THE WHITE HOUSE

WASHINGTON

May 9, 1994

Mr. Norman J. Sokolow
President
Medical Arts Center Hospital
57 West 57th Street
New York, New York 10019

Dear Mr. Sokolow:

Thank you for your letter about the impact of the President's plan for health reform on alcohol and drug abuse services. The President is committed to the prevention and treatment of substance abuse.

The President's plan for health reform eliminates pre-existing exclusions and lifetime limits on benefits that today restrict the access of individuals with substance abuse disorders to needed services. The comprehensive benefit package guaranteed to all Americans includes a broad range of treatment options for substance abuse, including day treatment programs, partial hospitalization, ambulatory detoxification, and counseling and relapse prevention. Health plans are encouraged to use this wide array of treatment options to provide individuals with a continuum of care through substitution of inpatient and residential days for treatment in other settings.

Significantly, no day or visit limits apply to medical management, diagnosis, screening and assessment, and crisis services. Annual day and visit limits on some services and restrictions on applying expenses for substance abuse treatment to out-of-pocket limits will exist initially. By January 1, 2001, as the service system develops the capacity to deliver and manage a more comprehensive substance abuse benefit, these limitations will be eliminated. In addition, higher copayments and coinsurance that apply initially for certain services will be reduced.

The President's plan also includes initiatives for improving access to substance abuse services. For example, the plan provides funding for services to remove barriers to care, such as community and patient outreach, transportation and translation services. The Clinton plan also creates a comprehensive school health program that includes education about substance abuse.

We recognize, however, that substantial funding for treatment and prevention services is needed before national health care reform can be implemented. Therefore, the President's 1995 budget includes an increase of $355 million for treatment of hard-core drug users. This is the largest increase ever proposed. In addition, the fiscal year 1995 budget includes an increase in spending for educational programs to prevent drug use. The President's budget also maintains funding for state programs to prevent and treat substance abuse and to reduce drug treatment and rehabilitation waiting lists.

Thank you again for writing.

Sincerely yours,

Hillary Rodham Clinton

Hillary Rodham Clinton

cc: The Honorable Charles B. Rangel

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

DEPUTY WHIP

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WAYS AND MEANS
CHAIRMAN, SUBCOMMITTEE ON SELECT REVENUE MEASURES
SUBCOMMITTEE ON OVERSIGHT

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House of Representatives
Washington, DC 20515-3215

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January 27, 1994

Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

PAM FEB 2 4 1994

Dear Mrs. Clinton:

I recently received an interesting letter from Norman Sokolow, president of the Medical Arts Center Hospital in New York. Mr. Sokolow raises some important points about healthcare reform and the management of alcohol and substance abuse treatment. While Mr. Sokolow applauds universal coverage, he is concerned with the need for a more comprehensive substance abuse treatment program.

This letter deserves your attention. I would appreciate your views on the issues that Dr. Sokolow raises.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR/ek

cc: Ira Magaziner
Howard Ickes
Hon. Donna Shalala
Hon. Lee Brown

Medical Arts Center Hospital

FIFTY SEVEN WEST FIFTY SEVENTH STREET · NEW YORK, N.Y. 10019
AREA CODE 212 PLAZA 5-0200

January 4, 1994

The Honorable Charles B. Rangel
U.S. Congressman
163 W. 125th Street
New York, NY 10027

Dear Congressman Rangel:

As the people who are on the frontline in this nation's war against substance abuse, we as treatment providers are extremely concerned about the level of benefits provided in the latest version of the Health Security Act.

Taking the lead, as you can see from our enclosed agenda, Cornerstone Treatment Facilities sponsored a conference last month on "The Effect of Healthcare Reform on the Management of Alcohol and Substance Abuse Treatment." We regret that a conflict in your schedule precluded your attendance.

Representing many constituencies affected by healthcare from alcohol and substance abuse treatment providers to corporate human resource offices to insurance companies to Health Management Organizations to Preferred Provider Networks to hospitals to Employee Assistance Programs to unions, the conference participants voiced both support and concern for components of the Health Security Act and its impact on the alcoholism and substance abuse treatment field.

While everyone applauded the universal coverage and concept of cost containment, those in attendance urged that a much more comprehensive substance abuse treatment provision be included in the final enacted form of the Health Security Act.

