The New York Times
nytimes.com

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April 17, 2007

Revolving Door for Addicts Adds to Medicaid Cost

By RICHARD PÉREZ-PEÑA

With grim humor, some doctors in New York call them "frequent fliers" — addicts who check into hospital detoxification units so often that dozens of them spend more than 100 nights a year in those wards.

Through its Medicaid program, New York spends far more than other states on drug and alcohol treatment, including more than $300 million a year paid to hospitals for more than 30,000 detox patients. One reason for the high cost is that $50 million is spent just on the 500 most expensive patients, at a cost of about $100,000 a person. These patients check in and out of detox wards, on average, more than a dozen times a year — a practice that experts say would not be tolerated in most states.

In the state's 2004 fiscal year, one patient was admitted to such units 26 times at 17 different hospitals around New York City, spending a total of 204 nights, Medicaid records show. In fiscal year 2005, there was one patient who spent 279 nights in detox wards, at a cost of about $300,000.

New York State spends more than enough money to provide all the needed treatment, but "the dollars are being spent in the wrong settings," said Deborah S. Bachrach, the state's Medicaid director. In Gov. Eliot Spitzer's campaign to overhaul Medicaid, she said, "this is very high on our agenda."

George Epps, 59, was a heavy user of alcohol, cocaine and heroin and says he went through detox programs around New York City 20 to 25 times over several years. "I would come out of detox and rent a room, squander my money on drugs and women, be homeless again for a while, and check back into detox," said Mr. Epps, who added that he had been clean for more than six years.

He was far from being one of the most extreme examples, but he says he understands the thinking of the repeat patient.

"I would tell myself I was just a brother who needed a rest, not somebody who had a problem," he said. "I could mimic what they said with such grace and conviction, they would swear I was cured."

Among state officials, doctors who treat addiction, service groups dedicated to helping the homeless and mentally ill, even the addicts themselves, there is remarkable agreement on why the treatment system in New York is overpriced and inefficient.

In other states, most addicts who go through detox programs do so on an outpatient basis, while in New York the vast majority are inpatients. Medicaid rules in New York also encourage hospitals to provide the most expensive kind of inpatient detoxification, though it is often not medically necessary, while many other states favor a less expensive form of inpatient treatment.

And in New York, when patients are discharged — typically after about five days — the needed transition to an outpatient treatment program often never occurs. That is one reason many patients do not fully recover from their addictions and return to detox wards, experts say.

The system suits the most frequent patients — most of them homeless, mentally ill, or both — who see the programs as a source of shelter and food. And the most expensive treatment, which usually involves some sedation, can reduce the discomfort of withdrawal better than other methods.

Some drug users, especially those on opiates, also set out to clean their systems so they can reduce the dose needed to get high, according to addicts and those who treat them. For a homeless addict, the cost of each dose is a major concern.

But at its core, experts say, the overuse of costly inpatient programs is connected to the lack of housing for homeless people. People are less likely to admit themselves to hospitals, and more likely to adhere to treatment programs, when they are not living on the streets. For more than a decade, the city and state have invested in such housing, including some that accept residents who are not yet drug-free, but demand for housing still far exceeds supply.

"For this small group of what are basically professional inpatient detoxification users, it's really a whole series of linked problems, and none of the parts of the system work very well," said Dr. Richard N. Rosenthal, an addiction specialist and chairman of psychiatry at St. Luke's-Roosevelt Hospital Center in Manhattan. "There's been some progress on each element, but not enough."

The most intensive form of treatment, "medically managed" withdrawal takes place in a hospital, usually involves some sedation, and requires a great deal of care by doctors and nurses. The next level, "medically supervised withdrawal," can be done in a hospital, or sometimes on an outpatient basis, and requires less medical intervention and less staff.

In New York, Medicaid pays an average of more than $100 a day for outpatient medically supervised withdrawal, and close to $400 a day for the inpatient version.

But it pays more than $1,300 a day for medically managed detox — and state officials estimate that more than 40 percent of that is profit for the hospitals. Hospital executives say the margin is not that high, but they concede that the most expensive form of detoxification is a significant money-maker.

As a result, many hospitals offer that program, but not the cheaper ones. By law, hospitals cannot turn away emergency patients, and drug or alcohol withdrawal is considered an emergency. So about 80 percent of the detox patients handled by hospitals in New York are treated at the most expensive level — often because it is the only one available.

Federal officials say they do not keep state-by-state Medicaid records, but experts and state officials say it is clear that New York spends far more on drug treatment than any other state, because other states mostly provide outpatient treatment. Figures compiled by the Department of Health and Human Services support that claim, showing that New York has more hospital admissions for drug or alcohol abuse — whether paid by Medicaid or someone else — than California, Texas and Florida combined.

Of the patients in medically managed detox in New York, "about 80 percent of them are uncomplicated and could be provided with a lower service," said Karen M. Carpenter-Palumbo, commissioner of the state's Office of Alcohol and Substance Abuse Services.

Spitzer administration officials say the state needs to pay less for the top level of care, and possibly pay more for the others, to spur the development of those services. That fits with the governor's plan to review what Medicaid pays for all services, with an eye to encouraging less expensive forms of care.

But those officials also know that when George E. Pataki tried twice as governor to change the detox payment system, the hospital industry, which has been losing money over all, persuaded the Legislature to protect one of its few sources of profit.

Everyone in the field agrees that drug treatment would be more effective and less expensive if a patient consistently went to the same hospital and the same set of doctors.

But in New York, a hospital has no way of checking a patient's history at other hospitals. The state has talked for years of making that information available right away, and requiring that patients be transferred to their "home" hospitals, but to no avail.

Beyond medically managed and medically supervised detox, there is the least intensive form, called medically monitored withdrawal, which is often done in a residential treatment center, to remove addicts from the influences that contribute to their drug use. The cost per day is comparable to outpatient detox, but patients can stay for weeks.

But under rules laid down decades ago by the federal government, which pays half of New York's Medicaid bills, Medicaid will not pay for drug treatment in a residential center, as opposed to a hospital. The state pays for a limited amount, using non-Medicaid funds.

In interviews, several current and recovering addicts who have also been homeless said they would happily accept less expensive forms of treatment, as long as they were given shelter. Sam Tsemberis, executive director of Pathways to Housing, a nonprofit group based in Manhattan, works with many such people.

"People use it instead of the shelter system," he said. "It's safer, you get three hots and a cot, the meals are better than a shelter, the beds are better, you get a clean change of clothes."

When patients are discharged from hospital detox wards, the hospitals are supposed to refer them to follow-up treatment, usually through other organizations.

"The handoff doesn't happen," said Shari Noonan, who was the acting commissioner of the state substance abuse office last year. "There are no incentives for the hospital to make sure it happens."

Medicaid records show that in New York State, 80 percent of patients do not have any form of outpatient treatment soon after leaving hospital detox. For almost half of them, the next drug treatment they get is another detox admission.

Ms. Carpenter-Palumbo said the state is looking into ways to correct those failings, providing incentives to hospitals to follow up, and assigning case managers to track patients. But again, such steps might require getting stable housing first.

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