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Senate Bill 309 (as reported with amendments)

Sponsor: Senator William Sederburg

Committee: Health Policy

Date Completed: 10-13-87

RATIONALE

In an effort to seek help for their children who are experiencing substance abuse, many families have tried to admit their addicted children to treatment facilities especially designed for adolescents, and have relied on their medical 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 and Blue Shield of Michigan contend that they are not provided with reasonable access and insurance coverage for adolescent substance abuse programs in or near their communities, or in their own State, because Blue Cross and Blue Shield has denied reimbursement for these programs. Consequently, many Michigan families have had to travel out of State to adolescent treatment centers since these are the only programs that Blue Cross and Blue Shield will reimburse for expenses. Some people believe that legislation is needed to ensure that Blue Cross and Blue Shield subscribers have guaranteed access to adolescent drug treatment programs in Michigan at a reasonable cost.

CONTENT

The bill would amend the Nonprofit Health Care Corporation Reform Act to provide that a health care corporation (Blue Cross and Blue Shield of Michigan) could not refuse to enter into contracts with providers for the rendering of inpatient treatment or intermediate care to adolescent substance abuse patients if the provider met all of the following requirements:

- Was accredited by the Joint Commission on Accreditation of Hospitals or the Council on Accreditation for Families and Children.
- Had obtained a certificate of need under the Public Health Code.
- Was licensed by the Office of Substance Abuse Services, under the Public Health Code.
- Was licensed by the Department of Social Services as a child caring institution under Public Act 116 of 1973. (The Act provides for the protection of children through the licensing and regulation of child care organizations.)
- Agreed to follow generally accepted accounting principles and practices.

"Adolescent" would mean an individual who was less than 18 years of age, but more than 11 years of age.

In addition, the current Act includes a requirement that a contracting provider be a licensed hospital or a substance abuse service program licensed under the Public Health

Code. Under the bill, this requirement would apply only for patients other than adolescent patients.

MCL 550.1414a

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

ARGUMENTS**Supporting Argument**

Teenage runaways, kids convicted of shoplifting, family finances wiped out, and families in crisis—these are some of the effects of adolescent substance abuse. Alcohol and drug abuse is taking its toll on Michigan families. Adolescents are being denied access, however, to fully licensed and accredited programs in Michigan because Blue Cross and Blue Shield of Michigan refuses to grant provider status to such facilities in the State. Consequently, Michigan youths with need of substance abuse programs must travel to facilities in Minneapolis-St. Paul, Cleveland, Toledo, and Cincinnati, where programs are offered that will be covered by Blue Cross and Blue Shield. More adolescent treatment facilities and services, for which Blue Cross and Blue Shield will reimburse, are needed in the State.

Supporting Argument

Family involvement is acknowledged to be an integral component of an adolescent substance abuse treatment process. Parents and siblings are encouraged to participate in the treatment program from referral to intervention through treatment and aftercare. Thus, parents and siblings 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. Yet, Michigan families who must seek treatment out of State, since those are the only programs covered by Blue Cross and Blue Shield of Michigan, spend thousands of dollars for travel, lodging, meals, and lost work time. Since these expenses are not covered by health insurance, many families cannot afford to provide their children access to quality programs. Even families that can afford out-of-State services suffer great disruptions in their lives, which would be unnecessary if Blue Cross and Blue Shield recognized substance abuse programs that are available locally. Furthermore, the length of travel to out-of-State programs diminishes the effectiveness of rehabilitation and aftercare for the adolescent who is separated by distance from support groups formed during the treatment process.

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Supporting Argument

The bill would not change the requirements that must be satisfied by Michigan facilities caring for minors. Under the bill, a facility would have to obtain a Certificate of Need (CON) from the Department of Public Health, licenses from the Office of Substance Abuse Services and the Department of Social Services, and accreditation by the Joint Commission on Accreditation of Hospitals or the Council on Accreditation for Families and Children. It would be more appropriate for the Department of Public Health to analyze the need for the facility during the CON evaluation. Currently, Blue Cross and Blue Shield, under the law, can effectively terminate an adolescent treatment facility as an approved provider following six months of operation during which time the facility could have been filled to capacity, had success with its patients, and met licensing and accreditation requirements, including those of Blue Cross and Blue Shield. The bill would put the decision-making where it belongs. Following licensure and accreditation by various administrative and regulatory units, the Department of Public Health would rule on the need for the facility in accordance with the CON process. This system would be more equitable and accurate, and would be more likely to provide facilities in Michigan for Michigan youths.

