House Legislative Analysis Section

Washington Square Building, Suite 1025
Lansing, Michigan 48909
Phone: 517/373-6466

ADOLESCENT SUBSTANCE ABUSE CARE

Senate Bill 309 (Substitute H-5)
First Analysis (9-21-88)

Sponsor: Sen. William Sederburg
Senate Committee: Health Policy
House Committee: Insurance

THE APPARENT PROBLEM:

Families seeking help for children with serious substance abuse problems have tried to place them in treatment facilities especially designed for adolescents, and have relied on health insurance to help pay the expenses. Many employers and labor organizations have made substance abuse treatment an integral part of their employee benefit programs. Nevertheless, some subscribers to Blue Cross-Blue Shield of Michigan complain that they are not provided with reasonable access to adolescent substance abuse programs in or near their communities, or even in the state, because the corporation refuses to cover many treatment programs in Michigan. Consequently, Michigan families have had to travel out of state (to Minnesota and southern Ohio, for example) to find adolescent treatment centers Blue Cross-Blue Shield will cover. Some people advocate the adoption of legislation to ensure subscribers access to adolescent drug treatment programs in Michigan at a reasonable cost.

THE CONTENT OF THE BILL:

The bill would amend the Nonprofit Health Care Corporation Reform Act, which regulates Blue Cross and Blue Shield of Michigan, to require the corporation to enter into and maintain five-year contracts with at least five providers of inpatient, intermediate, and outpatient care to adolescent substance abuse patients on a demonstration project basis. (The term "adolescent" would refer to a person between 11 and 18.) Blue Cross-Blue Shield reimbursement rates for the projects would have to be commensurate with its reimbursement rates for similar providers of such care. The projects would be evaluated by a newly created seven-member Substance Abuse Advisory Committee, which would report at the conclusion of each project to the relevant House and Senate committees. By December 31, 1994, a final report would be due to include evaluations of and recommendations concerning the cost effectiveness of adolescent substance abuse treatment and the cost and effectiveness of the different levels of treatment, including inpatient, intermediate, and outpatient care and aftercare programs. (The bill says that beginning December 31, 1994, the corporation must continue to enter into and maintain contracts with at least five providers and could enter into additional contracts.) The bill would take effect October 1, 1988.

A provider of adolescent substance abuse treatment who enters into the demonstration project contracts with Blue Cross-Blue Shield would have to agree to supply all data required to fulfill the objectives of the demonstration project and agree to work with the Substance Abuse Advisory Committee and Blue Cross-Blue Shield in conducting the evaluation of the demonstration program. A provider would also have to be accredited by the Joint Commission on Accreditation of Hospitals, the Council on Accreditation for Families and Children, the Commission on Accreditation of Rehabilitation Facilities, or the American Osteopathic Association, and licensed by the Office of Substance Abuse Services and the Department of Social Services (as a child caring institution). A provider must also have obtained, where applicable, a certificate of need from the Department of Public Health and must agree to follow generally accepted accounting principles and practices.

The advisory committee would be established, with the cooperation of the Office of Substance Abuse Services (OSAS), under the direction of the Office of Health and Medical Affairs (OHMA). It would consist of: the director of OHMA or a designee; the administrator of OSAS or a designee; a representative from the Department of Public Health; two designees of the chief executive officer of Blue Cross-Blue Shield; a member of the family of an adolescent substance abuser appointed by OHMA; and a provider of adolescent substance abuse treatment appointed by OHMA.

MCL 550.1414a

HOUSE COMMITTEE ACTION:

As passed by the Senate, the bill would have required Blue Cross and Blue Shield to enter into contracts with adolescent substance abuse treatment providers that met certain criteria (basically similar to the criteria for demonstration project providers in the House substitute). As reported by the House Insurance Committee, the bill instead requires the Blues to participate in demonstration projects with at least five such providers.

FISCAL IMPLICATIONS:

There is no information at present.

ARGUMENTS:

For:

The bill is a compromise between the interested parties that would establish a pilot program in which Blue Cross and Blue Shield would enter into contracts for five years with at least five adolescent substance abuse treatment programs in Michigan in order to assess the cost-effectiveness of various approaches to treatment. The bill would allow for comparisons between day treatment and residential treatment, and between adolescent-only programs and adult programs, and would allow for an evaluation of a separate reimbursement methodology for treatment of adolescents. In the meantime, Michigan families would have programs close to home in which their children could be treated for substance abuse.

People complain that they now must sometimes go out of the state to find treatment that will be covered by Blue Cross-Blue Shield (including to Toledo, Minneapolis-St. Paul, Cleveland, and Cincinnati). Family involvement is acknowledged to be an integral component of an adolescent substance abuse treatment regimen. Parents

OVER

and siblings are encouraged to participate in the treatment program from referral to intervention through treatment and aftercare. Thus, family members need to be offered opportunities for counseling, workshops, and lectures, and access to a support network that would continue after treatment of the adolescent is completed. Michigan families who are forced to seek treatment in other states if they want reimbursement from Blue Cross-Blue Shield spend thousands of dollars for travel, lodging, meals, and lost work time. Since these expenses are not covered by health insurance, families cannot always afford to provide their children access to quality programs, and those that can suffer great disruptions in their lives, disruptions that would be unnecessary if more in-state programs had contracts with Blue Cross-Blue Shield.

On the other hand, the corporation has concerns about the efficacy of adolescent substance abuse programs. While many parents seeking help for a drug-dependent child believe that around-the-clock inpatient care is better than outpatient treatment, there is insufficient evidence to support this. Further, there is not enough information on rates of recividism. Without more information on the appropriateness and effectiveness of various kinds of adolescent substance abuse treatment, it makes little sense to promote the development of more centers or make Blue Cross-Blue Shield cover their services. To require the corporation to cover all treatment programs would open the floodgate, particularly since many hospitals have excess bed capacity and are looking for ways, such as the establishment of substance abuse treatment programs, to fill those beds profitably. The bill in its current form will provide more treatment centers in Michigan but only as part of a controlled demonstration project. The results of the project will determine future policy.

POSITIONS:

The Office of Health and Medical Affairs (OHMA) supports the bill. (9-20-88)

Blue Cross and Blue Shield of Michigan does not oppose the bill in its current form. (9-21-88)