



New Hampshire Insurance Department



Insurers' SUD Claims Handling Practices: Preliminary Findings



February 19, 2016

Introduction 1

- NHID, like many others, has become acutely aware of the substance use disorder crisis facing New Hampshire.
- Intent today: Begin to bring factual basis to the ongoing discussion of barriers to care, and how changes in insurance companies' practices and/or changes to insurance laws could help eliminate those barriers.

Introduction 2

- NHID began targeted exam in Nov. 2015 on how companies handle SUD claims:
 - Preauthorization
 - Claim denials
 - Utilization review practices
 - Carriers' network of SUD treatment providers
 - System for handling appeals

Introduction 3

- The exam findings we are presenting today are still preliminary: Exam is ongoing
- If violations found, NHID has authority to order corrective action, fine companies.
- Enforcement action alone is not necessarily the solution; removing barriers may require a more nuanced approach, including changes in the law.

Outline of Presentation

- Insurance Dept's consumer protection role
- Legal requirements for SUD coverage
- Findings:
 - Claims data review – 2014 claims
 - Preliminary exam results – 2015 claims
 - Summary of recent consumer inquiries
- How to get help (or help constituents) with SUD insurance coverage issues

Consumer Protection Role

Consumer protection is central to our mission:

Mission Statement

The mission of the New Hampshire Insurance Department is to promote and protect the public good by ensuring the existence of a safe and competitive insurance marketplace through the development and enforcement of the insurance laws of the State of New Hampshire. We are committed to doing so in an honest, effective and timely manner.

Insurance Regulatory Tools

- **Financial oversight:** ensure solvency/ability to pay claims
- **Form review:** prior approval of policy language, ensure it meets legal standards
- **Rate review:** prior review and approval to ensure rates sufficient and not excessive
- **Market conduct examination:** claims handling practices, consumer treatment

NHID Enforcement Authority

When an insurer does not treat consumers in accordance with the law, the Insurance Department can:

- **Issue an order** requiring immediate compliance, including claim payment
- **Impose monetary fines**
- **Suspend or revoke** the insurer's license to do business in the state

Insurance Consumer Rights

- **Right to coverage:** Under contract law, consumer has the right to the coverage he/she paid for
- **Title XXXVII:** Right to protections under state insurance laws, including protection against unfair insurance trade practices
- **Federal law** – NHID can enforce, incl. mental health parity requirements

Legal Requirements for SUD Claims

- Most private insurance policies must cover SUD treatment as part of state and federal mental health parity laws
- Treatment must be covered “on par” with coverage for medical/surgical treatment
- Two main components of NHID oversight:
 - Policy language -> form review
 - Actual practices -> market conduct exam

Fully Insured vs. Self-Funded Plans

- Fully insured plans: Insurer bears risk
 - NHID regulates only fully insured plans
- Self-funded plans: Employer, not insurance company, bears financial risk of claims
 - Federal law (ERISA): U.S. Department of Labor regulates self-funded plans
 - An insurance carrier typically administers claims for the employer, so employees covered under the plan will still have a card bearing an insurer's name

