

# Model Employee Addiction Recovery Act



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# Model Employee Addiction Recovery Act

## Policy Statement

Untreated alcohol and other drug abuse problems inflict substantial costs in the workplace. These costs — economic, but more importantly, human — are reflected disproportionately in the health care system as people with untreated alcohol and other drug problems repeatedly seek medical treatment for a wide array of addiction-related illnesses and accidents. They are also reflected in the higher rates of employee absenteeism, lower productivity, greater incidences of employee disciplinary problems, and other workplace concerns.

Employers can reduce these costs substantially by implementing a drug-free workplace program that includes written alcohol and other drug abuse policies, employee assistance programs, employee education, supervisor training, substance abuse testing, and stringent confidentiality provisions. Employers can also reduce those costs by enabling employees with alcohol or other drug problems to access a full continuum of alcohol and other drug abuse treatment services. This treatment continuum would include intervention, inpatient detoxification, non-hospital residential alcohol and other drug treatment, outpatient alcohol and other drug treatment, and family co-dependency treatment services.

The costs of funding employee alcohol and other drug treatment programs by employers will be offset by reduced costs associated with alcohol and other drug abuse in the workplace. The cost of addiction treatment in reduced benefit utilization alone can be recovered within one to three years. Those cost benefits are further enhanced by increased productivity, reduced accidents, reduced employee disciplinary problems, and reduced absenteeism. Of course, the reduction of alcohol and other drug abuse problems also will greatly enhance the health, safety, and quality of life of those employees who receive needed treatment services.

This legislation, based on a bill once proposed in the U.S. Congress by former Georgia Representative Ben Jones, would provide employers with a state tax credit for 50 percent of the qualified treatment expenses paid or incurred during a tax year. The goal of this tax credit is to give employers added incentive to provide alcohol and other drug abuse treatment programs for their employees.



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# Highlights of Model Employee Addiction Recovery Act

## **ASSUMPTIONS AND REMEDIAL GOALS**

- Recognizes that alcohol and other drug abuse adversely affects employee health and well-being, jeopardizes employee safety, and reduces the quality of services to the state.
- Recognizes that comprehensive workplace substance abuse programs serve to reduce alcohol and other drug abuse and their attendant harms among employees, supervisors, and their families.
- Recognizes that governments can encourage employers to develop and properly implement such comprehensive workplace programs by providing employers with economic incentives to do so, including tax credits for the costs related to employee utilization of treatment programs.
- Recognizes the cost-benefit of addiction treatment to employers and the state and the benefits to addicted employees and their families.

## **SPECIFIC RECOMMENDATIONS**

- Provides for an alcohol and other drug abuse treatment tax credit equivalent to 50 percent of the qualified treatment expenses paid or incurred during a taxable year.
- Provides that qualified treatment expenses include crisis intervention, including assessment, diagnosis, and referral, inpatient detoxification, non-hospital residential alcohol and other drug treatment, outpatient alcohol and other drug treatment, and family co-dependency treatment services.





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# Model Employee Addiction Recovery Act

## **Section 1. Short Title.**

This [Act] shall be known and may be cited as the “Model Employee Addiction Recovery Act.”

## **Section 2. Legislative Findings.**

- (a) Alcohol and other drug abuse adversely affects employee health and well-being on and off the job.
- (b) A healthy and productive work force, safe working conditions free from the effects of alcohol and other drugs, and maintenance of the quality of products produced and services rendered are important to employees, employers, and the general public in this state.
- (c) The abuse of alcohol and other drugs creates a variety of workplace health and safety problems, including increased injuries on the job, increased absenteeism, increased burden on health and benefit programs, increased workplace theft, decreased employee morale, decreased productivity, and a decline in the quality of products and services.
- (d) Comprehensive workplace substance abuse programs that include written policy statements, employee assistance programs or rehabilitation resources, employee and supervisor education, alcohol and other drug testing, laboratory standards, and confidentiality provisions serve to reduce alcohol and other drug abuse and their attendant harms among employees, supervisors, and their families.
- (e) Governments can encourage employers to develop and properly implement comprehensive workplace substance abuse programs by providing such employers with economic incentives.
- (f) Specifically, governments can encourage employers to fund employee alcohol and other drug abuse treatment by providing tax credits for the costs related to employee utilization of such treatment programs.
- (g) The costs of funding employee alcohol and other drug treatment programs by employers will be offset

by reduced costs associated with alcohol and other drug abuse in the workplace. The cost of addiction treatment in reduced benefit utilization alone can be recovered within one to three years. Those cost benefits are further enhanced by increased productivity, reduced accidents, reduced employee disciplinary problems, reduced absenteeism, and higher worker productivity.

