
Study of a Proposal to Mandate the Inclusion of Marriage and Family Therapists Within Mental Health and Alcohol and Drug Abuse Treatment Insurance Benefits

A Report to the
Governor
and the
Legislature of
the State of
Hawaii

Report No. 00-01
January 2000

THE AUDITOR
STATE OF HAWAII

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Foreword

Sections 23-51 and 23-52, Hawaii Revised Statutes, require the State Auditor to study the social and financial impacts of measures that propose to mandate health insurance benefits. Senate Concurrent Resolution No. 26, Senate Draft 1 of the 1999 legislative session requested a report on the impact of mandating the inclusion of marriage and family *therapy* within mental health and alcohol and substance abuse treatment insurance benefits as proposed in Senate Bill No. 860, House Draft 1. However, the senate bill proposed to mandate the inclusion of marriage and family *therapists* within the insurance benefits. Our study was conducted pursuant to Senate Bill No. 860, House Draft 1 and Sections 23-51 and 23-52, Hawaii Revised Statutes.

We wish to express our appreciation for the cooperation and assistance of the state agencies, private insurers, and other interested organizations and individuals we contacted in the course of this study.

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State Auditor

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Chapter 1

Introduction

Sections 23-51 and 23-52, Hawaii Revised Statutes (HRS), require the Legislature to pass concurrent resolutions requesting the State Auditor to study the social and financial effects of any proposed legislative measure that would mandate health insurance for specific services, diseases, or providers.

The law stems from legislative concern over the increasing number of these proposals in recent years and their impact on the cost and quality of health care. The purpose of the assessment is to provide the Legislature with an independent review of the social and financial consequences of each proposal.

The Legislature, through Senate Concurrent Resolution No. 26, Senate Draft 1, of the 1999 legislative session, requested the State Auditor to conduct a study of the social and financial impacts of mandating the inclusion of marriage and family *therapy* within mental health and alcohol and drug abuse treatment insurance benefits. The resolution referred to Senate Bill No. 860, House Draft 1, of the 1999 legislative session as the measure requiring this coverage. However, Senate Bill No. 860, House Draft 1, proposed to mandate the inclusion of marriage and family *therapists* within mental health and alcohol and drug abuse treatment insurance benefits. Our study was conducted pursuant to Senate Bill No. 860, House Draft 1, and Sections 23-51 and 23-52, HRS.

Background on Mandated Health Insurance

Since the 1960s, states have enacted a variety of laws mandating the health coverage that insurers must provide. These laws have required insurers to cover specific medical conditions and treatments, particular groups of people, and services of certain health practitioners. Between 1978 and 1992, the number of mandates grew dramatically from 343 to 950. From 1992 to 1997, the number of mandated coverages slowed to a level of 1,050 state mandates.

Arguments for and against mandated health insurance

Mandated health insurance may be appropriate in certain circumstances. However, proponents and opponents disagree about several key issues, such as whether a particular coverage is necessary, whether it is justified by the demand, and whether it will increase costs. Generally, providers and recipients of medical care support mandated health insurance, and employers and insurers oppose it.

Proponents say gaps in existing coverage prevent people from obtaining the care they need. They believe the current system is not equitable because it does not cover all providers, medical conditions, and needed treatments and services. Proponents also argue that mandated coverage could increase competition and the number and variety of treatments available. In some instances, it could also reduce costs by making preventive care, early treatment, or alternate care more available.

Opponents argue that mandated benefits add to the cost of employment and production and reduce other more vital benefits. They create particular hardships for small businesses that are less able to absorb rising premium costs. Opponents also argue that mandates reduce the freedom of employers, employees, and unions to choose the coverage they want. Insurers state that premium rates may rise beyond what employers and consumers are willing to pay. Insurers contend that mandates become an incentive for employers to adopt self-insurance plans that are exempt from the mandates.

Types of insurance plans affected

Laws mandating health insurance in Hawaii can affect three main types of private insurance: (1) Blue Cross and Blue Shield plans (a mutual benefit society in Hawaii) in accordance with Article 432:1, HRS, (2) health maintenance organizations under Chapter 432D, HRS, and (3) commercial insurance plans in accordance with Article 431:10A, HRS. By 1996, private insurance plans covered approximately 80 percent of Hawaii's civilian population.

The Blue Cross and Blue Shield insurer in Hawaii is the Hawaii Medical Service Association (HMSA). It offers traditional fee-for-service plans that reimburse physicians and hospitals for services. HMSA also has various health plans that offer a package of preventive and treatment services for a fixed fee. With a December 1998 membership of 600,100, HMSA (including Straub Health Plan and Pacific Healthcare) covered about 70 percent of Hawaii's insured civilian population.

Certified health maintenance organizations under Chapter 432D, HRS, provide or arrange delivery of basic health care services to enrollees on a prepaid basis, except to those responsible for copayments, deductibles, or both.