In finalizing legislation, we are especially concerned about these areas:

* **With the proposed cuts in Medicaid and block grants -- which now account for 86 percent of the funds for alcohol and substance abuse treatment -- it is imperative that there are specific sources of other funding for those needing alcohol and substance abuse treatment. Making assumptions about anticipated savings from a more equitable plan distribution risks allowing funding sources for this treatment to fall between the cracks resulting in untreated persons and the ensuing problems and costs to our nation.**

* Not allowing for a sufficient number of inpatient days and outpatient sessions on the basis of individual need can result in artificial and inhumane regulation of health problems. If the Health Security Act is not going to limit the number of days a person can be treated for heart attacks, it should not attempt to legislate the number of "entitlements" a person has to suffer form the disease of alcoholism and substance abuse, and to generalize the gradations in severity into a single treatment mode with identical parameters for every person.

* On the other hand, as an industry there must be standards set and standardization for the costs of different types of alcoholism and substance abuse treatment; for example, for therapy, which now can range from $15.00 to $200.00 per session. We suggest a dollar cap rather than a set number of days for treatment as a more effective way of encouraging cost containment by providers.

* As chronic diseases, alcoholism and substance abuse should not be expected to be cured and their treatment costs regulated from that perspective. As with diabetes, hypertension, heart disease and schizophrenia, effectiveness of patient treatment in alcoholism and substance abuse can no more be evaluated by analyzing relapse rates than looking at recurrences of other illnesses.

* A distinction between proper treatment and no frills treatment needs to be spelled out for alcoholism and substance abuse treatment. This type of treatment is labor-intensive, but not highly dependent on high technology. In fact, the cost of alcoholism and substance abuse treatment has increased over the years because the number of patients has increased, but the cost of care has not followed the same inflationary pattern as other areas of medicine, especially those dependent on high technology. However, as with no frills airlines, certain aspects of treatment must be maintained if it is to be effective, if the plane is to still get off the ground, so to speak.

* Perhaps the strongest and most compelling reasons to provide sufficient coverage in the Health Security Act for alcoholism and substance abuse treatment are that left untreated or insufficiently treated, alcoholism and substance abuse greatly burden the nation's economy. Alcohol and chemical dependencies result in extensive emergency room treatment and medical care with resulting higher healthcare costs. Instead of adding to the taxpayer's burden by clogging the court system and building new prisons, we should address one of the basic reasons for crime - alcoholism and substance abuse. We should concentrate on delivering the type of treatment that will be most effective and develop effective prevention and relapse programs. Alcoholism and substance abuse problems cost companies billions of dollars annually in absenteeism and lost productivity. Reducing chemical dependency problems will help

American industry remain competitive and keep the bottom line at a healthier level.

* **Most of all, we need to protect our children and youth, the future of our country from falling into the destructive behaviors that come from alcoholism and substance abuse. No longer can we tolerate losing our children to the traffic accidents, suicides, AIDS, teenage pregnancies and other problems resulting from alcohol and drug abuse.**

We must be careful that in our zeal to lighten the burden to the healthcare delivery system that we do not do it at all costs. We cannot bargain with payers about costs of treatment programs when there is little regard for the quality of the treatment. At all times we must keep the patient prominent because healthcare reform must be most of all, about improving the human condition.

We at Cornerstone are committed to working with the U.S. Congress and the Clinton Administration to ensure that the Health Security Act will meet the needs of all Americans, including those suffering from alcohol and substance abuse.

Please feel free to invite members of our professional staff to testify during hearings on what coverage should be for alcoholism and substance abuse in the Health Security Act. If you need additional information or clarification or have any questions, please feel free to call me at (212) 755-0200, ext. 3100 or Debra Wentz of my staff at extension 3044.

Together, I am confident we will help all Americans, including those suffering from alcoholism and substance abuse, benefit from National Healthcare Reform.

Sincerely,

Norman J. Sokolow
President

NJS:pag
Enclosure

THE WHITE HOUSE

WASHINGTON

March 21, 1994

The Honorable Charles B. Rangel
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Rangel:

I was equally pleased after our meeting on February 9. Thank you for your support and continuing efforts to make national health reform legislation a reality.

You suggested in your letter that we continue to discuss the substance abuse benefit and the impact of health reform on New York. I understand that you will begin an ongoing discussion of your concerns about New York this week. I have asked Jennifer Klein on my staff to work with Jack Lew and your staff on the substance abuse benefit.

You also mentioned your ideas about applying the empowerment zone concept to medically underserved communities. As you know, we share your goal of ensuring that individuals in underserved communities have access to the health care they need. We would be happy to look at a specific proposal and to provide technical assistance.

