

Facility Benefit Inquiry: How to Tame the Rising Cost of Substance Use Disorders



The toll of substance use disorders is fast becoming a major concern for employers that offer health insurance to their employees and their families. The disorder encompasses abuse of alcohol and drugs, including the use of illegal substances such as heroin, as well as legal substances such as prescription medications in ways not prescribed or recommended.

Young adults, in particular, are susceptible to substance use disorders (SUDs). SUD rates among 18- to 25-year-olds far exceed those of older adults, and Optum® has seen a substantial spike in treatment costs among this age group.

A significant portion of these costs is attributable to members receiving medical care at out-of-network residential treatment centers in states far from their homes. Substandard quality at these facilities is another concern. In our experience, these members typically have higher relapse and readmission rates than members using in-network facilities closer to home.

Optum's Facility Benefit Inquiry program addresses this serious challenge. It has improved outcomes by guiding members to local, in-network residential treatment facilities and lower levels of care when clinically appropriate. By recommending these alternatives to out-of-network care, the program is projected to save up to approximately \$11,000 per episode of care per year.

Quality Care at Lower Cost

In 2005, Optum instituted its Facility Benefit Inquiry program to guide members with medical or behavioral conditions to Optum network facilities in an effort to improve quality and control costs.

Five years later, the Affordable Care Act (ACA) allowed 18- to 25-year olds to be eligible for coverage under their parents' employer-sponsored insurance plans. The impact was significant. More than 3 million 18- to 25-year-olds stayed on their parents' health plans between September 2010 and December 2011, according to the Department of Health and Human Services.¹

Following passage of the ACA, Optum noticed a substantial spike in claims related to SUDs, particularly among the 18- to 25-year-old age group. At the same time, Optum saw an uptick in member utilization of out-of-area, non-network facilities, particularly so-called "destination" SUD treatment centers in Florida, California and other states with favorable climates.

So, in the fall of 2014, Optum redesigned the program to focus primarily on early identification and outreach to members seeking SUD treatment at non-network and out-of-area facilities. The program is staffed by care advocates — independently licensed mental health clinicians — who are trained in addiction services and member outreach.

Care advocates place follow-up calls to members who have inquired about out-of-network SUD treatment benefits. The purpose of these calls is to:

- Offer assistance in finding in-network services in the member's home area
- Provide education about the SUD condition and treatment options
- Assist the member in accessing treatment services

Projected 30-Day Episode-of-Care* Savings with Network Providers²

Inpatient treatment
\$10,875 savings
 utilizing network facility

Non-inpatient treatment
\$11,543 savings
 utilizing network provider

* "Episode of Care" is defined as claims between 3 days prior to admission through 30 days after discharge

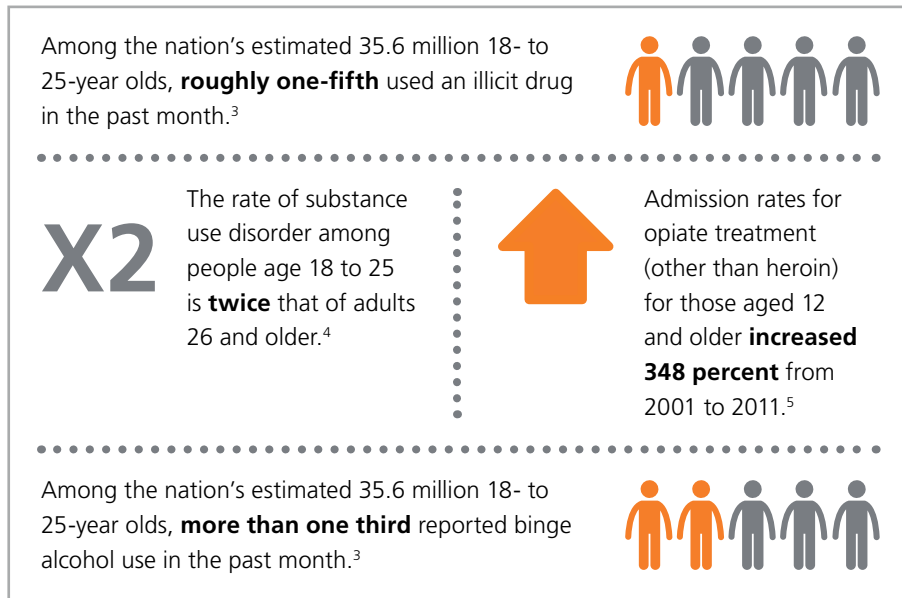
The objective of the Facility Benefit Inquiry program is to reduce the volume of out-of-network and out-of-area SUD treatment services. While not exclusively targeting 18- to 25-year-olds, the program primarily benefits that age group.