Kaiser Foundation Health Plan is a federally qualified, state-licensed health maintenance organization. In 1998, Kaiser provided insurance coverage for about 210,000 people in Hawaii, or about 25 percent of the insured civilian population. As of August 1999, AlohaCare, Kap'iolani HealthHawaii, Queen's Health Plan, and Straub Health Plan also operate as health maintenance organizations. In 1998, Queen's health plans (under Queen's Island Care, Queen's Hawaii Care, and Queen's Preferred Plan) provided coverage for approximately 45,000 members.

Commercial insurance plans (insurers that make contracts for insurance purposes) and other insurers, such as University Health Alliance, cover most of the remaining privately insured population.

Mandatory health insurance laws in Hawaii normally affect only private insurers and do not affect public health plans such as Medicaid and Med-QUEST. Self-insured plans are also not subject to mandatory health insurance laws. In order for mandatory health insurance laws to affect private insurance coverage, the specific state statutes that govern the respective insurance providers must each be amended.

Potential legal challenge

Section 393-7, HRS, of the Prepaid Health Care Act enacted in 1974, requires employers to provide a qualified prepaid health care plan to regular employees who work at least 20 hours per week. A qualified plan is one with benefits that are equal to, or are medically reasonable substitutes for, the benefits provided by the plan with the largest number of subscribers in Hawaii.

Federal courts have ruled that the Prepaid Health Care Act is preempted by the federal Employee Retirement Income Security Act (ERISA), which has a provision preempting state laws relating to employment benefit plans. A subsequent congressional amendment exempted Hawaii's Prepaid Health Care Act from ERISA. The exemption, however, applied only to the law as it was enacted in 1974. In effect, this has frozen the law with its original provisions, since the ERISA would preempt any subsequent amendments. It is possible, therefore, that any mandated benefit laws passed in Hawaii after 1974 could be viewed and challenged as bypassing the limitations placed on the Prepaid Health Care Act.¹

Existing Mandated Mental Health and Alcohol and Drug Abuse Treatment Insurance Benefits

Chapter 431M, HRS, requires benefits for alcohol dependency, drug dependency, and mental illness treatment services to be included within the hospital and medical coverage of all plans. These include individual and group accident and sickness insurance policies issued in the state; individual or group hospital or medical service plan contracts; and nonprofit mutual benefit association and health maintenance organization health plan contracts. Therefore, everyone in Hawaii covered by an insured or prepaid health plan is covered by the mandated benefits. Only groups covered by union contracts may offer less comprehensive coverage.

The minimum benefits for mental health and substance abuse treatment include 30 days of inpatient hospital services per year. One day of inpatient hospital services can be exchanged for two days of non-hospital

residential, partial hospitalization, day treatment, or outpatient services. Required benefits also include 30 visits per year to physicians, psychologists, clinical social workers, or advanced practice registered nurses with a psychiatric or mental health specialty or subspecialty for day treatment or partial hospitalization services. Mandated coverage for outpatient services is 24 outpatient visits per year provided that 12 of the 24 days are for mental illness treatments.

Mental health benefits

Under Chapter 431M, mental illness benefits are limited to coverage for diagnosis and treatment of mental disorders. A physician, psychologist, clinical social worker, or advanced practice registered nurse with a psychiatric or mental health specialty or subspecialty must approve the mental health services under an individualized treatment plan. In-hospital and non-hospital residential mental health services, mental health partial hospitalization, and mental health outpatient services shall be provided in accredited hospitals, non-hospital residential facilities, or mental health outpatient facilities.

Substance abuse benefits

The minimum benefits for alcohol and drug dependency include detoxification services and alcohol or drug dependency treatment. Detoxification services shall be provided in hospital and non-hospital facilities that have written affiliation agreements with a hospital for emergency, medical, and mental health support services. Detoxification services are not included in the treatment episode floor of at least two per lifetime.

Substance dependency treatment includes in-hospital, nonhospital residential, day treatment, or outpatient services. To qualify for services, a physician, psychologist, clinical social worker, or advanced practice registered nurse certified as a substance abuse counselor must first determine that the patient suffers from alcohol and/or drug dependency. Treatment for substance abuse patients must be prescribed and performed by a substance abuse counselor certified pursuant to Chapter 321, HRS. The alcohol and drug dependency benefits are limited to two episodes per lifetime.

Federal parity law

Interest in and momentum for parity in insurance coverage for mental health and substance abuse services follow Congress' enactment of the Mental Health Parity Act of 1996. Under this law, a group health plan offering mental health benefits cannot impose more restrictive annual or lifetime spending limits for mental illness than for physical illness coverage. In Hawaii, the federal law has limited impact because current mandated benefits specify the number of visits and not spending limits on mental health coverage.

The federal law is generally viewed as providing limited parity because of its several exemptions. It does not extend parity to substance abuse treatment, does not *require* health plans to provide mental health benefits, and does not apply to employers with two to fifty employees. Health plans can set higher deductibles and copayments and impose requirements that distinguish acute from chronic care. The federal law became effective on January 1, 1998, and sunsets on September 30, 2001.