Opposing Argument

Many hospitals have excess bed capacity and are looking for profitable ways to fill those beds. Adolescent substance abuse treatment centers are one way of doing that. The bill is too broad in scope and would open a floodgate for these types of centers to develop, for which Blue Cross and Blue Shield would have to give provider status. The Department of Public Health acknowledges that CON requirements have not acted as a major barrier to health facilities that want to convert beds from medical-surgical services to substance abuse services. Blue Cross and Blue Shield should be able to select among the treatment programs that it will cover in order to provide the best programs for its subscribers and to control the cost of medical care.

Opposing Argument

Statistical data indicate that adolescent drug abuse is a growing problem. Yet, researchers have difficulty in measuring adolescent substance abuse because of denial by adolescents who fear legal, social, and family reprisals. As difficult as it is to measure the problem, it is as difficult, if not more so, to gauge the success of various adolescent substance abuse treatment programs. While many parents seeking help for a drug dependent child feel that acute care—removing the child from the current situation and placing him or her in a round-the-clock treatment program—may be the best method of treatment, as opposed to out-patient care, there is no evidence to support that. Furthermore, there are no data on the rate of recidivism for these kinds of programs. Without conclusive data as to the appropriateness and success of various treatment programs for adolescent substance abusers, it makes no sense to promote the establishment of adolescent treatment centers.

Opposing Argument

Some holders of Blue Cross and Blue Shield cards believe that they should be able to use this insurance anywhere in the State for any medical need. While this may be true with coverage of professional health care services, this is not the case with coverage for medical procedures, such as acupuncture, denturists setting up practices in shopping malls, or procedures to cure baldness. Blue Cross and Blue

Shield should have the ability to select proven modes of treatment in order to ensure quality of care.

Opposing Argument

Michigan families who are insured with Blue Cross and Blue Shield are not being left out in the cold when it comes to treatment for adolescent substance abusers. Blue Cross and Blue Shield does reimburse in-patient adolescent substance abuse treatment centers located in the State, as well as adult treatment centers that treat adolescents. Even in those programs, adolescents are not housed with adults and treatment is based on the substances abuser's age.

Response: Many Michigan statutes provide a clear distinction between adolescent and adult rehabilitation services and mandate legal and regulatory restrictions. Thus, by separating children and adults, Michigan provides safeguards for the social, religious, educational, and recreational development of adolescents in treatment facilities. These legal distinctions are necessary to protect children when they are separated from their families in medical treatment programs. The special developmental needs of adolescents warrant the extra measure of protection which is built into the Michigan regulatory guidelines for child caring institutions. Blue Cross and Blue Shield refutes the need for adolescent facilities in Michigan on the basis of a statistical analysis that makes no distinction between adolescent facilities and those serving adults. The treatment needs of adolescent abusers are urgent.

Opposing Argument

Rather than using a broad approach as Senate Bill 309 would do, the bill should be amended to reflect a pilot program being proposed by Blue Cross and Blue Shield. Under the program, Blue Cross would participate for three years with selected eligible adolescent treatment centers. The program would assess the efficiency and cost-effectiveness of day treatment as an alternative to residential treatment, examine the need for adolescent programs versus adult programs, and assess the effectiveness of a separate reimbursement methodology for treatment of adolescent substance abuse. The analysis resulting from the programs would include comparisons of residential and out-patient utilization, cost, and success rates. This is a more reasoned approach than that proposed by Senate Bill 309, which would grant Blue Cross provider status to any treatment programs that could easily meet the bill's requirements, regardless of the effectiveness of the program.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.