

## Health Insurance Coverage for Addiction Treatment

Determining the benefits that your health insurance will provide for addiction treatment is never a simple process. Often the assistance described in your policy brochure is very different from what the insurance company actually pays. The following information will hopefully remove some of the confusion.

### **Deductibles, Co-pays and out-of-pocket maximums:**

Most policies require payment of a deductible when you are admitted for treatment. Your insurance company will not start paying until after these funds have been applied to your bill.

A co-pay represents the portion of any bill that the policy holder is required to pay. For example, some insurance plans pay for 80% of the cost of treatment. The co-pay, to be paid by the policyholder, is therefore 20% of the balance after the deductible is applied.

When a policy has an out-of-pocket maximum it means that the insurance company will pay 100% of the cost after the policyholder has paid the out-of-pocket amount. Some policies include the deductible as part of this maximum, and some do not.

As an example, let's say George has a \$250 deductible, an 80/20 co-pay and an out-of-pocket maximum of \$2500. His total bill is \$16,000. George will pay \$250 on admission and be responsible for 20% of the balance, or \$3150. However, because he has an out-of-pocket maximum of \$2500 (which in his policy includes the deductible) his total bill will be \$2500. His insurance will pay the remainder.

### **Authorization for treatment:**

Addiction and mental health treatment cannot be pre-authorized. A health care provider cannot request authorization to admit someone until they are at the facility and an assessment has been made. The

unfortunate aspect of this rule is that there can be no assurance that the insurance company will pay for treatment prior to arrival.

St. Joseph Institute collects clinical information in advance of an individual's arrival and provides our best estimate as to how the insurance company will respond. While denial is rare, there can be no guarantees.

Insurance companies use many different criteria to determine whether or not someone should be approved for treatment. We try to stay current on the policies being used by each company, although many do not disclose all of their criteria. Some insurance plans restrict their approval for inpatient or residential treatment to individuals who meet their criteria for "medical necessity." This approach uses health related criteria, approving only the small number of people who are at serious risk if they are not in a hospital setting . While there are insurance companies that work very hard to *avoid paying* for addiction treatment, other companies are more supportive. Highmark Blue Cross/Blue Shield is an example of a very good insurance plan.

When approval is given to be admitted into treatment, it is not a guarantee that the insurance company will pay for our complete 30-day program. Health insurance companies authorize treatment in blocks of 3-7 days. At the end of each approved time period, the Institute must request additional days, and present clinical information to support their request. The insurance company can rule that the individual is well enough to return home and refuse to approve additional days.

When an insurance company refuses to cover treatment, St. Joseph Institute always initiates an appeal. This appeal process usually involves a member of our clinical team speaking with a doctor working for the insurance company. On occasion we may complete 2-3 appeals within 24hours, seeking to overturn the negative decision.

## **Act 106:**

Residents of Pennsylvania often benefit from a state law referred to as Act 106. Protection under this law depends upon two criteria. 1). The insurance policy is through a company/organization headquartered in PA. 2). The policy is not self-funded by that organization.

When someone qualifies, we are able to use the provisions of Act 106 to ensure payment for 30 days of treatment. The primary intent of this law is to place responsibility for treatment decisions in the hands of the doctor, not the insurance company.

## **Self-Pay options:**

The Institute does all that we can to get the maximum payment from insurance companies. We appeal denial decisions and fight hard on behalf of our residents, including filing appeals with government departments and various Attorneys General.

When all else fails, we work with our residents to obtain financing for the portion of treatment not covered by insurance. In these instances, the Institute often provides scholarship support to reduce the personal cost.

Please contact me if you have additional questions.

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*St. Joseph Institute offers a residential treatment program for adults suffering from addiction. Our one-on-one counseling, Christian spirituality, holistic approach, passionate desire to see people heal, and belief in the goodness of each individual are among the defining qualities of our program. The Institute's beautiful campus is located on a mountainside near State College in central Pennsylvania.*

888-777-1098 [StJosephInstitute.com](http://StJosephInstitute.com)