Background on Marriage and Family Therapists

Marriage and family therapists assist individuals (adults and children) and families with emotional, behavioral, and relationship problems. Therapists help people with childhood and adolescent problems, marriages in crisis, families needing assistance with senior parents, and provide assistance in the areas of domestic violence, physical and sexual abuse, and substance abuse.

Currently, Hawaii and 41 other states regulate marriage and family therapists. Marriage and family therapists work in private practice, hospitals, schools, colleges, court systems, community mental health centers, health maintenance organizations, and employee assistance programs. The National Institute of Mental Health has recognized the field of marriage and family therapy as one of the five core mental health disciplines along with psychiatry, psychology, clinical social work, and psychiatric nursing.

Legislative history of marriage and family therapists in Hawaii

The Legislature, during the 1995 legislative session, introduced House Bill No. 764 that proposed to regulate marriage and family therapists. In 1995, the Legislature also requested the State Auditor to conduct a study of House Bill No. 764 to determine whether regulation was necessary to protect the health, safety, and welfare of consumers as required by the Hawaii Regulatory Licensing Reform Act (Chapter 26H, HRS).

In November 1995, the State Auditor issued a *Sunrise Analysis of a Proposal to Regulate Marriage and Family Therapists*, Report No. 95-26, and recommended House Bill No. 764 not be enacted. However, the Legislature was concerned that there was a potential for harm from having unregulated marriage and family therapists engaged in the practice of psychotherapy. Thus, Act 159 was enacted during the 1998 legislative session. The act set the qualification, education, and experience standards for marriage and family therapists. The act was later codified as Chapter 451J, HRS.

Current state of marriage and family therapists in Hawaii

Chapter 451J, HRS, defines marriage and family therapy practice as the application of psychotherapeutic and family systems theories and techniques to diagnose and treat mental, emotional, and nervous

disorders within the context of an individual's relationships. Therapy includes assessing and diagnosing problems, designing and developing treatment plans, and implementing and evaluating courses of treatment. Marriage and family therapists assist individuals, couples, and families in achieving more adequate behavioral or psychological functioning, and help individuals reduce distress or disability.

Marriage and family therapists receive title protection under Chapter 451J. The statute does not prevent other qualified licensed professionals from treating or advertising treatment for individuals, couples, or families. Members of other licensed professions, such as social workers, psychologists, registered nurses, or physicians may practice marriage and family therapy within the accepted standards of their professions. They may not, however, use the title of marriage and family therapist unless they have been so licensed. In fact, any person who uses the title of marriage and family therapist must obtain a license under Chapter 451J.

In January 1999, the Department of Commerce and Consumer Affairs began licensing marriage and family therapists. Licensure applicants are required to:

- pass the National Marriage and Family Therapy Exam;
- have a master's or doctoral degree in marriage and family therapy or an allied field that includes or is supplemented by certain graduate level course work areas;
- complete a one year practicum with 300 hours of clinical supervision in not less than 24 months;
- complete 1,000 hours of direct marriage and family therapy; and
- have 200 hours of clinical supervision.

As of August 1999, the department reported 59 licensed marriage and family therapists in Hawaii. Of these, seven are certified substance abuse counselors who meet additional certification requirements.

Although the University of Hawaii does not have a marriage and family therapy degree program, the University of Phoenix and the American School of Professional Psychology offer master degree programs that meet the requirements for state licensure. As of July 1999, there were approximately 100 students enrolled in these programs on Oahu, Maui, and Hawaii.

Proposed Legislation to Mandate Coverage

Senate Bill No. 860, House Draft 1, of the 1999 legislative session proposed to include marriage and family therapists among the providers of mental health, alcohol, and drug abuse services mandated under Chapter 431M, HRS. The purpose of the bill was to broaden the insurance coverage and allow for more healthcare options for mental illness and alcohol and drug dependency.

The Department of Health, Hawaii Association for Marriage and Family Therapy, Hawaii Counseling Education Center, Samaritan Counseling Center of Hawaii, and several private organizations and individuals provided testimony in support of the measure. According to the Department of Health, enactment of the bill would increase the number of reimbursable health providers and improve treatment opportunities for mental health and alcohol and drug abuse dependency patients.

Testimony in opposition to Senate Bill No. 860 was received from the Hawaii Psychological Association. The association opposed adding marriage and family therapists to Chapter 431M because it believes that the education and training requirements for marriage and family therapists are insufficient to prepare them to independently diagnose and treat mental, emotional, and nervous disorders. In related testimony for Senate Concurrent Resolution No. 26, Hawaii Biodyne, Inc., the mental health and substance abuse benefit manager for HMSA, expressed concerns about the qualifications of licensed marriage and family therapists to competently diagnose and treat mental illness. Hawaii Biodyne also had concerns about the potential impact that mandated coverage would have on the overall cost of mental health care in Hawaii.