Thank you again for your contribution to the debate on health care reform. I look forward to continuing to work with you in the coming weeks.

Sincerely yours,

Hillary

Hillary Rodham Clinton

cc: Melanne
Chris
Jack

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

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PLEASE RESPOND TO
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February 9, 1994

Mrs. Hillary Rodham Clinton
The White House
Washington, D.C. 20010

Dear Mrs. Clinton:

I just want to say how pleased I was about our meeting this afternoon. Not only was it so pleasant to sit and chat with you about an issue we both care very deeply about, but it was gratifying to be assured that we both want so dearly to make health reform be meaningful to those millions of Americans who live in communities where adequate health care has only been a dream. You should know that I want to work closely with you and that you have my support in enacting legislation that will meet the President's six objects and especially universal coverage and access to quality care for all.

My thought is that we ought to focus on the medically underserved communities just as we are focusing on Empowerment Zones and Enterprise Communities. One of the keystones of the Empowerment Zones program is the strategic plan which is designed to require the entire community to be involved and considered. We ought to build on the planning for such communities at the municipal and state level and at the community health center level where it is already done to require a strategic plan similar to the Empowerment Zone plan for efforts beyond the basic health delivery needs for medically underserved communities. We should, thus, be better able to use what resources already come into these communities and know what we still must invest to provide for a healthy population.

I expect to continue to work with you or whomever you designate on the substance abuse benefit package and an effort to provide particular quality assurance that will focus on those modalities that are effective in helping addicts. I am afraid we cannot expect to get much from Health and Human Services on the issue of treatment since 90% of our federal funding for addiction services are in block grants to the states without accountability from them.

I also hope to continue to work with you to assure that New Yorkers receive credit for their extensive effort in health care and that the final legislation is equitable for my state and others similarly situated with high incomes and high costs, but more of their share of the poor.

You can be sure that Jon Sheiner of my staff will stay in touch with Jack Lew and the rest of the White House staff throughout the process to help you in any way I can.

Sincerely,

Charlie

CHARLES B. RANGEL
Member of Congress

CBR/jrs

P.S. Please feel free to share this letter with those that can determine together this approach makes any sense. Thanks

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ASSISTANT SECRETARY FOR PLANNING AND EVALUATION
OFFICE OF HEALTH POLICY

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Number of Pages (Including Cover): 4

Comments: Draft Rangel Letter
adapted to focus more on substance
abuse from 6 Senator

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

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November 22, 1993

Honorable Donna Shalala
Secretary
Department of Health and Human Services
200 Independence Ave., S.W.
Washington, D.C. 20201

Dear Secretary Shalala:

Although I have co-sponsored the bill to see the debate move forward, I am very disappointed to see that in the President's health care reform proposal the benefits for the treatment of drug and alcohol abuse have been significantly cut from the levels earlier discussed. It just seems to me that this is extraordinarily short sighted. While the actuaries may see an immediate savings to the plans in limiting the benefit for treatment, there is no question in my mind that we will all suffer a longer term loss in treating those who are hard core addicts.

The evidence is overwhelming that the costs of drug abuse are staggering. You and I have discussed this more than once. I have had similar discussions with the President. I am gratified that he raised many of these fundamental issues about poverty and despair in his Memphis speech. I share his concern that we must take action, including the creating the opportunity for work, to change the climate in our inner cities that is leading to the drugs and violence that plagues these communities. What I do not understand is how we can recognize the need to do something about the problem and then turn around and short change the means for acting on it.

I recently chaired hearings of a Committee on Ways and Means Subcommittee on the question of the relationship of poverty and health care and the impact of substance abuse on the health care effort. Dr. Phil Lee was the Administration's representative. The record made abundantly clear what is intuitive; that poverty leads to drugs and crime. It is no less clear that poverty creates an enormous burden on our health care system that universal coverage and improved primary

care will only slightly relieve. Likewise, there was unanimity that to deal with the drug abuser requires not only everything that we thought was in the Administration's package, but much more to deal with the whole person; education, training, job placement, self esteem, etc.. A cut in treatment benefits will only make the task more difficult.

The old cliché, "Penny wise, pound foolish," applies here. The plans will save short term, but they will cost long term paying for AIDS, TB, acts of violence, crack and border babies and unquestioned increases in morbidity.