Claims Data Review Findings

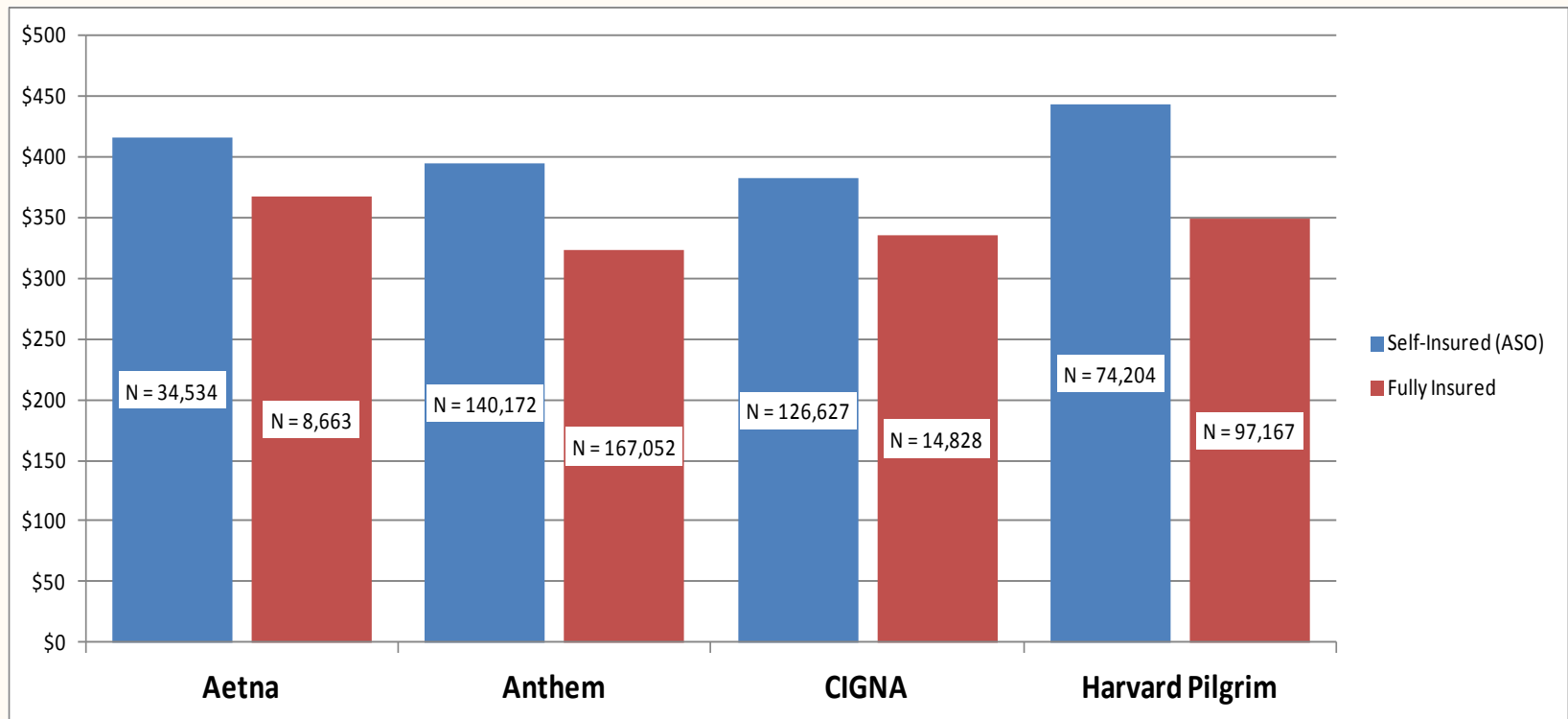
- NHID contractor (Compass Health Analytics) reviewed 2014 NHCHIS data for claims related to opiate substance use disorder
 - Review was of paid claims only
 - Includes both self-funded and fully-insured
 - Information shows results by carrier

Total Medical Costs: Findings

- For all four major carriers, medical claims payments on a per-person, per-month basis were higher for self-insured plans than for fully insured plans.
 - This finding is for all types of medical claims – not specific to SUD treatment.