Insurance Coverage in Other States

According to the Blue Cross and Blue Shield Association, coverage for treatment by marriage therapists and professional counselors is mandated by at least 15 states (Arizona, California, Connecticut, Florida, Maine, Maryland, Massachusetts, Minnesota, Montana, New Hampshire, Rhode Island, Tennessee, Texas, Utah, and Virginia). However, the scope of coverage differs among these states. For example, Florida marriage and family therapists receive reimbursement for outpatient consultation up to \$1,000 per benefit year for treatment of mental and nervous disorders. In Virginia, marriage and family therapists receive reimbursement for inpatient and partial hospitalization for mental health and substance abuse treatment. California has a “freedom of choice” law that provides residents equal access to all licensed health care professions practicing in the state when referred by a physician or surgeon.

Objective of the Study

Describe the social and financial effects of mandating the inclusion of marriage and family therapists within mental health and alcohol and drug abuse treatment insurance benefits.

Scope and Methodology

Pursuant to Sections 23-51 and 23-52, HRS, we assessed both the social and financial impact of the proposed coverage.

Scope

We examined the impact of mandating the inclusion of marriage and family therapists within the mental health and alcohol and drug abuse treatment insurance benefits as proposed in Senate Bill No. 860, House Draft 1. To the extent feasible, we considered the following issues set forth in Section 23-52, HRS.

Social impact

1. Extent to which a significant portion of Hawaii's population generally utilize marriage and family therapists for mental health and alcohol and drug abuse treatment.
2. Extent to which coverage of marriage and family therapists within mental health and drug and alcohol abuse treatment insurance benefits is already available.
3. Extent to which the lack of coverage results in persons being unable to obtain necessary treatment.
4. Extent to which the lack of coverage results in unreasonable financial hardship on persons needing treatment.
5. Level of public demand for marriage and family therapists for treatment of mental health, alcohol, and drug abuse.
6. Level of public demand for individual or group insurance coverage of marriage and family therapists for mental health and alcohol and drug abuse treatment.
7. Level of interest of collective bargaining organizations in negotiating privately for this coverage in group contracts.
8. Impact of providing coverage for marriage and family therapists for the treatment of mental health and alcohol and drug abuse on health

status, quality of care, practice patterns, provider competition, or other related items.

9. Impact of indirect costs upon the costs and benefits of the coverage.

Financial impact

1. Extent to which insurance coverage would increase or decrease the cost of marriage and family therapist treatment of mental health, alcohol, and drug abuse.
2. Extent to which this proposed coverage might increase the use of marriage and family therapists for the treatment of mental health and alcohol and drug abuse.
3. Extent to which mandated coverage of marriage and family therapists for mental health and alcohol and drug abuse treatment might serve as an alternative to more expensive treatment.
4. Extent to which mandated coverage of marriage and family therapists for mental health and alcohol and drug abuse treatment might increase or decrease the insurance premiums or administrative expenses of policyholders.
5. Impact of mandated coverage of marriage and family therapists for mental health and alcohol and drug abuse treatment on the total cost of health care.

Methodology

We reviewed relevant literature and reports on the social and financial aspects of adding marriage and family therapists to mental health and alcohol and drug abuse treatment insurance benefits. Applicable federal and state laws and regulations and the proposed legislation were also reviewed and assessed. We surveyed and obtained information from private insurers, employer groups, unions, professional associations, academic institutions, and other local organizations and entities, including the Department of Health and other affected agencies. Additionally, we conducted follow-up interviews with surveyed local organizations and entities as necessary.

We contacted and obtained information from national organizations including the Blue Cross and Blue Shield Association, National Association of Insurance Commissioners, American Association for Marriage and Family Therapy, and federal government agencies. To the extent that information was available, we reviewed and documented

mandatory insurance coverage of marriage and family therapists for the treatment of mental health, alcohol, and drug abuse adopted in other states.

Our work was performed from May 1999 to December 1999 in accordance with generally accepted government auditing standards.

Chapter 2

Social and Financial Impact of Mandating the Inclusion of Marriage and Family Therapists Within Mental Health and Alcohol and Drug Abuse Treatment Insurance Benefits

This chapter summarizes our assessment of the potential social and financial impacts of mandating the inclusion of marriage and family therapists within mental health and alcohol and drug abuse treatment insurance benefits as proposed in Senate Bill No. 860, House Draft 1, of the 1999 legislative session. Marriage and family therapists assist individuals and families with emotional, behavioral, and relationship problems. Therapists help people with childhood and adolescent problems, marriages in crisis, families needing assistance with senior parents, and provide assistance in the areas of domestic violence, physical and sexual abuse, and substance abuse. To the extent feasible, and based upon available information, we addressed the social and financial issues set forth in Section 23-52, HRS.

Overview of the Proposed Mandate

As discussed in Chapter 1, Senate Bill No. 860, House Draft 1, proposes to amend Chapter 431M, HRS, by mandating the inclusion of marriage and family therapists as providers under mental health and alcohol and drug abuse treatment insurance benefits. The bill would apply to all individual and group accident and sickness insurance policies issued in the state, individual or group hospital or medical service plan contracts, and nonprofit mutual benefit association and health maintenance organization health plans.

