



**ADDRESSING COLORADO'S SUBSTANCE USE DISORDER
MEDICAID BENEFIT**

Recommendations for a Community-Based Approach

PRESENTED TO:

Colorado Department of Health Care Policy and Financing

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EXECUTIVE SUMMARY

The Colorado Behavioral Healthcare Council (CBHC) has developed the following paper to support the Department of Health Care Policy and Financing (HCPF) in evaluating the possibility of expanding Colorado’s Medicaid Substance Use Disorder (SUD) benefit.

The purpose of this report is to offer evidence-based recommendations to advance the state Medicaid SUD benefit with the perspective of Colorado’s community providers and state-contracted behavioral health managed care organizations. It will serve to highlight the need for a more complete benefit, propose a community-based approach to managing such a benefit, and illustrate the potential benefits and cost-savings that are likely to occur with a more comprehensive approach to preventing and treating substance abuse and dependence in Colorado.

CBHC is a non-profit 501 (c) 3 membership organization that represents Colorado’s statewide network of community behavioral healthcare providers inclusive of 17 community mental health centers (CMHCs), 2 specialty clinics, and 5 behavioral health organizations (BHOs). CBHC member organizations contract with the State of Colorado and work together to provide comprehensive behavioral and psychiatric services to defined geographic areas of the state.

This document is the result of a collaborative effort, with contributions and support from the following organizations:

Behavioral Health Organizations

Access Behavioral Care – Colorado Access Behavioral Healthcare, Inc.
Colorado Health Partnerships, LLC
Foothills Behavioral Health Partners, LLC
Northeast Behavioral Health Partnership

Managed Service Organizations

Signal Behavioral Health Network, Inc.
Boulder County Public Health
West Slope Casa, LLC
AspenPointe Health Network



BACKGROUND

Although first recognized as a disease in 1956 by the American Medical Association, until recently, little progress has been made in understanding and managing addiction as a chronic health condition. Addiction affects millions of individuals and families every year, yet it is often undiagnosed or ignored, resulting in incredible costs; the annual combined costs incurred by health care, lost productivity, and crime related to untreated addiction have been estimated at \$365 billion. In a recent survey, 63% of those polled said addiction had an impact on their lives, and for most the addiction was among a family member.^a Nationally, nearly 10 percent of Americans aged 12 or older abused illicit drugs and almost a quarter engaged in binge drinking during the previous month.¹

At the state level, Colorado annually ranks in the top fifth in drug and alcohol abuse and dependence, but low in accessing treatment.² In the 2007-2008 National Survey on Drug Use and Health (NSDUH) 11.72 percent of Coloradans reported illicit drug use in the past month versus a national average of 8 percent.³ Results from the 2005 NSDUH summary show Colorado at the top of the list when it came to illicit drug use other than marijuana among those age 12 and older.² Colorado's death rate due to drug use outpaces the national rate (15.4 vs. 12.7 per 100,000) and deaths attributed to drug overdose in the state numbered 747 in 2007, compared to deaths from motor vehicle accidents (593) and firearms (505) the same year.³

In regard to accessing treatment, again according to the 2005 NSDUH report, "only Colorado and the District of Columbia were ranked in the highest quintile for both needing but not receiving treatment for an alcohol problem and needing but not receiving treatment for an illicit drug problem among persons aged 12 or older."²

These figures translate to heavy burdens on our state and local systems, including public sectors such as Justice, Health Care, Education, Child and Family Assistance, Public Safety, and Labor. One study, looking at the total cost of substance abuse to local and state budgets, estimated the burden of drug and alcohol consequences accounted for nearly 15.1 percent of Colorado's state budget versus spending on prevention, treatment, and research which accounts for just 0.5 percent of the budget.⁴

States can take steps to mitigate the burden that alcohol and drug related costs have on our state and local budgets. One study suggests that for every public dollar spent on prevention and treatment 7 dollars are saved.¹⁴ Numerous studies have shown

^a Adapted from the National Council for Community Behavioral Healthcare
http://www.thenationalcouncil.org/cs/substance_use_disorders



substance abuse treatment to offer good outcomes and to be cost effective.^{13,14,15,16} An excellent source on cost savings is an article published by The Lewin Group entitled “Medicaid Managed Care Cost Savings – A Synthesis of 24 Studies” that was published in 2004 and updated in 2009.¹⁶

Studies suggest that among the Medicaid population, prevalence rates for both mental disorders and SUDs may be higher than other populations. Results from one study indicate 14 percent of the Medicaid patients sampled had at least one SUD versus a national prevalence rate of 11 percent.⁵ **(For additional information on prevalence rates specific to Colorado, please refer to Attachment A.)**

If accurate, higher prevalence rates of mental disorders and SUDs among the Medicaid population have particular importance to Medicaid administrators and state policy makers, especially as states evaluate the budget considerations of expanding Medicaid as encouraged by the Affordable Care Act (ACA). A particularly useful article written by Jeffrey A. Buck, a senior advisor for behavioral health at the Centers for Medicare and Medicaid Services, entitled “The Looming Expansion and Transformation of Public Substance Abuse Treatment under the Affordable Care Act” details many of the significant implications for stakeholders in the SUD field.⁶

All these issues taken together—the benefits of SUD treatment, the consequences of undertreated and untreated substance abuse and dependence, the expansion of Medicaid, and the treatment needs of the Medicaid population—strongly suggest the time has come for an expanded, managed, and integrated Colorado Medicaid SUD benefit.