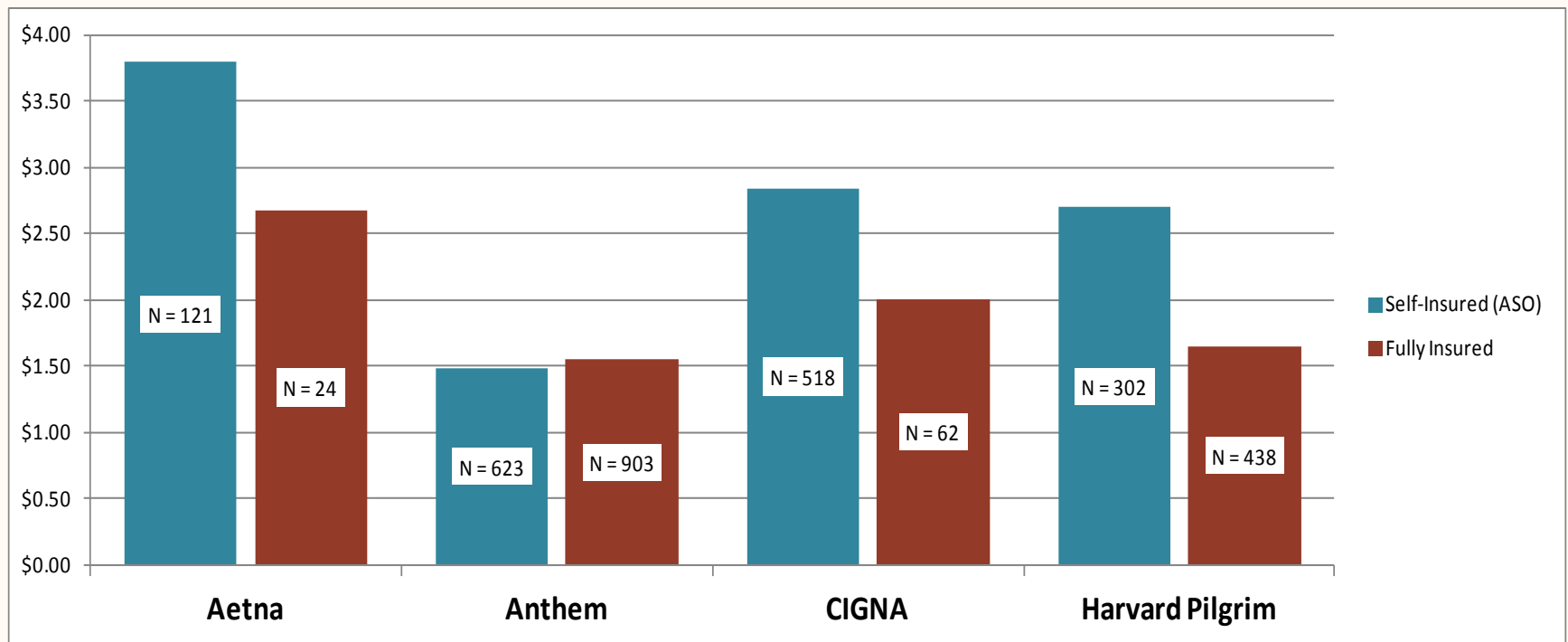
Total Medical Costs: Chart

Total Medical Claim Allowed Amount Per-Member, Per Month by Commercial Carrier in Calendar Year 2014



Opiate SUD Claims: Chart

OSUD Medical Claim Allowed Amount Per Member, Per Month by Commercial Carrier for Calendar Year 2014

