Financing of Substance Abuse Treatment for Children and Adolescents

Committee on Child Health Financing and Committee on Substance Abuse

The American Academy of Pediatrics (AAP) recognizes the impact of substance abuse on society and particularly on infants, children, and adolescents. Policy statements and a manual published by the AAP have recently discussed the role of the pediatrician in the management of substance abuse,[1,2] the identification and treatment of drug-exposed infants,[3] and generic guidelines for the selection of substance abuse treatment facilities.[4] Inadequate financing, however, remains a very significant impediment to the implementation of AAP policy and often has grave implications for families and children.

PROBLEMS IN FINANCING SERVICES FOR SUBSTANCE ABUSE

Private and public financing of chronic disease services, including those involved with substance abuse services are conflicting, confusing, and inadequate for children and adolescents. The following four main problems occur: 1) many children and adolescents, even if they are well-insured for other medical services, lack coverage for substance abuse services; 2) even when substance abuse coverage exists, copayments and deductibles make access difficult; 3) reimbursement often partially covers treatment but not prevention; and 4) services are not continuous or coordinated because of financing difficulties.

Patients are often treated for substance abuse in inpatient settings unnecessarily because of the limitations of financial coverage for outpatient substance abuse services.[5] These limitations increase patient reliance on public financing. The provision of comprehensive services, including anticipatory guidance and prevention, risk assessment, early diagnostic evaluation, treatment, and follow-up care, is seldom consistent or continuous. As a result, health care providers are frequently pressured into recommending inappropriate levels of care based on third-party payer reimbursement considerations rather than on medical and psychosocial assessment and needs. The negative consequences of these decisions are obvious for the patient and family. Moreover, the reliability of outcome data based on these sometimes inappropriate treatment decisions is questionable and thus contributes to inadequate documentation of the costs and effectiveness of different therapies.

Substance abuse is best described as a continuum with potential users at one extreme and chemical dependence at the other. For the majority of youths, substance abuse does not result in chemical dependence, but it does have an impact of varying degrees on their physical and psychosocial development. Health problems associated with drug use may be a manifestation of, an effect of, a coexistent factor of, or unrelated to the drug use.[6] Appropriate timely diagnosis and comprehensive treatment of substance abuse, particularly in children and adolescents who have no prior record of drug or alcohol abuse, require time, interest, awareness, specific knowledge and skills. The child or adolescent should be seen as frequently as necessary or at least yearly.

The Institute of Medicine highlighted the importance of early identification of substance abuse, coordination of care, utilization of case management, and, when appropriate, the use of less costly providers to reduce the severity and chronicity of substance abuse and its associated problems.[7] To ensure that pediatricians are actively engaged in the prevention and treatment of substance abuse, the AAP believes that major changes will be required in health care reimbursement.

FINANCIAL ACCESS BARRIERS

Public and private substance abuse services are organized and financed differently. The private tier is composed of persons who are privately insured and those with enough personal resources to pay for care. The public tier includes persons who are uninsured, have exceeded their private health insurance benefits, or are covered by Medicaid. Some families use a mix of private and public services. As a result of these financing arrangements, private and public substance abuse services have historically served different clients, offered different treatment modalities, and maintained different service and administrative capacities.[8]

For those with private insurance, substance abuse coverage is available but is often restrictive, with limited outpatient visits for mental health counseling, limitations on allowable days and dollar amounts for inpatient hospital care, and higher copayments for these benefits.[8]

Insurers have modified their benefits to allow for greater use of specialty-provider networks, case management, and outpatient care. However, they still retain extremely restrictive catastrophic caps on annual and lifetime benefits, which eventually

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The recommendations in this statement do not indicate an exclusive course of treatment or procedure to be followed. Variations, taking into account individual circumstances, may be appropriate.

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exclude most privately insured youths with chronic, relapsing problems from receiving continued treatment.[5,8] For these children and adolescents, an inefficient and frequently ineffective transition from private health insurance to public programs often occurs, with fragmentation, discontinuation, or unavailability of care.

For youths insured by Medicaid, many states do not cover case management, day treatment, inpatient residential care, clinical social work services, school clinics, and rehabilitative services.[8] Although all state Medicaid programs cover physician services, more than half of the states allow only a psychiatrist to bill for the evaluation and management of behavioral problems.[8] In addition, low reimbursement rates[9] represent another significant barrier to primary health care physicians attempting to identify and care for youths covered by Medicaid.

