

2/7/11

FROM: Deb Beck (Drug and Alcohol Service Providers Organization of PA)

RE: Residential Addiction Treatment/Health Care Reform

The Affordable Care Act (ACA) – the new health care reform law – requires inclusion of treatment of alcohol and other drug addiction as one of the “Essential Benefits” that must be part of health insurance plans that are subject to the Act.

Design of the actual benefit package to be required for addiction treatment is the responsibility of the Substance Abuse and Mental Health Services Administration (SAMHSA) and ultimately, the U.S. Department of Health and Human Services.

SAMHSA is leading discussions on the benefit design and although the continuum of care tentatively proposed for addiction treatment includes acute care and outpatient, a debate has ensued in D.C. over whether residential addiction treatment should be included.

Proper design of the full continuum of addiction treatment benefits – including residential treatment – in the Essential Benefits package is critical for many reasons. To give just one example, under the new health care reform law, businesses will be able to pay a small penalty and drop health coverage for employees. These employees are likely to obtain coverage through health insurance plans subject to the ACA and the Essential Benefits design.

After discussions with DASPOP leadership, we contracted with attorney Greg Heller to study the issue of inclusion of residential addiction treatment in the Essential Benefits package and provide a legal analysis.

In the attached analysis, attorney Greg Heller concludes that because the Federal Parity law applies to the ACA, inclusion of non-hospital residential treatment for addiction must be included in the Essential Benefits package.

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