

Meadows Mental Health Policy Institute

Opportunities for Investors and Innovators in the Texas Child and Youth Behavioral Health Landscape: A Brief Summary^A

Overview of the Problem

Children and youth are facing a growing behavioral health crisis with profound human, societal, and economic tolls. One in six children and youth in the United States ages 6–17 experience a mental health condition each year, and there is an average delay of 11 years before an individual begins treatment after the onset of behavioral health symptoms.¹ Within Texas, more than 500,000 children were diagnosed with anxiety or depression in 2020, an increase of 23% since 2016.^{2,3}

Critical Problems in the Child and Youth Behavioral Health System

- **Problem 1:** Challenges with access to effective care and workforce limitations.
- **Problem 2:** Fragmentation and lack of measurement-based care.
- **Problem 3:** Delays in illness detection and a reactive treatment approach.

Opportunities in Texas

Texas is poised to become a global leader in child and youth behavioral health. The state itself is already investing in initiatives such as The Texas Child Mental Health Care Consortium (TCMHCC) to address urgent mental health challenges and improve the mental health care system for children and adolescents with an anticipated budget of \$337.1 million for fiscal years 2024–2025. Further, one of the TCMHCC programs, Texas Child Health Access Through Telemedicine (TCHAT), has an anticipated \$172.7 million commitment for fiscal years 2024–2025. Additionally, the state of Texas has the right business and investment environment to foster rapid innovation, an ideal incubator for mental health technology companies to develop and scale new products and services, including gaining reimbursement and policy support for these efforts.

With the groundwork laid by state investment and a burgeoning innovation ecosystem, investors are now willing to lean into frontier areas such as child and youth behavioral health innovation in Texas. The child and youth behavioral health space has received growing interest by technology investors as technology provides a large opportunity to increase access and quality of care. Every \$1 of investment in prevention and early intervention for behavioral health yields \$2 to \$10 of savings in health costs, criminal and juvenile justice costs, and low productivity costs.⁴ Behavioral health tech investment opportunities will increase to \$132.4

^A See also the full report: Meadows Mental Health Policy Institute. (2023, April). Child and Youth behavioral health landscape in the State of Texas: Opportunities for investors and innovators.

billion by 2027, with child and youth behavioral health representing a \$26 billion opportunity by 2027.^{5,6} We have identified the following three key opportunities.

- **Opportunity 1:** Expand behavioral health integrated care models for children and youth that enable early detection and collaborative, measurement-based, culturally competent care as well as optimize the existing workforce.
- **Opportunity 2:** Build upon Texas' existing telemedicine infrastructure and strengths, such as the TCHAT program, to expand access to mental health access services for children and youth.
- **Opportunity 3:** Deploy digital health solutions to bolster existing workforce gaps in the state, provide a scalable approach to address fragmentation of care, and meet children and youth where they are with effective, evidence-based behavioral health care.

Looking Forward: Two Ways to Invest in Texas Behavioral Health Innovations

1. Invest in solutions for implementation by the State of Texas.

Investing in child and youth behavioral health solutions that are evidence-based and implementable across the state provides an opportunity to build significant and sustainable business models and develop and scale technology-based solutions for impact. Examples include addressing workforce gaps through child and youth behavioral health integrated care models and digital health solutions, such as TCHAT, which provides a near-term multi-million dollar partnering opportunity for well-positioned technology partners.

2. Partner and invest in outcomes-driven organizations.

Through outcomes-driven organizations that understand the state policy and systems marketplace, technology-based solutions can be developed and scaled, such as by leveraging the Meadows Mental Health Policy Institute's policy and systems marketplace expertise and GreyMatter's understanding of technology-based solutions with significant and sustainable business models.

About Meadows Mental Health Policy Institute

The mission of the Meadows Mental Health Policy Institute is to provide independent, nonpartisan, data-driven, and trusted policy and program guidance that creates equitable systemic changes so all Texans can obtain effective, efficient behavioral health care when and where they need it. Since our founding in 2014, we have demonstrated leadership and expertise in research and data analysis, policy development, and legislative advocacy for improved mental health care in communities across Texas and the nation. Our team of over 135 individuals is composed of a diverse group of mental health and policy experts with decades of experience in working to improve mental health services and resources. As a “think and do” tank, we have a strong track record of translating policy into practice, working with local, state, and national partners across systems—including health, education, and justice systems, to implement best practices, take advantage of new state and federal programs, and develop sustainable financing models. The Meadows Institute’s annual budget is \$34 million, and the current market value of our endowment is just over \$16 million. We are overseen by a 25-person Board of Directors that comprises transformational leaders in business, health care, and academia; the Institute’s current top donors include Lyda Hill Philanthropies (\$10 million pledge over five years), The Meadows Foundation (\$10 million pledge over five years), Pew Charitable Trusts, the Robert Wood Johnson Foundation, and Paso del Norte Community Foundation.

About GreyMatter

GreyMatter is a venture capital firm created to support bold founders building the future of mental health and emotional wellness. We believe innovative approaches to mental wellbeing have the power to not only reshape health care, but to touch every part of our lives, improving the way we live, work, learn, relate to one another. Our team has decades of experience investing in, building, and advising companies at the intersection of mental health and technology. We have built a network of advisors which includes many of the most successful behavioral health company founders alongside world-class clinicians, researchers, technologists, policy advocates, and healthcare executives: this includes the former head of the National Institute of Mental Health, the former CEO of Optum Behavioral Health, and the congressman who co-authored the Mental Health Parity Act. Through our community of luminary advisors, existing mental health founders, and scientific experts, we help founders identify the most promising areas of research and technological opportunity, provide access to playbooks and data to shape their strategy, support with critical hires, help close deals with customers, and provide specialized guidance and capital along the way. Our platform serves all stakeholders in the innovation space including builders, payors, and funders.

References

- 1 National Alliance on Mental Illness. (2022). Mental health by the numbers. Retrieved April 3, 2023, from <https://www.nami.org/mhstats>
- 2 Zuvanich A. (2022, August 9). Mental health issues among Texas children exacerbated by pandemic. Houston Public Media. <https://www.houstonpublicmedia.org/articles/news/health-science/2022/08/09/430233/growing-mental-health-issues-among-kids-exacerbated-by-pandemic/>
- 3 The Annie E. Casey Foundation. (2022, August 8). 2022 Kids count data book. <https://www.aecf.org/resources/2022-kids-count-data-book>
- 4 Steinberg Institute. (n.d.). Fact sheet: The cost benefits of early intervention in mental illness. <https://steinberginstitute.org/fact-sheet-cost-benefits-early-intervention-mental-illness/>
- 5 Precedence Research. (2021, October). U.S. behavioral health market (By service: Home-based treatment services, outpatient counseling, emergency mental health services, inpatient hospital treatment and intensive care management; By disorder: Bipolar disorder, anxiety & depression disorder, post-traumatic stress disorder, eating disorder, substance abuse disorder, others; By end user: Outpatient clinics, hospitals, rehabilitation centers, homecare setting) - Industry analysis, size, share, growth, trends, regional outlook, forecast 2021 to 2027. <https://www.precedenceresearch.com/us-behavioral-health-market>
- 6 Telosity. (2022). Youth wellness & mental health: A \$26 billion opportunity. https://global-uploads.webflow.com/6144bca9f45601473f0726c6/62d9c36b4b0cec3be97190a2_Executive%20Summary.pdf