Today, Optum’s provider network treating SUDs includes 1,273 facilities at 2,543 locations across the United States. SUD treatment costs are significantly lower at network facilities than at non-network facilities, according to Optum claims and other data. Additionally, members receiving treatment at Optum network facilities have lower readmission rates than when treated at “destination” providers.

Optum’s focus on recovery in a local setting is a key factor in promoting quality. Typically, after release from a destination facility, the member returns home without a built-in support system. That, in turn, may trigger a return to previous self-destructive behavior and a relapse, followed by readmission to another treatment facility. Receiving treatment at a facility close to home, however, helps reduce the potential for a future readmission because the member returns home with an established local support network that is vital to recovery. This network may include the fellowship of others who went through the same treatment program, as well as community-based therapists who are familiar with the local facility.

The Toll of Substance Use Disorders

Substance use remains a significant problem in the United States, particularly among young people.



Inappropriate Treatment Settings

Sensing both demand for services and higher rolls of young adults on their parents' insurance, entrepreneurs have opened new centers for treatment of substance use disorders. Many of these are in "destination" locales, in states far from members' homes.

In our estimation, members may not receive the most appropriate or effective treatment in these settings for three reasons:

1. When individuals can be treated for a substance use disorder in or near their home communities, they often have a better chance of long-term recovery. Their families and close friends can be part of their recovery, and the individuals learn how to be sober in the surroundings where they will continue their lives.
2. Close analysis of claims from some treatment centers bears witness to questionable practices in treatment protocols and in billing patients, families and their insurance companies. A particular area of abuse is in the use of, and billing for drug screenings through laboratory tests that are administered inappropriately and far more frequently than required, and at rates well beyond the usual and customary charges.⁶
3. Out-of-network facilities are not obligated to adhere to our clinically proven and evidence-based treatment models designed to provide members with appropriate access to care while maximizing their available benefits. Thus, members' cases at these facilities may involve extensive peer review consultations (discussions between Optum and facility doctors) to address treatment plans and medications, and in some instances, may result in the member not receiving insurance coverage for received treatment.

Florida — An Expensive Destination for Substance Use Treatment

The climate and natural beauty of Florida make for a prime destination for substance use disorder treatment. However, Optum's analysis of recent claims for substance use treatment in Florida found:



Individuals from outside the state treated at out-of-network facilities were readmitted at higher rates — **between 11 percent and 40 percent higher**, depending on level of care — than Florida residents who used in-network facilities.⁷

The Burden of Dual Diagnosis on Young Adults

Many people with mental illness have ongoing substance abuse problems, and many people who abuse drugs and alcohol also experience mental illness.⁸ Many mental health conditions and substance use disorders begin when people are in their teens and 20s.⁹

Optum’s analysis of its behavioral health claims nationally for 18- to 25-year-olds from 2011 to 2013 found a huge jump in costs:¹¹



We believe there are three major drivers behind this trend:

- 1** | More people with coverage as a result of the ACA — and 11.4 percent of individuals ages 18 to 25¹¹
- 2** | Increased use of residential substance use treatment programs with high per-diem charges
- 3** | Surge in opiate treatment due to a combination of prescription and illicit drug use

