Recent changes in health care financing and organization have added to the long-term trend away from psychiatric hospitalizations in freestanding public and private mental hospitals, so-called “deinstitutionalization”. Mechanic and colleagues analyzed data from the National Hospital Discharge Survey and the Inventory of Mental Health Organizations and General Hospital Mental Health Services for the period from 1988 to 1994. They report a decrease of 12.5 million inpatient days in mental hospitals and a 1.2 million increase in inpatient psychiatric days in general hospitals. In general hospitals, primary discharges with mental disorders increased from 1.4 million to 1.9 million, and the length of stay decreased during this time from 12.1 days to 9.6 days. This represents an increase of 7.7% in psychiatric inpatient days in general hospitals, but more striking changes have occurred. There was a 90% increase in the discharge rates of patients with severe mental illness in private non-profit general hospitals (131/100,000 in 1988; to 247/100,000 discharges.) The source of payment also shifted during this time period with an overall decrease in private funding and increased public funding for inpatient psychiatric care. In 1988, private funding accounted for 40% of the inpatient psychiatric days, and in 1994 it accounted for 25%. In 1994 Medicaid and Medicare were payors for 60% of the inpatient psychiatric days, compared to 45% in 1988.

These changes are significant for non-psychiatric physicians because patients with mental illness, in particular severe mental illness, are being shifted from inpatient public institutions to the community and general hospital settings. Managed care and reductions
in states’ support for mental hospitals have further shifted psychiatric patients out of hospitals. General hospitals and primary care physicians are finding themselves “de facto” confronted by more, and more seriously impaired, mentally ill patients. This study underlined the need for the primary care physicians to enhance their knowledge regarding diagnosis and treatment of serious mental illness, above and beyond the current demand to treat many patients with depression and anxiety disorders already in the primary care setting.