A statewide coalition of consumers, providers, educators, and advocates representing the voice for alcohol and drug abuse services

October 26, 2009

Kim Belshé, Secretary,
Health and Human Services Agency

David Maxwell Jolley, Director
Department of Health Care Services

RE: California Application: 1115 Waiver, MediCal Services

The Coalition of Alcohol and Drug Associations (CADA) recommends the integration of substance abuse treatment in the state's 1115 Waiver application and endorses the ***1115 Waiver Principles Concept*** paper prepared by the County Alcohol and Drug Program Administrators Association of California (CADPAAC)

The Concept paper offers principles for consideration in the formulation of the State of California's application for the renewal of the Medi-Cal Hospital Financing 1115 Waiver. Restructuring the financing and delivery models for substance abuse treatment for eligible individuals will not only improve health outcomes but will assist the state in controlling costs and facilitating the integration of behavioral health and primary health care.

CADA is a statewide coalition of twelve statewide organizations comprised of consumers, providers, educators and advocates who have come together to advance high quality alcohol and drug abuse services in our state. Collectively, CADA represents the voice of California's successful, innovative, and effective substance abuse services system. Member organizations constitute the infrastructure for the state's substance abuse delivery system which employs some 7,000 workers in California who provide high quality, low cost treatment to 250,000 individuals.

CADA looks forward to actively participating in the 1115 Waiver process.

Respectfully,

Albert M. Senella,
Convener

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CADPAAC 1115 Waiver Principles

Introduction

Untreated substance abuse is an acknowledged cost driver for health care related expenditures. Substance abuse and dependence is a chronic disease with a general population prevalence rate of 9.5%. In California, an estimated 3.6 million persons abuse or are dependent on alcohol or other drugs.

Of the $46.6 billion spent by the state of California on Medi-Cal financed health care, 26.1% or $12 billion is related to care for substance abuse related conditions. The SGF portion of this cost is $4.5 billion. Substance abuse treatment reduces expensive health care utilization and leads to better health care outcomes.

Yet, based on FY 06-07 data, only 5% of those who needed treatment received it. Over 40% of those who did try to get help were denied treatment due to cost or insurance barriers. In that year, over 50% of all persons admitted to substance abuse treatment were childless adults.

The County Alcohol and Drug Program Administrators Association of California (CADPAAC) offers the following principles for consideration in the formulation of the Department of Health Care Services' application for the renewal of the Medi-Cal Hospital Financing 1115 Waiver. CADPAAC asserts that restructuring the financing and delivery models for substance abuse treatment for eligible individuals will not only improve health outcomes but will assist the state in controlling costs and facilitating the integration of behavioral health and primary health care.

Principles for Integration of Substance Abuse Treatment in the 1115 Waiver Concept Paper

1) The expansion of coverage to currently ineligible populations will result in significant cost offsets to other health care services and promote leveraging of state and local dollars presently unmatched by FFP.
   a) The Frequent Users of Health Services Initiative found that 63% of frequent users were underinsured or uninsured and most experienced untreated chronic physical conditions, as well as substance abuse and mental illness.

b) In a 2000 Kaiser study, substance abuse treatment reduced inpatient health care costs by 35% and emergency room visits by 39%.
c) Expanding access to substance abuse treatment will pay for itself in savings realized from reduced hospital stays, emergency room visits, and primary care utilization.

2) The new 1115 demonstration waiver should build upon the substance abuse field's strengths in collaborative community-based service models, its emphasis on patient-directed recovery, and current advances in the monitoring and measurement of program performance and patient outcomes.
   a) County substance abuse systems of care can provide linkages to the broader health care system for improving access to specialty substance abuse treatment services, thus helping to improve outcomes for co-morbid health conditions.
   b) Substance abuse treatment programs serve populations that utilize health care in costly ways and should be considered as potential health care homes for their patients.

3) The waiver provides an opportunity to redesign the Drug Medi-Cal (DMC) benefit structure to align with the State Department of Alcohol and Drug Program's definition of substance abuse and dependence as a chronic, relapsing disease that requires long term management.
   a) Restructuring the DMC benefit will promote the incorporation of evidence-based practices leading to improved outcomes.
   b) Incorporate recommendations made by the Legislative Analyst's Office in its studies of the DMC benefit to increase access and coverage for children and women and to give counties more authority to manage the program.

4) Expanding covered specialty substance abuse treatment would strengthen efforts to achieve the goals of AB 6 as well as reinforcing other integration efforts with primary care including the Mental Health Parity and Addiction Equity Act of 2008, health care reform, and the potential JCAHO inclusion of substance abuse screening as an accreditation measure
   a) Disparities currently exist in health care access and outcomes due to lack of coverage and poor integration of substance abuse services with primary care.
   b) National discussions of parity and health care reform refer to treating the whole person. The documented cost offsets notwithstanding, including substance

c) As screening for substance abuse and dependence becomes common practice in the health care system, expansion of treatment resources becomes more important for the referral of patients with substance use disorders.

5) The new 1115 demonstration waiver should encourage innovative local and regional approaches for improving integration of primary care, mental health, and substance abuse treatment.
   a) The Four Quadrant Clinical Integration Model establishes a framework for innovative approaches to establishing health care homes. One such approach would be the use of substance abuse treatment settings as health care homes.
   b) Coverage Initiatives and, in smaller counties, the CMSP Behavioral Health Integration pilots can provide models for the development of integrated health care systems.