(h) The costs of such tax credits to the state government will be offset by achieving significant social and fiscal goals, including health care cost containment, restoration and healing of families, prevention of child abuse and fetal alcohol/drug syndrome, reduction in incidents of driving under the influence of alcohol and other drugs, reduction in illicit drug trafficking and abuse, reductions in alcohol- and drug-related crimes, with reduced attendant criminal justice and corrections systems costs, and the removal of a major obstacle to successful re-employment and tax-paying self-sufficiency.

### COMMENT

**Untreated alcohol and other drug abuse problems inflict substantial costs in the workplace. These costs are reflected disproportionately in the health care system as people with untreated alcohol and other drug problems repeatedly seek medical treatment for a wide array of addiction-related illnesses and accidents. They are also reflected in higher rates of employee absenteeism, lower productivity, greater incidences of employee disciplinary problems, and other workplace concerns.**

**However, these costs can be markedly reduced by providing a full continuum of alcohol and other drug treatment services for employees. One government mechanism for encouraging employers to provide such comprehensive employee alcohol and other drug treatment services is a tax credit for the costs of such services.**

**Section 3. Purpose.**

This [Act] is intended to amend the [state revenue code] to encourage employers to provide alcohol and other drug abuse treatment programs to their employees by providing a state tax credit for the cost of such programs.

**Section 4. Definitions.**

As used in this [Act]:

(a) "Employee" means any person who works for salary, wages, or other remuneration for an employer, including those working part-time or as leased employees.

(b) "Employer" means a person or entity that is subject to the provisions of this [Act].

(c) "Qualified alcohol and other drug abuse treatment plan" means any written plan of an employer for the exclusive benefit of its employees to provide them with qualified treatment services, but only if such plan meets the following requirements:

(1) Such plan covers all of the qualified treatment services described in subsection (e);

(2) The contributions and benefits provided under the plan do not discriminate in favor of highly compensated employees or their dependents;

(3) The plan benefits a group of employees who qualify under a classification set up by the employer and found by the [secretary of health] not to be discriminatory in favor of highly compensated employees or their dependents;

(4) The plan does not include any eligibility requirement, or any limitation on benefits, based on prior or existing alcohol and/or other drug abuse or health conditions;

(5) Reasonable notification of the availability and terms of the plan are provided to eligible employees.

(d) "Qualified treatment expenses" means any amount paid or incurred by an employer to provide (directly or through insurance) qualified treatment services to employees under a qualified alcohol and other drug abuse treatment plan of such employer.

(e) "Qualified treatment services" means any of the following services provided with respect to the treatment of alcohol and other drug abuse:

(1) Crisis intervention, including assessment, diagnosis, and referral;

(2) Inpatient detoxification services;

(3) Non-hospital residential alcohol and other drug treatment services;

(4) Outpatient alcohol or other drug treatment services;

(5) Family co-dependency treatment;

Such services shall be provided by programs licensed by the [single state authority on alcohol and other drugs].

## COMMENT

**For a more complete description of qualified treatment services (e), see the [Model Addiction Costs Reduction Act (ACRA)] in Volume IV, Treatment. Full implementation of ACRA will ensure that medical insurance beneficiaries are provided an acceptable level of alcohol and other drug treatment benefits to meet the minimum requirements of care necessary to provide effective alcohol and other drug treatment for health insurance and HMO policy subscribers and their families. By providing a full continuum of insured treatment services for alcohol and other drug abuse, the implementation of ACRA will maximize the recovery of alcohol and other drug abusers and cost savings in health care and other attendant social and fiscal policy areas.**

**Under the provisions of this [Act], employers offering insurance coverage for employee alcohol and other drug treatment will receive the tax credit offered by Section 5, based on the health insurance payments that were applied to alcohol and other drug abuse treatment services.**

**Section 5. Credit for Alcohol and Other Drug Abuse Treatment Programs.**

The [state revenue code, relating to business-related credits] is amended by adding the following section:

(a) For the purposes of the [state general business credit code], the alcohol and other drug abuse treatment credit determined under this section is 50 percent of the qualified treatment expenses paid or incurred by the taxpayer during the taxable year.

(b) No deduction shall be allowed for any qualified treatment expenses that are taken into account in determining the amount of the credit under subsection (a).

COMMENT

**To encourage employers to fund employee alcohol and other drug abuse treatment, this [Act] offers a 50 percent state tax credit for all qualified treatment expenses during any taxable year.**

***Section 6. Rules and Regulations.***

The [state department of revenue], in consultation with the [single state authority on alcohol and other drugs] and the [state department of insurance], shall promulgate rules and regulations to facilitate the implementation of this [Act].

COMMENT

**The [department of revenue] shall issue rules and regulations to implement the provisions of this [Act].**

***Section 7. Severability.***

If any provision of this [Act] or any application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the [Act] that can be given effect without the invalid provision or application, and to this end, the provisions of this [Act] are severable.

***Section 8. Effective Date.***

This [Act] shall be effective on [reference to normal state method of determination of the effective date] [reference to specific date].