The proposed legislation would define a marriage and family therapist as a person licensed to practice marriage and family therapy pursuant to Chapter 451J, HRS. It would also designate marriage and family therapists as one of the types of practitioners covered under Chapter 431M, HRS, to prescribe, perform, and/or supervise the provision of alcohol or drug dependence nonresidential (outpatient) treatment services, day treatment services, mental health nonresidential treatment services, and partial hospitalization services.

The proposed legislation would also allow marriage and family therapists to make determinations of whether the services covered under Chapter 431M, HRS, are medically and psychologically necessary. For example, a marriage and family therapist could determine that a person

suffers from mental illness and thus qualify to receive benefits for mental illness treatment. Finally, the proposed legislation would give marriage and family therapists the authority to approve the individualized treatment plan that outlines the covered services needed to produce remission or improve a patient's condition.

Social Impact

1. Extent to which a significant portion of Hawaii's population generally utilizes marriage and family therapists for mental health and alcohol and drug abuse treatment.

We found that only a small percentage of Hawaii's insured population utilize mental health and substance abuse treatment insurance benefits under Chapter 431M, HRS. Among those who utilize these benefits, only a small portion receive marriage and family therapy for treatment. Hawaii Biodyne, the mental health and substance abuse benefit manager for HMSA, reported that 8.4 percent of the services covered in 1997 and 1998 were for marital and/or family therapy to treat behavioral health (i.e., mental health, alcohol and/or drug abuse) disorders. HMSA reported that approximately 3.6 percent of the services covered in 1997 and 1998 for its QUEST population were for marital and/or family therapy to treat a behavioral health disorder. Kaiser stated that less than one percent of its membership requests marriage and family services for mental health and chemical dependency treatment.

2. Extent to which coverage of marriage and family therapists within mental health and drug and alcohol abuse treatment is already available under insurance benefits.

Currently, coverage for marriage and family therapists is limited. While insurers can elect to credential and reimburse marriage and family therapists to treat mental health and substance abuse, they typically have not done so. HMSA, Hawaii's largest health care insurer, does not reimburse marriage and family therapists. Kaiser, which has 210,000 members, does not currently have any marriage and family therapists on its mental health staff. Psychiatrists, psychologists, clinical social workers, and advanced practice registered nurses provide mental health and substance abuse services to HMSA's and Kaiser's members.

Under the U.S. Defense Department TRICARE (CHAMPUS) programs, Queen's credentials and contracts with 18 licensed marriage and family therapists to treat only certain types of diagnoses. AlohaCare, representing about 30,000 Hawaii residents, also has five marriage and family therapists on its panel of network providers. However, such figures represent insurer groups who serve only a small portion of the insured population in Hawaii.

3. Extent to which the lack of coverage for marriage and family therapists results in persons being unable to obtain necessary treatment.

We found limited evidence that the lack of coverage results in individuals not being able to obtain necessary treatment. In general, a sufficient number of licensed psychiatrists, psychologists, clinical social workers, and advanced practice registered nurses are available to provide marriage and family therapy services. According to the Department of Commerce and Consumer Affairs, there are about 468 licensed psychologists and 31 advanced practice registered nurses with a psychiatric and mental health specialty in Hawaii. HMSA, Queen's, and Kaiser reported that marriage and family therapy is available under their plans and is being provided by these other professionals. Unions and one provider group also stated that lack of coverage is not an issue.

There are indications that some individuals in rural areas of Hawaii find it difficult to receive necessary treatment. The Hawaii Association for Marriage and Family Therapy reported that psychologists and psychiatrists are unwilling to travel and treat patients in remote areas such as Naalehu, Ka'u, and Puna on Hawaii. According to the association, marriage and family therapists are willing to provide services in these areas. However, because marriage and family therapists are not included in Chapter 431M, HRS, citizens in these rural areas cannot readily access their services. Instead, they must travel two and half hours to receive treatment from other licensed professionals.

4. Extent to which the lack of coverage for marriage and family therapists results in unreasonable financial hardship on persons needing treatment.

Lack of coverage should not result in unreasonable financial hardships for most persons needing treatment since marriage and family therapy for mental health and substance abuse treatment is currently included in most health plans. HMSA is not aware of any financial complaints from its members. According to Queen's, the copayment for treatment does not result in financial hardship for its members. Unions also stated that the lack of coverage does not place a financial burden on their members.

Families and individuals who elect to seek marriage and family treatment from marriage and family therapists (due to the stigma of mental illness associated with seeing a psychologist or psychiatrist) may be confronted with financial hardship due to the lack of coverage. The Department of Health reported that the average total out-of-pocket costs for treatment by marriage and family therapists is between \$780-\$960. The department further stated that this could discourage or prevent low to middle income families from receiving treatment. However, as

discussed earlier, marriage and family therapy services to treat mental health and substance abuse is currently covered and provided by other licensed professionals such as psychiatrists, psychologists, clinical social workers, and advanced practice registered nurses with a mental health or psychiatric specialty.

