Public Policy Statement on Eliminating Disparities in Medicare and Medicaid for Addiction Treatment

The American Society of Addiction Medicine, like other medical organizations such as the American Medical Association, has well-established policy affirming that alcohol and drug addictions are diseases; that patients in a variety of medical, surgical, and emergency room settings should be screened to provide early identification of cases of addiction to alcohol or other drugs; that treatment for alcohol and other drug dependence is effective and should include a continuum of services; and that when established utilization management criteria such as the ASAM Placement Criteria are used to determine the appropriateness of placement in a given level of addiction treatment, then insurance benefits should be applicable to any of those levels of care. ASAM policy also affirms that addiction treatment should be accessible to patients regardless of gender, age, or geographic locale, and that insurance benefits that cover addiction treatment should be at a par with insurance benefits for other health conditions.

However, in the early part of the 21st century, parity in health insurance benefits for addiction services is not the norm in either private sector or government-operated health insurance plans. Title XVIII (Medicare) and Title XIX (Medicaid) of the Social Security Act define 'substance abuse services' as covered services under these governmental health insurance plans, but coverage for 'substance abuse services' is not at a par with coverage for other medical/surgical services. The result is that patients with diseases affecting one region of their brain, e.g., Huntington's chorea, receive different coverage under Medicare and Medicaid for diagnostic and therapeutic health care services than patients with diseases affecting another region of their brain, e.g., cocaine dependence.

There are also specific provisions within the Social Security Act which result in discrimination against patients who need treatment services for alcohol or other drug dependencies. The Act specifies that 'Institutes for Mental Diseases' or 'IMDs', where a majority of patients in non-hospital residential setting have mental health or addiction conditions as their primary diagnoses, are ineligible to receive funding under Medicare or Medicaid. Thus, patients covered under those governmental health insurance plans are unable to obtain services in residential facilities established as addiction rehabilitation centers or addiction detoxification centers.

Also, patients receiving outpatient services for mental health or addiction conditions under Medicare, face different levels of co-pay than they do when their primary diagnosis is another medical/surgical condition: Medicare co-pays for outpatient mental health and addiction assessments and follow-up visits are set at 50% of charges, compared to co-pays for other
medical/surgical outpatient care, which are set at 20% of charges. Given the effectiveness of addiction treatment compared to treatment for other chronic medical conditions, there is no basis whatsoever that can justify such discriminatory differences in the financial liability patients with substance use disorders face when they seek outpatient treatment for their condition. One additional impact of this difference in co-pay levels is that when individuals attempt to purchase Medicare supplement or 'Medigap' insurance policies in the commercial insurance market to cover those services not covered by Medicare, for mental health and addiction care the premiums for the commercial policy must factor in a higher exposure to the insurer because there is a larger 'gap' experienced in Medicare claims payment for outpatient mental health and addiction services than is the case for other outpatient medical services.

RECOMMENDATIONS:

1. ASAM recommends that treatment services for management of alcohol or other drug withdrawal ('detoxification services') should be covered by all private and public sector insurance plans, including Medicare and Medicaid, at the same levels as apply to other inpatient and outpatient medical/surgical services.

2. ASAM recommends that all appropriate levels of addiction care, including inpatient, day treatment, residential treatment, and hospital inpatient treatment for alcohol and other drug dependencies, should be covered by all private and public sector insurance plans, including Medicare and Medicaid, and that the 'Institute for Mental Disease' or 'IMD' exclusions in the Social Security Act which preclude coverage for residential addiction treatment under Medicare and Medicaid, should be removed from the Act.

3. ASAM recommends that insurance benefit levels, co-pay levels, and levels of deductibles for inpatient and outpatient addiction care be at a par with benefit levels, co-pay levels, and levels of deductibles for other chronic illnesses, in both private and governmental insurance plans. But until full parity of benefits is attained through legislative mandate or evolution in the marketplace, ASAM recommends that the Medicare and Medicaid programs set the levels of co-pay and deductibles for outpatient behavioral health care, including addiction services, at the same 20% co-pay level as for other chronic illnesses, and not at the current 50% co-pay level, which discriminates, without justification, against persons with a diagnosis of alcohol or other drug addiction.

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