How the Facility Benefit Inquiry Program Works

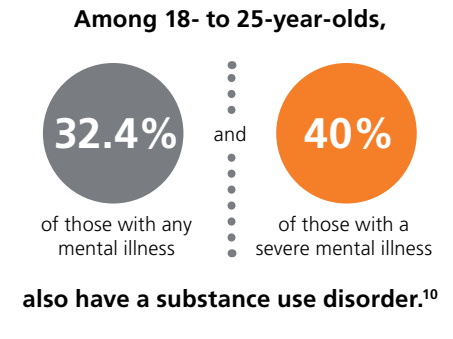
While every Facility Benefit Inquiry case differs, depending on the member’s individual circumstances, the following hypothetical scenario serves as a typical illustration:

Optum receives a benefit inquiry from an out-of-network facility for inpatient residential treatment of a member, the hypothetical Mary Simon, a 23-year old with a drinking problem who is insured under her parents’ health plan. The facility is located in a beach resort, hundreds of miles from Mary’s home. The case is documented and referred to Optum’s care coordination team which reaches out to Mary to assess her needs.

The care advocate will educate Mary about SUD treatment and may recommend that, before traveling to the out-of-network facility, she get a local assessment from an in-network clinician in her home town, such as a certified addiction specialist.

Based upon the clinician’s work-up, the care advocate may recommend that, instead of inpatient treatment, Mary may be better served at a different level of care, such as partial hospitalization or outpatient therapy.

If it is determined that residential care is indeed the most appropriate course of treatment, the care coordinator will attempt to guide Mary to an in-network residential facility closer to home.



Of course, program queries are received at different stages. Some members may have already had an assessment done by a local behavioral health practitioner or other clinician. Others may have previously received inpatient treatment. Still others, brand new to the process, have simply searched the Internet where they are recruited by out-of-state call centers and facilities with attractive marketing campaigns.

Ultimately, the objective of the care coordination team is to recommend, based on the member’s clinical history, appropriate care provided by in-network, local providers. This enables the care team to closely monitor the member’s progress and become part of the local support system to aid in recovery.

Substantial Projected Savings

The major challenge with member outreach programs, such as Facility Benefit Inquiry, is connecting with the member. Of the 5,769 member calls attempted between September 2014 and January 2016 under the program, the care coordination team spoke to the member approximately 13.4% percent of the time. (63 percent of members were not reached, and 27 percent had already been admitted to an out-of-network facility.)

Of the 773 members who were reached, 415 accepted Optum’s in network referral. In other words, in 415 instances, an out-of-network facility had called regarding an admission and, following Optum’s intervention, the member accepted a referral to a network facility instead. Of those 415 members, approximately 25 to 32 percent of them subsequently received treatment at an in-network facility, according to claims or authorization data.

Based on 2014 member claims data for network and non-network care, savings in 2016 for employers are projected to be \$10,875 per episode of care on average by utilizing network inpatient services, and \$11,543 per episode of care on average by using network non-inpatient providers.²

These projected savings are expected to be attributable to several factors including:

- Higher fees charged by many out-of-network facilities for patient services
- Some out-of-network facilities unnecessarily step members through multiple levels of care after discharge from residential treatment
- Lower episode-of-care costs for in-network admissions
- Optum aims to promote high quality, cost-efficient care by requiring network providers to adhere to rigorous credentialing standards and nationally recognized treatment guidelines

53.5% to 62% higher readmission rates

per year for commercial members discharged from out-of-network (OON) residential treatment programs¹²

	In-Network	Out-of-Network
30 days	4.50%	7.30% (62% higher)
90 days	10.10%	15.50% (53.5% higher)

Looking Ahead

In the coming months, Optum will continue expanding its efforts to address non-network SUDs treatment. To improve member contact rates under the Facility Benefits Program, it is exploring alternative ways of communicating with members who are not reachable by phone, such as secure email, text and fax.