RECOMMENDATIONS

Recognizing the need for an expanded Medicaid SUD benefit, CBHC and its members support the recommendations issued by Signal Behavioral Health Network in their report submitted to HCPF in February, 2011, regarding the Adults without Dependent Children (AwDC) benefit. Their report, which is a collaborative effort of many of Colorado’s mental health and substance use providers, details the current Medicaid benefit, offers practical additions and edits, and suggests recommendations to expand the current benefit to provide a more complete array of treatment services.⁷ The recommendations in the report represent a step in the right direction and, if incorporated, would create an SUD benefit for Colorado that more closely resembles a continuum of service provision that is promoted by many national organizations

dedicated to advancing substance abuse treatment. In addition, expanding the current benefit would better position Colorado to fully integrate substance abuse services and mental health services; an issue that many respondents of HCPF's report on House Bill 11-1242 suggested was even further behind than the effort to integrate physical and behavioral health services.⁸

What does the complete continuum of care look like? In 2011, The Coalition for Whole Health, a coalition of national organizations advocating for improved coverage for and access to mental health and substance use disorder prevention, treatment, rehabilitation, and recovery services, described in a report a comprehensive list of recommendations that is well worth referencing.⁹ These recommendations include services covering the following categories or stages of the treatment continuum:

- Preventive Wellness Services and Chronic Disease Management
- Screening and Assessment
- Evidenced-based Patient Placement Criteria
- Outpatient Treatment
- Intensive Outpatient Services
- Residential Services
- Laboratory Services
- Emergency Services, Including Detoxification
- Prescription Drugs (Medication-Assisted Treatment)
- Rehabilitative and Habilitative Services and Devices
- Recovery Support Services

An expanded Medicaid SUD benefit will not comprehensively cover all issues related to substance abuse and dependence needs for all individuals. However, a more comprehensive benefit will supplement a state plan that addresses the complete continuum with collaboration between other public systems and community-based resources. The attached grid may be a useful tool to develop a comprehensive approach to preventing, treating, and supporting recovery from substance abuse and dependence in Colorado. **(Please refer to Attachment B: Recommendations for Colorado's Medicaid SUD Benefit.)**

COST AND BENEFITS

Pricing and funding an expanded benefit are, of course, key concerns to state policy makers and budget forecasters. Studies show that concerns about initial utilization rates for this population are valid; nevertheless research indicates that with treatment and continued coverage medical cost and utilization trend downward.¹⁰ In fact, a study highlighted in a Robert Wood Johnson Foundation briefing, found that patient's medical costs decreased by an average of 30 percent between the year prior to intake and three years, post-intake. This decrease in cost was the consequence of declines in days hospitalized, emergency department visits, and outpatient visits.¹¹ In addition, two points from a 2009 report by Washington State, required by legislation after expanding their SUD benefit, are worth highlighting here:

- **Cost offsets per patient have turned out to be substantially greater than anticipated.** Savings for adult Medicaid patients receiving chemical dependency treatment are now estimated at \$321 per patient per month, some 60 percent higher than the \$200 assumed in the original appropriation. Medical savings for GA-U patients are estimated at \$162 per patient per month, 36 percent greater than the \$119 assumed in the original appropriation.
- **Significant medical cost savings have been realized.** Estimated total medical cost savings in FY 2008 were \$16.8 million, including \$14.5 million for Medicaid Disabled Adult patients, and \$2.3 million for GA-U patients. These estimates include the ongoing impact of increases in substance abuse treatment penetration that began in FY 2005.

(For additional information on cost-offset figures, please refer to Attachment C.)

In addition to medical cost-savings, research findings suggest a managed approach to an SUD benefit can have a net administrative advantage for states as such contract relationships may improve budgetary predictability.¹²

To aid the Department in determining SUD benefit pricing, cost estimates for four states have been provided to assist state policy makers in planning to expand the Medicaid SUD benefit and are provided as an attachment. With additional time, a comparative analysis may offer more insight into pricing a benefit for the State of Colorado. **(Cost estimates for four states are made available in Attachment D.)**



CONCLUSION

CBHC and its members recognize that Colorado's budget constraints and the current economic and political environment make the realization of a fully expanded SUD benefit a challenge. The bottom line, however, is that any analysis of the cost of expanding the benefit should include estimates of medical cost-offset and reduced financial burdens to other public and private sectors. CBHC is committed to partnering with state officials and other community providers in presenting this case to government budget officials and to state legislators.

Healthcare reform and the recent Supreme Court ruling are also major considerations as Colorado and its community partners evaluate the expansion of a Medicaid SUD benefit. Taking the recommended proactive steps included in this report and in Signal's report will position Colorado to prepare for federal parity requirements and essential health benefit design. Taking these steps will keep Colorado on a path toward reforming our healthcare system—a journey that began well before the passage of the ACA.

CBHC believes that a full substance abuse benefit for Medicaid is essential to the integration of behavioral health and physical care and that this service should not be a fee-for-service benefit, but should be managed by the BHOs in collaboration with the Colorado Managed Service Organizations (MSOs). This expansion of BHO responsibilities to manage a substance abuse benefit is currently an option in their contracts and they are ready to work with HCPF to move forward.

We look forward to working with the Department to develop and implement this much needed expansion and are available to answer any questions about the information presented in this report.

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LIST OF ATTACHMENTS

ATTACHMENT A: Recommendations for Colorado's Medicaid SUD Benefit

ATTACHMENT B: Medicaid Managed Care Cost Estimates from Four States

ATTACHMENT C: SAMHSA Cost Offset for Substance Abuse Tx

ATTACHMENT D: Colorado NSDUH Prevalence Rates Slides