CALIFORNIA
HEALTH BENEFITS REVIEW PROGRAM

June 3, 2004

The Honorable Wesley Chesbro
California State Senator, 2nd District
State Capitol, Room 5100
Sacramento, CA 95814

Dear Senator Chesbro:

I am pleased to respond to Darby Kernan's request, received via email on May 26, 2004, to provide an additional breakdown of data used in the California Health Benefit Review Program (CHBRP)'s analysis of SB 101 (reintroduced in the current session as SB 1192) which would mandate the coverage of substance-related disorder treatment services. Specifically, you requested that CHBRP provide the following information: 1) the average number of inpatient admissions and length of stay for members using substance abuse treatment services, broken down by plan type; and 2) the average number of outpatient visits for members using substance abuse treatment services, broken down by plan type.

As you consider these more detailed estimates of utilization, there are a few important limitations to keep in mind. First, because the numbers reported below are averages across many and potentially very different populations of health plan members, they could mask very different utilization levels. Therefore, it may not be appropriate to assume that any particular member or subgroup of members share the same average utilization levels reported here. For example, your request to CHBRP specifically mentions CalPERS. CalPERS members are found in some of the four categories of large group health plans for which we report data (e.g. HMO and PPO), but they are not the *only* individuals in these categories. Hence, the utilization data we report may not be representative of CalPERS's actual experience. Second, different populations could be affected by or respond to mandated coverage in very different ways. For example, future changes in health care practice patterns or in members' copayments may affect the future use of services. Hence, these averages may be of limited value in determining the actual utilization one would observe if coverage of these services were mandated.

Given these caveats, the information you requested is included below in Table 1. For the purposes of illustration, the utilization rates for members of large group health maintenance organizations are summarized as follows:

Inpatient Admission and Length of Stay

- Among members who are admitted for an inpatient stay, the average number of inpatient admissions is estimated to be 1 per year. The average length of stay is 6 days per admission.
- Among members who have used any substance abuse treatment (inpatient or outpatient), the average number of inpatient admissions is estimated to be 0.2 per year and their average number of inpatient days is estimated to be 1.5 days per year.

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Outpatient Visits

- Among members who have used outpatient services, the average number of outpatient visits is estimated to be 5.6 visits per year.
- Among members who have used any substance abuse treatment (inpatient or outpatient), the average number of outpatient visits is estimated to be 5.3 per year.

For outpatient visits, the second estimate (the average for those who have used any substance abuse treatment) is slightly lower that the first estimate (the average for those who have used outpatient services) because there are some who have used inpatient, but not outpatient, services, such as those who are admitted for inpatient detoxification services and do not comply with recommended follow-up outpatient treatment.

My colleagues and I appreciate the opportunity to answer your question and will be happy to respond to any additional questions you may have. Please feel free to contact me at your convenience.

Sincerely,

Michael E. Gluck, PhD
Director

Encl.

cc:

The Honorable Jackie Speier, Chair, Senate Committee on Insurance
The Honorable Rebecca Cohn, Chair, Assembly Committee on Health
Senator Deborah Ortiz, Chair, Senate Health and Human Services Committee
Senator Debra Bowen, Co-author, SB 1192
Evan Goldberg, Chief of Staff, Senator Debra Bowen
Assemblymember Juan Vargas, Chair, Assembly Committee on Insurance
Terry Boughton, Chief Consultant, Assembly Health Committee
Soren Tjernell, Consultant, Senate Insurance Committee
Scott Bain, Principal Consultant, Assembly Appropriations Committee
George F. Cate, Consultant, Senate Appropriations Committee
Darby Kernan, Consultant, Senator Wesley Chesbro
Donald Moulds, Senate Office of Research
Jennifer Fitzgerald, Deputy for Health Legislation, Office of Governor Schwarzenegger
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TABLE 1: Average Utilization Levels of Substance Abuse Treatment Services, per Substance Abuse Treatment User
Assuming Full Benefit Parity on Substance Abuse Treatment
California Statewide Average, 2004

		Annual Utilization per 1,000 Covered Lives					Annual Utilization per Inpatient User[1]			Annual Utilization per Outpatient User[2]		Annual Utilization per All Users[3]		
Large Group Plan Type	Service Category	Annual Admits per 1,000	Average Length of Stay (days)	Annual Utilization per 1,000		Annual Unique Users per 1,000[5]	Admits	Average Length of Stay (days)		Visits		Admits	Days[4] or Visits	
HMO	**Inpatient**	1.1	6.00	6.6	Days	1.1	**1.0**	**6.0**	**Days**			**0.2**	**1.5**	**Days**
	Outpatient			23.5	Visits	4.2				**5.6**	**Visits**		**5.3**	**Visits**
	All services					4.4								
POS	**Inpatient**	1.2	6.78	8.1	Days[6]	1.2	**1.0**	**6.8**	**Days**			**0.2**	**1.3**	**Days**
	Outpatient			35.9	Visits[6]	6.2				**5.8**	**Visits**		**5.6**	**Visits**
	All services					6.4								
PPO	**Inpatient**	1.3	8.01	10.4	Days[6]	1.3	**1.0**	**8.0**	**Days**			**0.2**	**1.5**	**Days**
	Outpatient			44.2	Visits[6]	6.9				**6.4**	**Visits**		**6.2**	**Visits**
	All services					7.2								
FFS	**Inpatient**	1.4	8.57	12.2	Days	1.4	**1.0**	**8.6**	**Days**			**0.2**	**1.7**	**Days**
	Outpatient			44.6	Visits	7.0				**6.4**	**Visits**		**6.1**	**Visits**
	All services					7.3								

Source: California Health Benefits Review Program, 2004. Data sources include data collected by Milliman USA of California behavioral health care organizations, and the *Milliman Health Cost Guidelines.* Please see the original CHBRP analysis of SB 101 for a discussion of underlying assumptions and data sources http://www.chbrp.org/documents/sb_101anal.pdf

Note: These utilization estimates assume full parity coverage of substance abuse treatment services, that is, no coverage limits on inpatient or outpatient services.

[1] "Inpatient User" is a health plan member who has been admitted for an inpatient stay during the year.
[2] "Outpatient User" is a health plan member who has had an outpatient visit during the year.
[3] "All Users" are those health plan members who have had either in inpatient stay or an outpatient visit during the year.
[4] "Days" here refers to the number of inpatient days in one year for those health plan members who have had either an inpatient stay or an outpatient visit during the year.
[5] The values under "Annual Unique Users per 1,000" are not additive since most health plan members who have an inpatient admission will also have an outpatient visit.
[6] The values listed under POS and PPO "Annual Utilization per 1,000" were mistakenly switched in Table 1 of the original CHBRP analysis of SB 101. The values reported here are corrected. None of the other tables or conclusions of the original analysis were affected by this switch.

Key: FFS = fee for service; HMO = health maintenance organization; POS = point of service; PPO = preferred provider organization.