The Economic Impact of Community Behavioral Health:

Philadelphia's Medicaid Behavioral Health Managed Care Organization

Community Behavioral Health (CBH) is a nonprofit Medicaid Behavioral Health Managed Care Organization (BH-MCO) established by the City of Philadelphia to ensure access to behavioral health services for hundreds of thousands of Medicaid-eligible Philadelphians. CBH partnered with Econsult Solutions Inc. (ESI) to produce an economic impact study that underscores CBH's broad impact to the city and state and assesses the impact of federal Medicaid policy changes. The report illustrates the significant role that CBH plays in fueling the health care ecosystem.

Please Note: *All figures are rounded and reflect CY2024.*

Community Behavioral Health

788,800 Eligible Members

99,800 Utilizing Services

600 Employees

$1.3 BILLION Operating Expenditure

- $985M Medical Expenses
- $199M MCO Assessment
- $117M Other Admin. Expenses

260 In-Network Providers

- 187 Adult Services
- 137 Child Services
- 241 Mental Health Services
- 51 SUD Services

870 Care Sites

CBH Powers Philly and PA

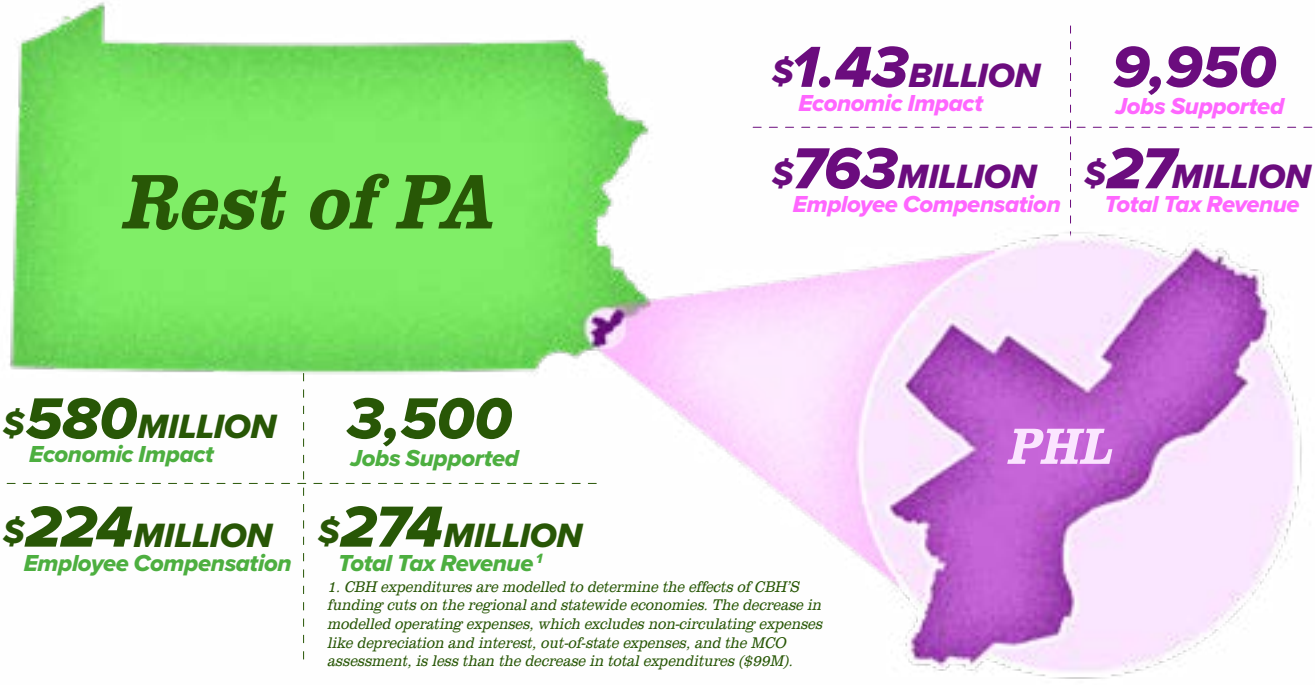
$2.01 BILLION Total Economic Impact

- $1.09B Direct Impact
- $923M Indirect + Induced Impact

$986 MILLION Employee Compensation

13,450 Jobs Supported

2024 Economic Impact in Philadelphia vs. the Rest of PA



Rest of PA

- $580 MILLION Economic Impact
- 3,500 Jobs Supported
- $224 MILLION Employee Compensation
- $274 MILLION Total Tax Revenue[1]

PHL

- $1.43 BILLION Economic Impact
- 9,950 Jobs Supported
- $763 MILLION Employee Compensation
- $27 MILLION Total Tax Revenue

1. CBH expenditures are modelled to determine the effects of CBH'S funding cuts on the regional and statewide economies. The decrease in modelled operating expenses, which excludes non-circulating expenses like depreciation and interest, out-of-state expenses, and the MCO assessment, is less than the decrease in total expenditures ($99M).

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Estimated Impact of Medicaid Policy Changes on CBH

Changes to Medicaid eligibility and funding levels under the *One Big Beautiful Bill Act* (OBBBA) of July 2025 will undermine CBH's ability to ensure access to behavioral health services for Philadelphia residents. OBBBA policy changes will reduce Medicaid eligibility for an estimated 67,200 Philadelphia residents[2], which will impact the city and state economies as well as individual and community well-being.

Please Note: *All figures are rounded and reflect CY2024.*

2. Based on analysis by the Pennsylvania Department of Health Services (DHS) and Congressional Budget Office (CBO)

CBH Spending Loss from Medicaid Policy Change[3]

-$111 MILLION
Total CBH Expense Loss

-$84M Medical Expenses

-$27M Administrative Expenses *(including MCO)*

3. Estimated losses listed here only capture projected losses resulting from CBH's decreased medical spending under OBBBA as a single BH-MCO in Philadelphia, and do not represent the overall economic losses associated with other Medicaid MCOs in Philadelphia, the Commonwealth of PA, or overall under the HealthChoices program.

	PHL	All of PA[4]
Lost Economic Output	-$122M	-$171M
Lost Jobs	-810	-1,110
Lost Employee Compensation	-$65M	-$84M
Lost Tax Revenue	-$2M	-$23M

4. "All of PA" includes Philadelphia.

The Social Impact of Medicaid Policy Changes

Behavioral health services have important social impacts. OBBBA Medicaid policy changes will lead to degraded health outcomes, increased health care needs, rising costs, and downstream implications included below:

INCREASE	DECREASE
Uncompensated Care Costs for Providers	Supply of Mental Health Services
Use of Emergency Departments	Use of Preventative Health Services
Hospitalization	Housing Stability
Risk of Recidivism for Justice-Impacted Members	Workforce Productivity