5. Level of public demand for marriage and family therapists for treatment of mental health, alcohol, and drug abuse.

Overall, the level of public demand for marriage and family therapists to treat mental health and substance abuse is low. Insurers, unions, and employer groups reported little demand for the service. Kaiser has not received any specific demands from its members to see marriage and family therapists instead of other providers. HMSA does not reimburse marriage and family therapists and covers marriage and family therapy services with other appropriately trained mental health providers. The Hawaii Government Employees Association, United Public Workers, Hawaii Employers Council, and Hawaii State Teachers' Association reported no demand from their membership.

The Hawaii Association for Marriage and Family Therapy did report public demand exists in rural areas in Hawaii to treat the children in the *Felix*¹ population. According to two counseling centers on Oahu, they receive approximately 10 requests per week for marriage and family therapy services for mental health or substance abuse problems. However, this level of public demand for treatment is low when compared against the total insured population.

6. Level of public demand for individual or group insurance coverage of marriage and family therapists for mental health and alcohol and drug abuse treatment.

Similarly, the overall level of public demand for individual or group insurance coverage is low. HMSA has not received any requests to modify plans to specifically include marriage and family therapists. Queen's is not aware of any consumer or employer demand for group coverage. Kaiser has not received any special requests for marriage and family therapist coverage because the service is currently available to all its members via other health professionals. Unions also reported that they were unaware or have received very little demand for this coverage.

7. Level of interest of collective bargaining organizations in negotiating privately for this coverage in group contracts.

We were unable to identify any interest from collective bargaining organizations in negotiating privately for this coverage in group contracts. Unions reported no interest from their members. Insurers are

not aware nor have received any indication that collective bargaining organizations have negotiated for this coverage. Insurers also reported that this type of service already exists for collective bargaining organizations. Finally, employer organizations could not recall any union demands for the proposed coverage.

8. Impact of providing coverage for marriage and family therapists for the treatment of mental health and alcohol and drug abuse on health status, quality of care, practice patterns, provider competition, or other related items.

We found that mandating coverage for marriage and family therapists would have little effect on overall health status. Queen's, Kaiser, and HMSA reiterated that marriage and family therapy is currently available and being provided by other licensed and qualified mental health and substance abuse professionals.

The Hawaii Association for Marriage and Family Therapy reported that the level of health care would improve with additional providers being available to provide treatment. The association reported that marriage and family therapists could assist the State in meeting the needs of the *Felix* class. Additionally, the association stated that marriage and family therapists could improve the health status by providing additional service to neighbor islands and at-risk families faced with family violence. However, due to the limited number of licensed marriage and family therapists (59 as of August 1999), their true impact may be minimal.

We found that the overall quality of care may decrease if marriage and family therapists are included in Chapter 431M, HRS, as mental health and substance abuse treatment providers. Insurers and the Hawaii Psychological Association expressed concerns regarding the qualifications of marriage and family therapists to treat individuals with mental health or substance abuse problems. The Hawaii Psychological Association reported that the scope of work in Chapter 431M, HRS, is beyond the training undergone by marriage and family therapists. The Hawaii Psychological Association further stated that consumer safety is a significant concern when citizens are placed in a vulnerable, and possibly dangerous relationship with insufficiently trained and supervised providers. According to Hawaii Biodyne, marriage and family therapists' educational training does not qualify them to accurately diagnose and adequately treat mental illness. Kapi'olani HealthHawaii is concerned that a mandate would lower the minimum standards of current network providers.

In contrast, the Hawaii Association for Marriage and Family Therapy reported that marriage and family therapists' education and experience are comparable to the other professions cited in Chapter 431M, HRS.

Exhibit 2.1 reflects the state licensure requirements of marriage and family therapists and the professions currently cited in Chapter 431M, HRS.

9. Impact of indirect costs upon the costs and benefits of the coverage.

Indirect costs exist for a mandatory inclusion of marriage and family therapists within mental health and substance abuse treatment insurance benefits. HMSA, University Health Alliance, Hawaii Biodyne, and AlohaCare indicated that mandating the inclusion of marriage and family therapists could increase indirect costs, but they did not provide quantifiable estimates of those costs. Indirect costs incurred by adding new providers include those related to credentialing, setting up new provider codes, conducting utilization reviews, developing and distributing member education materials, and tracking and reporting benefit expansion.

Financial Impact

1. Extent to which insurance coverage would increase or decrease the cost of marriage and family therapist treatment of mental health, alcohol, and drug abuse.

We found indications that the cost of insurance coverage may increase. University Health Alliance, Queen's, and HMSA estimated that the inclusion of marriage and family therapists would result in an increase in costs; however, they did not provide exact amounts. HMSA reported that credentialing and setting up new codes for new providers would add expenses to health plans. Unions and employer groups also reported an increase in costs. Employer groups stated generally that they oppose any mandate of health coverage since businesses cannot afford any cost increases.

