

<http://www.nytimes.com/2014/07/11/health/obamacare-substance-abuse-treatment-hurdles.html?emc=eta1&r=0>

Health

New York Times

Obscure Rule Restricts Health Law's Expansion of Care for Addicts

By [ABBY GOODNOUGH](#)

JULY 10, 2014



Larry Brand stripped his bed before being discharged from the South Suburban Council on Alcoholism and Substance Abuse in East Hazel Crest, Ill., in June. Mr. Brand is not on Medicaid, because it would not allow him to get treatment at the center. Credit Armando L. Sanchez for The New York Times

EAST HAZEL CREST, Ill. — On its surface, the Affordable Care Act seems like a boon for addiction treatment centers like the South Suburban Council on Alcoholism and Substance Abuse, housed in a no-frills former hotel outside Chicago.

The law allowed states to expand Medicaid to many more low-income people, meaning that drug addicts and alcoholics who were previously ineligible could now receive coverage for substance abuse treatment, which the law has deemed an “essential health benefit.”

But there is a hitch: Under an obscure federal rule enacted almost 50 years ago, Medicaid covers residential addiction treatment in community-based programs only if they have 16 or fewer beds. The South Suburban

Council's main treatment program has 48. So the very people who might have flowed through its doors in search of care will not be coming. And the same problem faces many other centers, which typically are larger than 16 beds, experts say.

States and treatment providers are now scrambling to accommodate those who need residential treatment without running afoul of the 16-bed rule.



Jim McCarthy napped before a session. Credit Armando L. Sanchez for The New York Times

In Washington State, four existing treatment centers are downsizing to 16 beds and four new ones are opening at that size this summer to ensure at least some access — 128 beds — for new Medicaid enrollees. California and New York plan to seek waivers from the Obama administration that would allow Medicaid reimbursement for residential treatment in larger facilities.

Kentucky is trying to determine whether programs with multiple 16-bed units must be counted as one entity, and thus be subject to the rule.

Until now, many states have financed at least some residential treatment for the poor and uninsured with a mix of federal block grant and state funds. But Mr. Samuels said he feared that states may no longer want to foot the bill for addicts who enroll in Medicaid, which is paying 100 percent of costs for the expansion population.

Illinois, for one, has decided to stop using a mix of state general revenue and federal block grant funds for residential addiction treatment for people who have enrolled in Medicaid under the law, putting providers with more than 16 beds in a quandary.

Haymarket Center, a large treatment provider in Chicago, has eaten the costs of residential treatment for more than 40 newly eligible Medicaid enrollees so far this year, said Jeffrey Collord, a spokesman. "We are not turning people away right now," he said. "But I don't know how long we can continue to do that, to provide services and not get paid for them."

The South Suburban Council has so far been able to treat new Medicaid beneficiaries in its smaller 16-bed unit by making it coed instead of for women only. But its larger 48-bed unit cannot accept clients on Medicaid.

So far the juggling has worked. But as more and more of South Suburban Council's clients enroll in Medicaid, as is expected, the program will have to start turning away many of the new Medicaid enrollees — leaving it, paradoxically, unable to fill its beds, Mr. Sandusky said.



“For some addicts, there is an undeniable and essential need for residential treatment,” said Allen Sandusky, who runs the South Suburban Council on Alcoholism and Substance Abuse. Credit Armando L. Sanchez for The New York Times

His program receives \$143 per patient per day for what is typically a 28-day stay, or about \$4,000. The reimbursement rate must also increase for programs like his to survive, he said.

Mr. Sandusky and other substance abuse experts say that many of their patients — typically referred by jails, courts, probation departments, emergency rooms and mental health agencies — need the stability and intensive care of residential treatment, and would probably fail in outpatient programs. Even intensive outpatient treatment, which may be several hours a day, several days a week, is not sufficient for many in this population, Mr. Sandusky said.

“The majority of our clients are in crisis,” Mr. Sandusky said. “They are the clients who present the most challenging issues for our communities and systems.”

Pete Kurpios, 41, started using heroin two years ago and was referred to the South Suburban Council by a hospital after he intentionally overdosed and spent days in a coma. "I've tried outpatient and that didn't work out," said Mr. Kurpios, who added that he had signed up for Medicaid but was still waiting for confirmation of enrollment. "I had too much time on my hands."

Jim McCarthy, 53, who was also in treatment at the South Suburban Council last month, said his addiction to alcohol and heroin recently cost him his painting business. "Here you've got people watching over you when you might not be capable of watching over yourself," he said.

In California, where only about 10 percent of the 18,155 beds at residential addiction treatment programs are in centers with 16 or fewer beds, officials tried unsuccessfully to persuade the Obama administration to soften the rule, saying in a February letter that "California is severely limited in its ability to provide this benefit to Medi-Cal beneficiaries."

Now the state is pursuing a waiver that would, among other things, allow those newly eligible for Medicaid under the Affordable Care Act to get residential treatment in larger programs. In the meantime, the state will provide a new intensive outpatient treatment benefit for the Medicaid expansion population, said Karen Baylor, deputy director of mental health and substance use disorder services at the California Department of Health Care Services.

In Ohio, Tracy Plouck, director of the state's Department of Mental Health and Addiction Services, said 72 percent of the state's 2,538 addiction treatment beds were in programs too large for Medicaid reimbursement under the rule, known as the Institutions for Mental Disease exclusion. "It's a serious access challenge," she said. "I firmly believe there are providers that would increase their capacity but for concerns about the I.M.D."

Larry Brand, 59, who recently completed a monthlong stay at the South Suburban Council, said outpatient treatment would have felt much riskier because he would not have had a round-the-clock support system. Mr. Brand, who is eligible for Medicaid under the health care law but has not yet signed up, said he had been in and out of prison after stealing to support his cocaine habit. He is determined not to return there.

"There's no drugs and no alcohol here," he said, "so it's like a safe haven for me. If I would have stayed out there and tried to do it on my own, I can't say what would have happened. But here I am today, clean and sober, and I've got a good start."