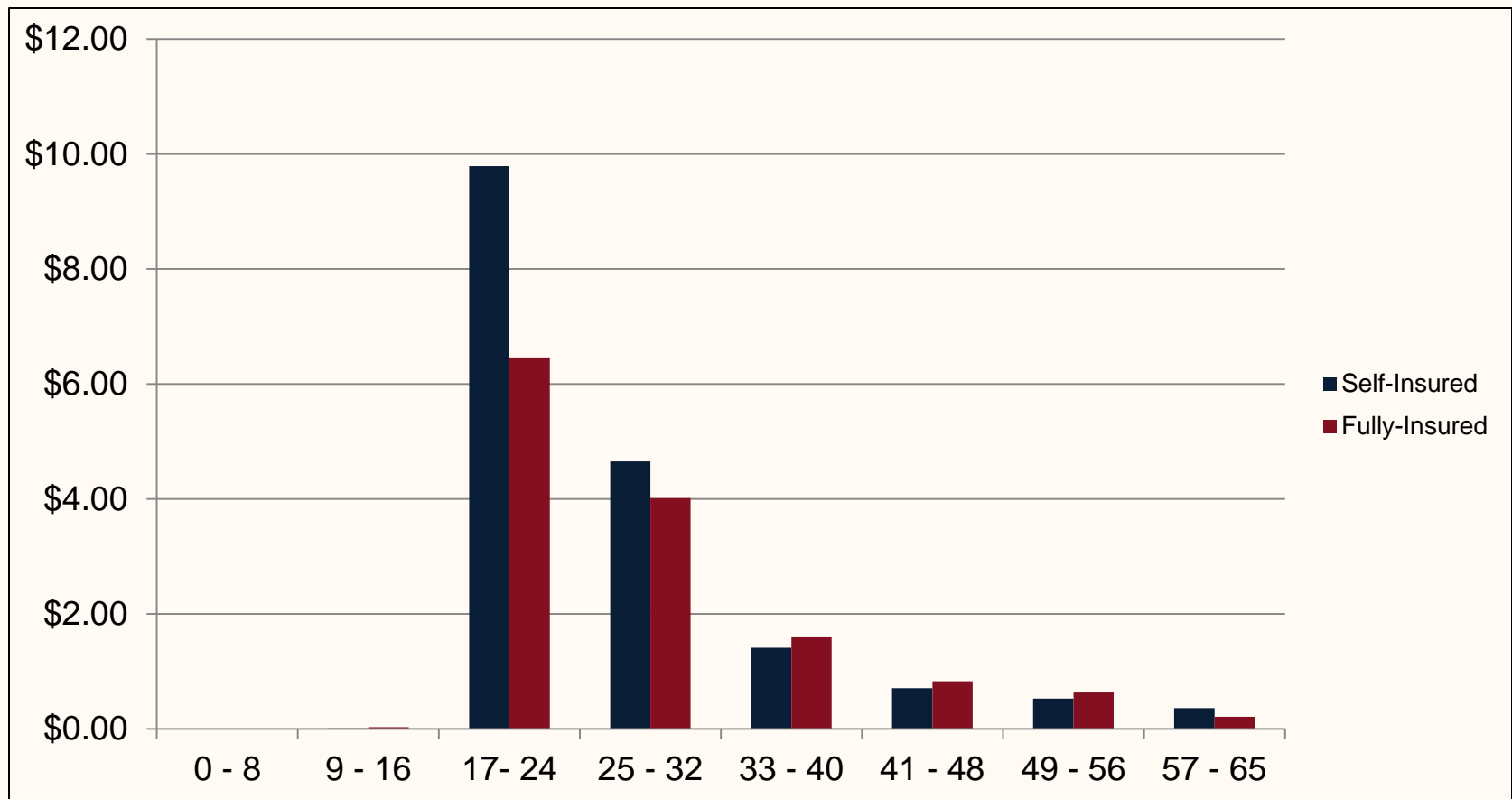


Opiate SUD Claims: Findings

- Looking at opiate SUD claims specifically, all insurance companies except Anthem paid more per person, per month for self-insured than for fully-insured individuals.
- For Anthem, payments per person, per month were about the same for self-insured and fully insured.

OSUD by Age Group: Chart

OSUD Medical Claim Allowed Amount
Per Member, Per Month by Age Range



OSUD by Age Group: Findings

- Costs paid per person, per month varied substantially by the age of the person being treated.
- The highest costs per person, per month were for people ages 17-24 and 25-32.
- For people ages 17-24, there was a substantial difference between self-insured, where the payments were higher, and fully insured, where the payments were less.

Claims by Carrier: Chart

Calendar Year 2014

Carrier	Self-Insured					Fully-Insured				
	All Medical		OSUD			All Medical		OSUD		
	Covered Lives	Cost Per Member per Month	Patients	% of Covered Lives	Cost Per Member per Month	Covered Lives	Cost Per Member per Month	Patients	% of Covered Lives	Cost Per Member per Month
Aetna	34,534	\$415	121	0.4%	\$3.79	8,663	\$367	24	0.3%	\$2.68
Anthem	140,172	\$394	623	0.4%	\$1.48	167,052	\$323	903	0.5%	\$1.55
CIGNA	126,627	\$382	518	0.4%	\$2.84	14,828	\$335	62	0.4%	\$2.01
Harvard Pilgrim	74,204	\$443	302	0.4%	\$2.70	97,167	\$349	438	0.5%	\$1.64
All Carriers	448,142	\$370	1,734	0.4%	\$2.18	317,679	\$333	1,495	0.5%	\$1.70

Claims by Carrier: Findings

- The percentage of covered lives receiving substance-use treatment was roughly the same for all carriers and for self-insured vs fully insured
 - Payment levels per member, per month varied substantially

OSUD Providers: Chart

Percentage of Total OSUD Costs, by Carrier

OSUD Treatment Provider	Aetna	Anthem	CIGNA	Harvard Pilgrim	Other	All Commercial Carriers
Pinewood Professionals, LLC	1.8%	6.5%	2.5%	3.0%	7.4%	4.4%
Hampstead Outlook Inc.	2.1%	4.0%	2.0%	7.1%	0.8%	3.3%
The Treatment Center of the Palm Beaches	13.2%	0.0%	4.6%	2.2%	0.0%	3.0%
Merrimack River Medical Services	0.0%	0.0%	0.0%	0.0%	18.4%	2.8%
Elliot Hospital of the City of Manchester	7.3%	3.4%	0.4%	1.1%	2.1%	2.2%
Manchester Alcoholism Rehabilitation Center	1.5%	4.4%	1.1%	2.3%	0.5%	2.2%
Millennium Health, LLC	2.1%	5.2%	1.8%	0.1%	0.5%	2.1%
Brattleboro Retreat	1.0%	2.8%	2.0%	2.6%	0.4%	2.0%
Habit Opco Inc	0.0%	0.0%	0.1%	0.2%	11.3%	1.8%
The Watershed Treatment Program	4.4%	0.0%	2.7%	2.3%	0.8%	1.7%
Other Providers	66.6%	73.7%	82.8%	79.1%	57.8%	74.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