Some respondents reported that there would not be an increase in costs. The Department of Health, Hawaii Association for Marriage and Family Therapy, and counseling centers reported that they do not anticipate an increase in costs. They referred to a 1986 study performed by the U.S. Office of Personnel Management (OPM) that evaluated a proposal to provide mandatory recognition of additional health care practitioners in terms of its likely impact on competition and consumer choice, cost, and quality of care. The study found the following:

“While OPM opposes mandated coverage on the grounds that it is inconsistent with the basic thrust of the FEHBP [Federal Employees Health Benefits Program], it believes statutory recognition of additional providers would have only minimal, practical impact in terms of the criteria specified.”²

Exhibit 2.1 Comparison of State Licensure Requirements

Profession	Education	Practicum	Experience	Examination
Marriage and Family Therapist	Master's or doctoral degree	One year with 300 hours supervised client contact	1000 hours of direct therapy and 200 hours of clinical supervision in not less than 24 months	National Marriage and Family Therapy Exam
Physician	Graduate of a medical school or college	None	One year residency	National medical examination
Psychologist	Doctoral degree	None	Two years' supervised and one year post doctoral experience	Written examination prescribed by the board
Qualified Clinical Social Worker	Master's or doctoral degree	None	Two years' post-graduate supervised clinical experience	Written examination or member of the Academy of Certified Social Workers
Diplomate in Clinical Social Work	Master's or doctoral degree	None	Five years' (two post-graduate and three clinical) experience	Clinical Social Worker's Diplomate Exam
Board Certified Diplomate in Clinical Social Work	Master's or doctoral degree	None	Five years and 7,500 hours of direct clinical practice	Credentialed by the American Board of Examiners
Advanced Practice Registered Nurse*	Master's degree or certified by a national nurses board	None	Licensed as a registered nurse with a specialty in psychiatric or mental health*	Nurse examination

* Under Chapter 431M, HRS, covered benefits are restricted to advanced practice registered nurses with a psychiatric or mental health specialty or subspecialty.

With the possible exception of mandatory coverage of chiropractors, the office stated that it could no longer support the prevalent view that mandating coverage of additional categories of providers would inevitably increase utilization and, hence, drive up FEHBP costs. However, 13 years have elapsed since this study was conducted and health care costs have changed since 1986.

2. Extent to which this proposed coverage might increase the use of marriage and family therapists for the treatment of mental health and alcohol and drug abuse.

We found little indication that the proposed mandate would significantly increase the use of marriage and family therapists to treat mental health and substance abuse. Kaiser, HMSA, and Hawaii Biodyne anticipated no increase in usage because marriage and family therapy services are already provided. AlohaCare anticipates a slight increase but would continue to utilize marriage and family therapists for focused care related only to marriage and family issues and not for substance abuse or similar problems. The Department of Health and the Hawaii Association for Marriage and Family Therapy also reported no difference in the use of this service.

3. Extent to which mandated coverage of marriage and family therapists for mental health and alcohol and drug abuse treatment might serve as an alternative to more expensive treatment.

We found little evidence that mandated coverage of marriage and family therapists might serve as an alternative to more expensive treatment. Kaiser, HMSA, Hawaii Biodyne, and AlohaCare generally reported that other providers are currently providing marriage and family therapy services and the mandate would not serve as an alternative to more expensive treatment. The Department of Health also stated that within the *Felix* program, there would be no difference in service since the program provides the minimal level of treatment required to meet the needs of the child.

On the other hand, the Hawaii Association for Marriage and Family Therapy reported that marriage and family therapists could serve as an alternative to more expensive treatment. The association reported that marriage and family therapists would be reimbursed at a lower rate than currently covered providers and are trained to treat with shorter therapy sessions. The association further reported that this would support the current concerns of increasing health care costs. One counseling center stated that marriage and family therapists cost \$70-\$80 per hour as compared to psychologists at \$125-\$130 and psychiatrists at \$150 per hour.

4. Extent to which mandated coverage of marriage and family therapists for mental health and alcohol and drug abuse treatment might increase or decrease the insurance premiums or administrative expenses of policyholders.

We found general agreement that the insurance premiums and administrative expenses of policyholders would not increase. Kaiser, HMSA, and Hawaii Biodyne reported that there would be no increase in insurance premiums to policyholders since mental health and alcohol and drug abuse benefits are already included in their health plans. The Department of Health and the Hawaii Association for Marriage and Family Therapy reported that there would be no significant increase in costs to policyholders because marriage and family therapists would be reimbursed at a lower rate. The association further postulated that reduced rates would compensate for any additional administrative expenses incurred by insurers.

5. Impact of mandated coverage of marriage and family therapists for mental health and drug abuse treatment on the total cost of health care.

