



Anne Arundel Medical Center

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To: Senate Finance Committee

From: Pathways, an affiliate of Anne Arundel Medical Center

Re: SB334 – Health Insurance – Coverage for Mental Health Benefits and Substance Use Disorder Benefits – Treatment Criteria

February 18, 2020

SUPPORT

Pathways, an affiliate of the Anne Arundel Medical Center that provides a range of treatment services for people with substance use disorders, supports SB 334, which would require private insurers to demonstrate compliance with the federal Mental Health Parity and Addiction Equity Act (Parity Act).

The Parity Act bars insurers from implementing plan standards, known as non-quantitative treatment limitations, more stringently for substance use disorder (SUD) and mental health (MH) benefits than for medical and surgical benefits. In our experience, some carriers do not comply with the Parity Act's non-discrimination standard when making medical necessity determinations for SUD treatment. In particular, most insurers usually refuse to authorize Residential Rehabilitation treatment for patients who have completed detoxification (ASAM Level 3.7-WM) and will instead authorize a lower level of care not medically appropriate for the patient's condition. This practice is inconsistent with the ASAM level of care standards which are the required medical necessity criteria for SUD treatment in Maryland. This more stringent application of medical necessity criteria, through its focus on acute signs of withdrawal, leaves gaps in the appropriateness and adequacy of care.

The 3.7 Residential Rehabilitation level of care is a critical step-down service in the continuum of care following treatment for acute withdrawal from substances, and provides a period of medical stabilization and adequate preparation to support discharge to a home environment. Transfers from Level 3.7-WM to Level 3.7 are often prescribed after the symptoms of withdrawal are addressed, as many patients continue to need monitoring for co-occurring mental health or other conditions that were masked by substance abuse and emerge following detoxification. Residential Rehabilitation services include physician monitoring, nursing care, and observation; additional specialty consultation, psychiatric services, laboratory and toxicology services are available on-site. These services are not provided or reimbursed on an outpatient level of care such as a Partial Hospitalization Program (PHP).

For some of our patients after initially completing detoxification treatment, their payors will only approve a PHP level of care, meaning fewer hours of care and limited medical monitoring. These payors refer patients to Pathways, because we embed this service level within our inpatient program to ensure adequate monitoring of the newly detoxified patient's condition. However, for the consumer, this means the payor—their insurance—only reimburses for some of the services they receive; and remaining costs shift to the individual. Pathways' other patients are also impacted; when patients



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cannot afford to pay the costs shifted by their insurer, the result is limited funds for Pathways to expand offerings, scope, and treatment.

Other payors deny Level 3.7 and authorize an even lower level of care following acute detoxification – an Intensive Outpatient Service (IOP) - rather than the prescribed Residential Rehabilitation. Transfer from 3.7-WM detoxification to the significantly less extensive outpatient IOP level of care, places our patients at serious risk of relapse as these insurers will not cover the appropriate step-down treatment. With improper treatment, complex medical and psychiatric needs following detoxification will not be addressed unless the patient seeks additional concurrent treatment from additional providers.

When insurers inappropriately implement medical necessity criteria for patients with substance use disorders, they violate the Parity Act. This proposed bill would ensure that payors report on the treatment limitations that they use and are held accountable if they apply those requirements more stringently to mental health and substance use disorder benefits.

Strong enforcement of the Parity Act is important for patients and programs, like Pathways, but it is also critical to the financial health of Maryland. There has been a marked decline in the number of patients with commercial coverage enrolling in our services. Anecdotally, we know that some families remove their young adult children from their private insurance plans in order to become eligible for Medicaid. In Maryland, Medicaid covers the full scope of SUD services and clinically appropriate lengths of stay necessary to improve patient health. If Maryland's commercial insurers are not doing the same, they are directly putting patients at risk, violating the Parity Act, and unnecessarily shifting costs to consumers, providers, and the state.

For these reasons, Pathways supports SB334 and encourages the committee to give a favorable report so that individuals can access the clinically appropriate services that are covered under their health plans and should be reimbursed by insurers.

Thank you for your consideration.

A handwritten signature in black ink that reads 'Dan Watkins MSN, RN'.

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