, executive director of ADHS.

He said it might cost a little more to integrate these health services because most people with serious mental illness currently do not receive services that address their physical health needs.

"The idea of this integrated plan, at least initially, is to be getting more acute care services," he said. "But on the back side, you would save money because you would be addressing their primary health care needs like hypertension, diabetes and cardiovascular issues."

They don't die from psychiatric issues, he said, but from physical issues.

Richard Clark, CEO of Magellan Health Services of Arizona, said Arizonans with serious mental illness die more than 30 years earlier than those without.

That's far higher than the national average of 25 years.

More than half of all schizophrenia patients are overweight and 15 percent have diabetes, according to ADHS.

Magellan's ADHS contract is set to expire, making it a good time to write a new RFP to integrate mental and physical health for the SMI population, Humble said.

The integrated health care model addresses only the seriously mentally ill population, not the general mental health and substance abuse patients who receive services under the Regional Behavioral Health Authority, which Magellan oversees, Humble said.

The seriously mentally ill population qualifies for enhanced federal matching funds as part of the Affordable Care Act, he said. The health care reform effort created a provision for health homes for patients with chronic medical conditions. The state received a \$500,000 planning grant from the Centers for Medicare and Medicaid to build a health home for the seriously mentally ill population.

Jon Bartlett, president of Abrazo Health Care, which is operated by Vanguard, said providing an integrated care model will be a change for physicians. Many of them have avoided taking seriously mentally ill patients because they don't want them in their waiting rooms, making their regular patients feel uncomfortable.

Because behavioral and physical doctors will work together as a team and share electronic medical records, physicians may feel more at ease, he said.

The seriously mentally ill population is just as afraid of physicians, Clark said. Their health problems stem from avoiding doctors' offices until their health problems become so severe that they end up in the hospital, which is more expensive.

Plans call for incorporating all 17 of Abrazo's medical group clinics into this integrated network, he said.

Of the 21,000 seriously mentally ill patients in the Valley, 14,000 are on either Medicaid or Medicare. The RFP will focus on those 14,000, but Magellan Complete Care will provide care for all 21,000 seriously mentally ill patients in the Valley.

Banner Health responded to a request for information ADHS issued last year because the health system has expertise in building provider networks that could be applied to this specific population, said Banner spokesman [Bill Byron](#).

"We are currently and carefully evaluating this opportunity in advance of the RFP issuance in July," he said.

UnitedHealthcare has not yet determined its response to the RFP, said [Will Shanley](#), spokesman for UnitedHealthcare, which serves about 1.3 million Arizonans.

"We are also having discussions with health care providers and other stakeholders to understand their view on the current system," he said.

The RFP will be issued in July and will be due in October for an effective contract date of Oct. 1, 2013.

Angela Gonzales covers health, biotech and education.

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