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ABSTRACT

Statewide efforts by the California Department of Alcohol and Drug Programs to secure third-party payments for nonhospital alcoholism services gradually dissolved due to changes in political administration and overall priorities. San Mateo County, however, served as a demonstration county for the effort and has continued to explore third-party reimbursements for nonhospital alcoholism and drug addiction treatment programs through the San Mateo County Third-Party Project. The San Mateo County Alcohol and Drug Program became actively involved in the solicitation of employee assistance program referrals and hoped to market services through the San Mateo Consortium which would include social model alcohol and drug detoxification, outpatient alcohol and drug treatment, and residential alcohol and drug treatment. Program development and implemetation involved a three-phase process of information gathering and identification of obstacles to implementation, pre-marketing preparations, and actual implementation. Initial efforts were focused on businesses and unions with a minimum of 100 employees living or working in the county and that possessed appropriate insurance coverage. The Third-Party Project is currently receiving the first wave of client referrals. Several contracts between providers and union trust funds are in negotiation. A detailed analysis of preliminary results is planned. (NB)

EMPLOYEE ASSISTANCE PROGRAM COST CONTAINMENT THROUGH THE UTILIZATION OF COMMUNITY-BASED, SOCIAL MODEL TREATMENT PROVIDERS

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SUMMARY: A description of the background and implementation of the San Mateo County Third-Party Project to access third-party reimbursements for nonhospital alcoholism and drug addiction treatment programs

PART 1 INTRODUCTION

The California Department of Alcohol and Drug Programs initiated efforts to secure third-party payments for nonhospital alcoholism services in 1981.

The strategy was developed with the assumption that mandated health insurance benefit coverage for alcoholism services would not be enacted in the near future and that market demand for these services will result in the development of a comprehensive benefit package which provides coverage for nonhospital services.[1]

The overall plan included:

1. conducting market research to "determine demand, define and segment the market to assess the position of nonhospital programs, select potential market segments and develop promotional strategies for service providers." (p.12)
2. developing an advisory group of "employee assistance representatives, insurance carriers, unions, self-insured employers, employers who purchase insurance, and alcoholism service providers" to assist in project design and evaluation. (p.1)
3. selecting four demonstration counties in which to pilot test the project.

Despite an initial strong start changes in political administration and overall priorities resulted in a gradual dissolution of the statewide effort.

However, at least one of the demonstration counties (San Mateo) has continued to explore these uncharted waters and implement a major third-party marketing initiative.

PART 2 BACKGROUND

The San Mateo County Alcohol and Drug Program became actively involved in the solicitation of employee assistance program (EAP) referrals in July 1981. At that time the county made application to the California Department of Alcohol and Drug Programs, and was accepted as a demonstration site to determine the feasibility of third-party reimbursement for nonhospital, community-based, publicly-funded alcohol and drug services. The services that the county hoped to market as the San Mateo Consortium included:

1. social model alcohol and drug detoxification (adult)
2. outpatient alcohol and drug treatment (adult and adolescent)
3. residential alcohol and drug treatment (adult)

The primary motive for this decision was an attempt to broaden the funding base for publicly supported programs. It was reasoned that a diversified revenue base would help assure fiscal continuity in the event of a major shrinkage in public support (as occurred with the passage of Proposition 13 the California citizens tax reduction initiative). A secondary motivation on the part of the county included the expectation that if third-party payments could be successfully accessed it might be possible to eliminate or substantially reduce the amount of county funds supporting these programs. If successful the third-party initiative would free-up money to considerably broaden the treatment system in the future. The potential for a funding cut by the county caused considerable friction and distrust between the county and the program providers participating in the project. Although it was unlikely that the county

would reduce funding commitments to the providers without the successful acquisition of third-party revenue, a certain level of distrust and suspicion colored much of the dynamics of the subsequent marketing effort.

Another early difficulty involved selecting a project director who was both knowledgeable about treatment programs, and an experienced marketing professional. Numerous candidates were screened whose primary credential was a background in alcohol or drug treatment. All were rejected. Two separate recruitment drives yielded few candidates with an appropriate mix of marketing and treatment credentials. Finally a decision was made to select a project director with a strong background in marketing and public relations emphasizing non-profit organizations. The individual possessed no direct experience working in the chemical dependency field. Although he was able to quickly become knowledgeable about basic treatment concepts, a lack of in-depth treatment experience may have hindered the project director's acceptance by some EAP and union personnel.

PART 3 DEVELOPMENT AND IMPLEMENTATION

Phase I Information Gathering

Because of the unique nature of the Third-Party Project a review of existing literature yielded minimal useful information. The project team gained substantial information by interviewing EAP personnel, providers, as well as insurance and union trust fund staff. In addition California Department of Alcohol and Drug Program staff who had worked on the original project were also consulted. The data gleaned from these sources were utilized to determine appropriate marketing strategies. The project director toured each facility to become familiar with the "product" and to recommend necessary changes to create a more attractive and marketable "package".

As a result of these initial steps several major obstacles to successful implementation were identified.