OSUD Providers: Findings

- Chart shows percentage of each carrier's total spending on OSUD treatment that went to a particular provider.
- Carriers varied in their use of particular providers of OSUD treatment services
- Examples:
 - The Treatment Center of the Palm Beaches
 - Merrimack River Medical Services
 - Elliot Hospital

Market Conduct Examination

The NHID is in the process of examining the market conduct of insurers on SUD claims:

- SUD treatment protocols: Top 3 insurers
- Actual claims handling: Top 3 insurers
- Time period: Jan 1, 2015-Sept 30, 2015
- Exam ongoing – final results this summer
 - Preliminary findings are mainly qualitative and do not identify particular carriers

Areas of Review – Exam

- Utilization review criteria/protocols
- Claim denials
 - Overall denial rates
 - Denial notices
 - Medical necessity denials: medical expert review of denial grounds
- Grievance and appeal processes
- SUD treatment provider networks

Overall Denial Rates

- All SUD paid and denied claims were requested for the exam period for the top three carriers.
- The overall SUD denial rates (which includes denials for any reason and partial as well as full denials) for the three carriers were: 9.5%, 15%, and 28.3%.

Utilization Review Process

- UR includes prior authorization requirements
- Top 3 carriers had all adopted SUD claim criteria/protocols
 - Independent medical experts deemed protocols appropriate
- Closer look:
 - 1 carrier uses a contracting entity to handle review for SUD medical necessity
 - 2 carriers have their own utilization management entities within their corporate structure

Medical Necessity Denials

Review by independent medical review team (IRO) of top 3 carriers' prior authorization protocols and practices.

- Protocols for all 3 were consistent with ASAM standards.
- Practices: 64 medical necessity denials out of 11,650 total claims for SUD services (all carriers combined).
- IRO reviewed **all** documentation for **every** prior authorization denial for SUD during review period.

Prior Authorization Concerns

- Independent medical examiners identified concerns with 8 of the 64 denials.
- Most of these (5 of 8 denials) involved disagreement on level of care (inpatient v. intensive outpatient), not outright denial.
 - Potential lack of understanding regarding need for short-term inpatient withdrawal management vs. indefinite inpatient admission.
 - Inpatient withdrawal management not typically approved unless necessitated by co-morbidity.
 - Independent medical experts confirmed this practice was consistent with ASAM but still had concerns with some cases.

Grievance and Appeal Processes

- Examiners reviewed all appeals and grievances filed during exam period:
 - All supporting documentation
 - All notices to providers and members
- All denial notices informed consumer of reason for denial and rights to appeal.
- No appeals went to External Review, even with instructions & form enclosed.
- Conclusion: No legal violation.

SUD Provider Networks

- Top three insurers queried on network for:
 - SUD inpatient
 - SUD intensive outpatient
 - SUD rehabilitation
 - Licensed addiction counselors (LADC)
- Shortage of contracted providers identified for each insurer:
 - Coos County a challenge for all
 - No shortage in Rockingham/Hillsborough
 - Some gaps in other 7 counties
- NH network adequacy standards met, but availability of providers appears to be an issue.

Consumer Rights of Appeal

- **Appeal process:**
 - Internal appeal (step 1): Review by different decision-maker within the insurance company
 - External review (step 2): Independent medical expert reviews insurance company's medical necessity determination
 - In an urgent situation, the 2 steps can be simultaneous with required review 72 hours or less
- NHID role: Oversee external review process and assist consumers in understanding internal appeals.
- Self-funded ERISA plans have similar appeals, overseen by US Department of Labor.

SUD Consumer Activity

January 2013 – February 2016

Consumer Inquiries	7
Consumer Complaints	3
External Reviews for Medical Necessity	14
Reversed by Independent Review	4

Conclusion: Limited use of Consumer Services by individuals for SUD on coverage, access and benefit issues

NHID Consumer Services

NHID Consumer Services: Assist consumers in filing appeals, getting claims covered and paid

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NHID's Next Steps

- Final exam results: summer 2016
- Further education and outreach to ensure consumers receive full benefit of coverage
 - Outreach/education position
 - NHID convening stakeholder group
 - Consumer tool kit – work with UNH Law
- Coordination with US Dept. of Labor and NHDOJ on self-funded plans

Questions For Policymakers

- “Window of opportunity” for treatment - timing of coverage/preauthorization decisions to match window
- Identifying and obtaining appropriate level of care
- Evaluation by practitioners skilled in ASAM
- Incentivizing provider capacity-building at crucial levels of care, geographic areas

Thank You



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