SFA BILL ANALYSIS

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Senate Bill 309 (as enrolled) PUBLIC ACT 345 of 1988
Sponsor: Senator William Sederburg
Senate Committee: Health Policy
House Committee: Insurance

Date Completed: 1-30-89

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 (BCBSM) 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 BCBSM 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 BCBSM 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 require that a nonprofit health care corporation (Blue Cross and Blue Shield of Michigan) enter into and maintain five-year contracts with at least five providers in the State as demonstration projects for the rendering of inpatient, intermediate, and outpatient care to adolescent substance abuse patients; establish requirements that providers would have to meet; provide for the establishment of a Substance Abuse Advisory Committee to evaluate each demonstration project; require BCBSM by December 31, 1994, to contract with at least five providers for the rendering of care for adolescent substance abuse patients; and, require that reimbursement rates be commensurate with those rates for other providers giving similar care to adolescent substance abuse patients. The bill would take effect October 1, 1988.

Provider Requirements

A provider who contracted with BCBSM for the rendering of inpatient,

intermediate, and outpatient care to adolescent substance abuse patients would have to meet all of the following requirements:

-- 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.
-- Have obtained a certificate of need under the Public Health Code, if applicable.
-- Be licensed by the Office of Substance Abuse Services, under the Public Health Code.
-- Be 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.)
-- Agree to follow generally accepted accounting principles and practices.
-- Agree to supply all data required to fulfill the objectives of the demonstration program.
-- Agree to work with the Substance Abuse Advisory Committee and BCBSM in conducting the evaluation of the demonstration program.

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

Substance Abuse Advisory Committee

The committee would be established, with the cooperation of the Office of Substance Abuse Services, under the direction of the Office of Health and Medical Affairs. The committee would be required to evaluate each demonstration project and report at the conclusion of each project to the Senate and House standing committees responsible for public health issues. A final report, which would have to be issued no later than December 31, 1994, would have to include evaluations of and recommendations concerning both of the following:

-- The cost of specialized adolescent substance abuse treatment compared with the effectiveness of adolescent substance abuse treatment.
-- The cost and effectiveness of the different levels of adolescent substance abuse treatment, including inpatient, intermediate, and outpatient care and aftercare programs.

The committee would consist of seven members, including the director of the Office of Health and Medical Affairs or a designee, the administrator of the Office of Substance Abuse Services or a designee, a representative of the Department of Public Health, two designees of the chief executive officer of BCBSM, a member of the family of an adolescent substance abuser to be appointed by the Office of Health and Medical Affairs, and a service provider of an adolescent substance abuse treatment program to be appointed by the Office of Health and Medical Affairs.

Continuing Contracts

Based on the final report, beginning December 31, 1994, BCBSM would have to continue to enter into and maintain contracts with at least five providers in the State, and could enter into additional contracts for the rendering of care to adolescent substance abuse patients if the provider met the bill's requirements. Contracts would have to be based on recommendations of the final report.

Reimbursements

BCBSM would be required to reimburse providers for the rendering of inpatient, intermediate, and outpatient care to adolescent substance abuse patients at a rate that would have to be commensurate with reimbursement rates for other similar providers rendering inpatient, intermediate, and outpatient care to adolescent substance abuse patients.

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 to a contracting provider rendering substance abuse treatment 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 in need of substance abuse programs must travel to facilities in Minneapolis-St. Paul, Cleveland, Toledo, and Cincinnati, where providers offer programs 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 will 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 BCBSM, 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.

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, the Council on Accreditation for Families and Children, the Commission Accreditation of Rehabilitation Facilities, or the American Osteopathic Association. It would be 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 the facility could have been filled to capacity, had success with its patients, and met licensing and accreditation requirements, including those of BCBSM. 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.

Supporting 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 equally 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 an around-the-clock treatment program--may be the best method of treatment, as opposed to out-patient care, there is no evidence to support that notion. Furthermore, there are no statistics 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 unlimited adolescent treatment centers. Requiring that all treatment programs be covered, as previously had been proposed, would have opened the floodgate for many

hospitals that have excess bed capacity and are looking for profitable ways to fill those beds, such as through the establishment of substance abuse treatment programs. The bill would provide for more treatment centers in Michigan, but only as part of a controlled demonstration project--whose results would be used to determine future policy.

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