1. EAP perception that community-based programs are inferior (both programmaticly and in terms of physical facilities) and that both clients and superiors* would resist the choice of community-based providers,

2. EAP concerns that insurance carriers would refuse reimbursement,

3. EAP concerns about mixing their clients with so-called "indigent" clients,

4. Provider fear that pursuit of EAP referrals and third-party reimbursement would require major program revisions and excessively burdensome record keeping requirements,

5. Provider fear that their initial target population, i.e. the low income/"indigent" clients would be neglected and/or avoided in favor of the private-pay client,

Provider inexperience in terms of business and marketing savvy.

Phase II Pre-marketing Preparations

A key element in successfully packaging what came to be termed the "Third-Party Consortium" was the development of high quality, low cost promotional material. To that end a modular packet of printed materials was adopted to provide basic information about the "Consortium" in a simple attractive display. In addition, a professional quality 9 minute videotape was created to present visual images of the "Consorcium" staff and facilities. A wellknown local EAP professional was also employed in the video presentation to endorse and lend credibility to the campaign. The video also contained a testimonial from a local recovering business leader who had been

* Several EAP staff admitted to the following dilemma. On the one hand the prospect of being responsible for substantial cost reductions was attractive, but they feared company superiors would fault them for not utilizing the more prestigious hospital-based treatment modality.

treated in one of the "Consortium" programs.

The principal marketing strategy evolved from the following basic promotional themes.

1. HIGH QUALITY SERVICES--recovery services offered by the "Consortium" were identified and promoted as of quality equal to local, hospital-based, medical-model recovery services. The promotional packet contained a summary of research findings such as the following:

> "There are no differences in treatment outcome by the type or setting of services. In other words, the modality of treatment (residential or non-residential; hospital or non-hospital) does not have a significant effect on client outcomes."[2]

> "Most community-referred, ambulatory chronic alcoholics can be detoxified quickly and safely without the use of psychoactive drugs, according to our data. We believe such detoxification can be done most efficiently in a social setting, with the aid of a staff who will provide reassurance and reality orientation and who will monitor the patients' vital signs, general condition, and any specific problems."[3]

2. LOW PRICE--"Consortium" fees were substantially less than hospitals, and competitive or lower than most other private, non-medical programs.

3. LOCATION--convenient to anyone working or residing within or nearby San Mateo County.

4. COMMUNITY SERVICE--EAP referrals increase the fiscal stability of community-based providers, decrease the amount of taxpayer support required, and improve the overall quality of services delivered. EAPs were reminded that they occasionally refer former employees who have lost health benefits and been separated (often temporarily) from the company. Obviously these clients would benefit from any improvement in the provider's financial situation.

During the pre-marketing period providers were encouraged to modify internal practices to more readily conform to EAP and union trust fund needs. Program flexibility in reporting client involvement and progress in treatment

were identified as important factors in maintaining healthy referral relationships.

Phase III Implementation Strategy

Initial efforts were focused on businesses and unions with a minimum of 100 employees living or working in San Mateo County, and that possessed appropriate insurance coverage. Networking by personal referral, where possible, the project director, now titled Community Services Representative, contacted EAP, personnel, and/or employee benefits staff to explain the benefits of utilizing "Consortium" providers, and to discuss any potential obstacles in purchasing treatment services. Whenever possible tours of provider facilities were scheduled for firsthand observation of program operations, as well as to meet key provider staff responsible for providing liaison. Followup callbacks with EAP and union staff are scheduled no later than 6 months following initial contact. The purpose of the subsequent meeting is to discuss if the individual referred clients, and what problems/experiences were encountered.

In general EAP and union trust fund staff who have been "marketed" have been extremely receptive and enthusiastic about the project. Most have responded positively about the possibility of utilizing the services of the "Consortium", and the prospect of significantly lowering their treatment costs. Many had previously referred uninsured individuals with positive results. A few, however, have expressed hesitancy or concern about difficulties with insurance reimbursement or internal organizational policies.

The Third-Party Project is currently receiving the first wave of client referrals. Several contracts between providers and union trust funds are in negotiation. A detailed analysis of preliminary results will be available in mid-1986.

PART 4 CONCLUSION

> "The health care system is a series of local enterprises. To change them, they must be taken on one at a time, because each is different." [4]

The San Mateo Third-Party Project presents a unique opportunity to observe a local community health agency's attempt to impact the escalating cost of health care, while stabilizing the fiscal base of publicly-supported, community-based,non-hospital treatment services. The original and innovative conception of this effort is a reflection of and reaction to a health care marketplace undergoing major internal reorganization.

NOTES

1. Alcohol Program Certification and Third-Party Payment: A Report to the Legislature, California Department of Alcohol & Drug Programs, pub. no. ADP 82-13, June 1982.

2. Research Findings as to Effectiveness of Alcoholism Treatment, Illinois Department of Mental Health and Developmental Disabilities Policy Paper, Bixler, J.B., & Hathaway, J. 1980.

3. "Detoxification of 1,024 Alcoholic Patients without Psychoactive Drugs", Journal of the American Medical Association, Whitfield,C.L., April 3, 1978.

4. "American Health Care and Business", New England Journal of Medicine, Inglehart, J.K., 306 (Jan 1982): 120-124.