State alcohol and drug abuse programs also are responsible for organizing and funding a variety of services for uninsured and underinsured individuals. These services typically include outpatient clinics, residential facilities, methadone maintenance programs, some government hospitals, and correctional programs.[8] These services, however, are generally restricted to low-income, severely ill individuals and are often inappropriate for children and adolescents. As a result, the availability of publicly funded services is often beyond the reach of most persons or too costly for those with no health insurance but who have incomes above the poverty level.

State agencies, the federal government, and private foundations are currently supporting research and demonstration programs testing various models of coordinated care for substance abuse. These models have been mainly restricted to certain areas of the country and to specific high-risk populations (eg, pregnant women and youth in correctional facilities), and, although many have been innovative, they have not been thoroughly evaluated or widely replicated. Therefore, neither private health insurance nor public financing systems assure adequate financing and delivery of comprehensive and coordinated substance abuse services for children and adolescents.

POLICY RECOMMENDATIONS

Universal Access

The AAP advocates universal access to health care for all children and pregnant women. The benefits package for a universal plan should cover comprehensive substance abuse prevention and treatment services, with copayments and deductibles set at a limit that does not discourage access to needed services.

The Academy recommends the following policy actions to improve health insurance and publicly funded substance abuse programs operated by federal and state governments:

1. Health insurance reforms must be complemented by public health system reforms developed at the federal, state, and local levels to maintain a strong role in needs assessment, prevention, provider service availability and coordination, quality assurance, health services research, and policy development.
2. Initiatives need to link private and public payment sources to provide a one-tier system of substance abuse services for children.
3. Legislative models such as the Individuals With Disabilities Education Act (IDEA), which mandates interagency coordination and full use of third-party payments, should be examined for their application to substance abuse services.[10–13] Another model designed for severely emotionally disturbed youths, the Child and Adolescent Service System Program (CASSP),[14] should also be evaluated for its potential to serve all children and adolescents at risk for substance abuse problems.
4. A coordinated national effort to develop practice guidelines for the treatment of substance abuse problems among children and adolescents is required.

Health Insurance Reforms

In order to improve health insurance coverage for substance abuse prevention and treatment for children, the AAP recommends the following:

1. Health insurance coverage for comprehensive outpatient and inpatient substance abuse and mental health services.
2. Restructure benefits to encourage anticipatory guidance, risk assessment, early diagnosis and intervention, relapse prevention, and continuing care management in outpatient settings.
3. Continuity and coordination of substance abuse services with comprehensive clinical preventive and primary medical care services.
4. Further development of managed care arrangements linking primary care, substance abuse, and mental health program providers.
5. Use of an individualized plan of care rather than arbitrary day and dollar limits to manage the use of extended substance abuse benefits.
6. Use of case management techniques.[15]
7. Development of utilization management programs that recognize the complex nature of substance abuse problems.
8. Reimbursement for longer term residential treatment when indicated.
9. Improvements in quality assurance using the expertise of pediatricians and other specialists in substance abuse management who treat children and adolescents.
10. Removal of reimbursement restrictions in order to allow all physicians to bill for specific mental health visits to promote early identification of substance abuse and referral for appropriate treatment.
11. Eligibility for substance abuse benefits to be extended to children with suspected as well as confirmed mental health or substance abuse problems.

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12. Adoption of cost-sharing requirements for substance abuse services that are similar to the financing of other chronic medical problems.
13. Greater catastrophic protections.
14. Immediate removal of preexisting condition exclusions and waiting periods.

Public Health Initiatives

State alcohol and drug abuse block grant programs have historically played a major role in planning, delivering, and funding substance abuse services. The AAP recommends the integration of public and private programs to develop a coordinated substance abuse infrastructure for children and adolescents so that access to a full continuum of substance abuse services is available and affordable. The AAP recommends the following:

1. Ongoing consistent monitoring of substance abuse risk factors, service needs and use, and consumer satisfaction with access to care and quality of care among children and their families throughout the United States.
2. Disease prevention and health promotion strategies in schools, communities, clinics, and at work.
3. Outreach services to identify, treat, and follow-up at-risk populations.
4. Guidelines to insure the adequate distribution and mix of those who provide substance abuse treatment.

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