I hope that we can work together to insure that health reform provides benefits for substance abuse that are effective for all Americans suffering from the ravages of drugs and alcohol.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR/jrs

cc: President William J. Clinton
Ms. Hillary Rodham Clinton
Mr. Ira Magaziner
Hon. Lee Brown
Hon. Thomas S. Foley
Hon. Richard A. Gephardt
Hon. David E. Bonior
Hon. Kweisi Mfume
Hon. Dan Rostenkowski
Hon. Pete Stark

Draft 12-16-93

Also - Add Sentence about Administration's Drug Strategy

The Honorable Charles B. Rangel
House of Representatives
Washington, D.C. 20515-3215

Dear Mr. Rangel:

[Sentence about enormity of problem]

The Administration shares your goal of creating a comprehensive benefit for alcohol and drug abuse. The Health Security Act takes serious steps toward this goal by covering a broad range of treatment options and by eliminating pre-existing condition exclusions and lifetime limits that today restrict the access of individuals with substance abuse disorders to needed services. For the first time Americans will have coverage for substance abuse treatment. For example, the 1991 Bureau of Labor Statistics survey of "Employee Benefits in Medium and Large Private Establishments" found that slightly more than twenty percent of full-time participants did not have medical care benefits for inpatient rehabilitation or outpatient care for alcohol or drug abuse.

The mental illness and substance abuse benefit in the Health Security Act includes hospital medical detoxification for management of medical conditions associated with withdrawal, inpatient and residential treatment, intensive nonresidential treatment, and outpatient services, including screening and assessment, diagnosis, medical management, psychotherapy, substance abuse counseling and relapse prevention, crisis services, collateral services and case management. Significantly, diagnosis, screening and assessment, medical management, hospital detoxification involving medical conditions, and crisis services are not subject to annual day and visit limits.

By January 1, 2001 the Health Security Act replaces current insurance market strategies of annual day limits on inpatient, residential and intensive nonresidential treatment, substance abuse counseling and relapse prevention, and psychotherapy with a managed benefit. In addition, high copayments and coinsurance for psychotherapy and collateral services are reduced.

Until that time, the Act emphasizes a wide range of innovative treatment services, such as day treatment programs, partial hospitalization, ambulatory detoxification, residential treatment, relapse prevention, and case management that are important to the treatment of individuals with substance abuse disorders. Providing coverage for this array of treatment options represents a new direction for the delivery of substance abuse services and creates incentives for the development of needed capacity.

Health plans are encouraged to utilize the wide array of treatment options to provide individuals with a continuum of care -- that is both appropriate for an individual's needs and cost effective -- through substitution of inpatient and residential days for treatment in other settings. Thirty days of inpatient and residential treatment may be reduced by one day for every two days of intensive nonresidential treatment or by one day for every four outpatient visits for psychotherapy or substance abuse counseling and relapse prevention.

Beyond the services covered through substitution additional treatments are covered to provide ongoing and appropriate support. For example, a maximum of 60 additional days of intensive nonresidential treatment are available. Again without substitution, ~~thirty~~ visits of psychotherapy and collateral services are covered, and 30 visits in group therapy are covered for substance abuse counseling and relapse prevention for individuals who have received residential or intensive nonresidential services within 12 months.

Through universal coverage, larger numbers of individuals with severe disorders will obtain access to services. While there is promising experience in the private sector with a flexible managed mental health and substance abuse benefit, there is less experience and data on the use of this approach for individuals with severe mental illness or chronic drug and alcohol addiction. Given this uncertainty and consistent with our approach in all our estimates, we have remained conservative in estimating the cost of the benefit. Within this framework, we have developed a benefit structure that encourages flexibility and management so that by January 1, 2001 the benefit no longer needs to rely on specific day and visit limits.

In addition to the mental illness and substance abuse benefit, the Health Security Act also provides funding for services to remove barriers to treatment for mental illness and substance abuse, including community and patient outreach, transportation and translation services. Other initiatives include school-based programs aimed at educating school children about substance abuse, including tobacco and alcohol use. In addition, the National Institutes of Health will fund mental illness and substance abuse prevention research.

Is this a fair statement?

Send my talking points to Sharman

I appreciate your sharing your thoughts and concerns with me. I look forward to working with you on these issues in the future.

Sincerely,

Donna E. Shalala

TO: Sharman Stevens

FROM: Jennifer Klein

Sharman -

Skila asked me to take a look at this. (I hope you don't mind.) I had a few suggestions -- feel free to take them or leave them. On the second page, I wrote new talking points that include info on some additional programs. Unfortunately, I don't have them here, but I'd be happy to share them with you on Monday.

Feel free to call me at 914-693-2468.

Jennifer