Optum is also developing educational materials explaining the risks of using non-network destination services which will be displayed at liveandworkwell.com, its member and family resource site dedicated to behavioral health issues. To further spread the word, Optum is partnering with national organizations such as Faces & Voices of Recovery, an advocacy group dedicated to organizing and mobilizing the millions of Americans in recovery from alcohol and drug addiction.

Enhancing the Facility Benefits Program is part of Optum's ongoing commitment to seeking appropriate care for members and managing costs for clients.

To learn more about the Facility Benefit Inquiry program and other innovative behavioral health programs, contact us at empower@optum.com or (800) 765-6807, or visit www.optum.com.

1. Department of Health and Human Services. <http://aspe.hhs.gov/basic-report/number-young-adults-gaining-insurance-due-affordable-care-act-now-tops-3-million>.
2. Savings projections based upon Optum comparative analysis of in-network and out-of-network behavioral health care costs for members with an authorization to a SUD program and discharged between January 1, 2010 and December 31, 2014. Episode defined as claims between 3 days prior to admission start through 30 days after the discharge. Data includes membership in all age cohorts from the complete Employer Book of Business (national, ASO and fully insured); Bolstrom, July 20, 2015.
3. Substance Abuse and Mental Health Services Administration. <http://www.samhsa.gov/data/sites/default/files/CBHSQ-SR168-TypicalDay-2014/CBHSQ-SR168-TypicalDay-2014.htm>.
4. In 2012, the rate of substance dependence or abuse among adults aged 18 to 25 was 18.9%, adults aged 26 and older was 7%. Source: Substance Abuse and Mental Health Services Administration (2013). Results from the 2012 National Survey on Drug Use and Health: Summary of National Findings (HHS Publication No. SMA 13-4795, NSDUH Series H-46).
5. Substance Abuse and Mental Health Services Administration. http://www.samhsa.gov/data/sites/default/files/TEDS2011St_Web/TEDS2011St_Web/TEDS2011St_Web.pdf
6. Rosenzweig M, Brock I. "Behavioral Solutions: Effectively Managing the Rising Utilization of the 18- to 25-Year-Old Population," May 22, 2014.
7. Optum analysis of behavioral care costs among 18- to 25-year-old members using at least one facility-based service for non-alcohol substance abuse treatment that discharged in calendar year 2013. Data includes the complete Book of Business (national, ASO and fully insured). Analysis includes comparisons between in-area (in-state) vs. out-of-area (out-of-state) and in-network vs. out-of-network on cost and readmission rates. Bolstrom, May 12, 2014.
8. National Alliance for the Mentally Ill. http://www2.nami.org/content/navigationmenu/inform_yourself/about_mental_illness/by_illness/dual_diagnosis_substance_abuse_and_mental_illness.htm
9. Kessler R C, Berglund P, Demler O, Jin R, Merikangas K R, Walters E E. (2005). Lifetime prevalence and age-of-onset distributions of DSM-IV disorders in the National Comorbidity Survey Replication. *Archives of General Psychiatry*, 62(6), 593-602.
10. Substance Abuse and Mental Health Services Administration. (2013). Results from the 2012 National Survey on Drug Use and Health: Summary of national findings (HHS Publication No. SMA 13-4795, NSDUH Series H-46).
11. Optum analysis of behavioral care costs and population increases (comparisons of incurred dates Jan. 1 through Dec. 31, 2011, paid through March 31, 2012 [not including incurred but not reported (IBNR) claims], against Jan. 1 through Dec. 31, 2013, paid through March 31, 2014 [not including IBNR claims]), for dependents ages 18-25 among national, ASO and fully insured, HMO/PPO/POS membership; Massey, Hubbard and Motz, May 2, 2014.
12. Optum comparative analysis of average annual readmission rates for in-network and out-of-network residential SUD treatment programs authorized for members from July 2013 to July 2015. Data includes membership in all age cohorts from the commercial book of business. Nussbaum, August 2015.



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