We found indications that the mandated coverage for marriage and family therapists could increase the total cost of health care. Insurers, unions, and employer groups generally maintained that adding a new provider would increase overall costs and risk. Hawaii Biodyne reported that though marriage and family therapists are reimbursed at a lower rate than physicians or psychologists, ineffective or inaccurate diagnosis and treatment by therapists could ultimately result in higher overall costs. Queen's reported that effective treatment can reduce costs, but there is little evidence that adding new providers would result in a cost offset. According to Kaiser, mandating more health providers always heightens the risk of increased cost; in this case, the risk is unnecessary since the service already exists.

Conclusion

There is little known public demand to include marriage and family therapists under Chapter 431M, HRS. Generally, only a small portion of the public utilize the benefits in Chapter 431M, HRS, and even fewer receive marriage and family therapy to treat substance abuse or mental illness. Currently, physicians, psychologists, clinical social workers, and advanced practice registered nurses are available to provide necessary marriage and family therapy.

We found that enactment of the bill might have a negative impact on the quality of care provided to individuals with mental health and substance abuse problems and might increase the total cost of health care. Various

groups expressed their concerns about marriage and family therapists' qualifications to provide the mental health and substance abuse illness services described in Chapter 431M, HRS. These groups reported that the scope of practice is beyond the training and experience of marriage and family therapists. Consumers might be exposed to unnecessary risks if a less qualified provider group is included in the chapter. Furthermore, ineffective or inaccurate diagnosis and treatment could ultimately result in higher overall costs.

Finally, it is unclear whether the bill would actually require health plans to include marriage and family therapists as network providers. Insurers raised concerns regarding the intent of the proposed mandate since other qualified professionals are currently providing marriage and family therapy services to treat substance abuse and mental illness. Kaiser noted that Chapter 431M, HRS, gives the appearance of expanded services; however, health plans are not required to contract with all the providers mentioned in the chapter. HMSA and the Hawaii Association of Marriage and Family Therapy also believe that the bill would not obligate health plans to include marriage and family therapists as network providers. According to Queen's, the bill treats differently qualified providers the same and does not encourage health plans to develop provider networks of highly qualified professionals. Queen's agreed that enactment of the proposal would not be in the best interest of the consumers. Senate Bill No. 860, House Draft 1, will require clarification.

Notes

Chapter 1

1. National Governor's Association, Roadblock to Reform, ERISA Implications for State Health Care Initiations, 1994, pp. 6, 46, 49, and 50.

Chapter 2

1. Under the 1994 *Felix* consent decree, the State is responsible for providing all eligible children and adolescents with disabilities residing in Hawaii, from birth to 20 years of age, with required and necessary educational and mental health services.
2. U.S. Office of Personnel Management, Compensation Group, *A Study Relating to Expanding The Class of Health Practitioners Authorized to Receive Direct Payment or Reimbursement In Accordance With 5 U.S.C. 8902(k)(1)*, March 1986.

Response of the Affected Agency

Comments on Agency Response

We transmitted a draft of this report to the Department of Health on December 8, 1999. A copy of the transmittal letter to the department is included as Attachment 1. The response from the department is included as Attachment 2.

In its response, the department noted that a licensed marriage and family therapist would also need to be certified as a substance abuse counselor per Section 321-193, Hawaii Revised Statutes, in order to provide substance abuse treatment under Chapter 431M, Hawaii Revised Statutes.

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor
(808) 587-0800
FAX: (808) 587-0830

December 8, 1999

COPY

The Honorable Bruce S. Anderson
Director of Health
Department of Health
Kinau Hale
1250 Punchbowl Street
Honolulu, Hawaii 96813

Dear Dr. Anderson:

Enclosed for your information are three copies, numbered 6 to 8 of our draft report, *Study of a Proposal to Mandate the Inclusion of Marriage and Family Therapists Within Mental Health and Alcohol and Drug Abuse Treatment Insurance Benefits*. We ask that you telephone us by Friday, December 10, 1999, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Monday, December 20, 1999.

The Governor and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

Marion M. Higa
State Auditor

Enclosures

BENJAMIN J. CAYETANO
GOVERNOR OF HAWAII



BRUCE S. ANDERSON, Ph.D., M.P.H.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. BOX 3378
HONOLULU, HAWAII 96801

In reply, please refer to:
File:

December 28, 1999

RECEIVED
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OFC. OF THE AUDITOR
STATE OF HAWAII

The Honorable Marion M. Higa, State Auditor
Office of the Auditor
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917

Dear Ms. Higa:

In response to your letter dated December 8, 1999, regarding the *Study of a Proposal to Mandate the Inclusion of Marriage and Family Therapists Within Mental Health and Alcohol and Drug Abuse Treatment Insurance Benefits*, we would like to submit the following comment.

In order to provide substance abuse treatment under 431M, a licensed marriage and family counselor would also need to be certified as a substance abuse counselor per Chapter 321-193, HRS.

Should you need further assistance, please contact Anita Swanson, Deputy Director for Behavioral Health at 586-4419.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce S. Anderson".

Bruce S. Anderson, Ph.D., M.P.H.
Director of Health

Enclosure