

# Making Alternative Medicine a Viable Part of the Health Insurance System

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A great deal has been written about the emergence of complementary and alternative medicine (CAM). There are studies with extrapolations about “use patterns” and projections about the depth of market. Its advocates and the media push for complete integration into our healthcare system. As financial pressures mount on all segments of the industry, executives are being forced to explore the potential benefits of expanded treatment options.

Many insurance companies have moved on the issue by contracting with CAM provider networks to give their customers access to discounted fees-for-services. This arrangement makes sense as an interim solution since alternative medicine has lacked the professional, legal and regulatory infrastructures necessary to support its integration. However, existing methods do little to resolve the uncertainty conventional industry executives face in relation to CAM.

The rise of discounted fee-for-service network arrangements, smart cards and legislative mandates for CAM create an illusion of meaningful coverage, but little of real substance exists. **Discounted fee-for-service offerings and smart cards should not be confused with covered health care benefits.** This model is a contractual arrangement between the insurer and a company with a contracted network of CAM providers to facilitate access to the provider services at a discounted rate. The insurer can market its "alternative medicine benefit" while taking on zero risk; the contracting company receives fees from both insurer and provider with the presumption that the provider will profit from increased referral volume. Smart cards function like a pre-paid phone card. The

services are pre-paid to a dollar level for a provider network. This method also usually includes discounts on service pricing.

Legislative mandates are a concept whose time has not come. Lack of infrastructures normally associated with health care will make it challenging to administer mandated benefits. Additionally, mandated coverage of a field with little data on which to define risk exposure will send insurers into a self-preservation mode that is likely to corrupt the intent of the legislation.

### It Comes Down to Money

Financial factors are the major industry forces helping to propel the investigation of coverage. We are reaching an end point in our ability to "manage" the escalating cost of health care. Until recently, pharmaceuticals had escaped this pressure, but we are now exploring options in the management of these costs. **There is really no place left to look for potential savings based on the existing health system. Many sectors are experimenting with CAM at present, casting about for a method to use it to help an ailing industry.**

While I don't want to discount the deep belief in the value of CAM held by many conventional health care professionals, many physicians and hospitals are faced with seriously declining profits or, even worse, outright losses. The provider sector is looking at anything that might function as a new revenue stream while providing cost-efficient, quality care. The reimbursement industry has similar motivations. All are pressured by industry report cards and ferocious competition to keep patient panels and customers enthusiastic about care and products. These harsh financial realities are beginning to alter the forces driving interest in CAM.

### Stumbling Blocks

The media, and some within CAM itself, have worked tirelessly to push for integration. The difficulty has been that CAM itself has not developed

enough infrastructures to support integration at this level. State regulation of CAM providers varies wildly; some still have no regulations in place at all. Scope of practice and credentialing issues abound, and disagreement exists even within the CAM expert community. Some believe an entirely new method should be used to evaluate non-conventional providers; others argue that the best way to achieve safety and efficacy is to mirror conventional credentialing methods. State CAM regulatory boards are often self-funded with decisions made by volunteer members with little access to specialized legal advice.

Although my own advice to clients is to know the laws in their operative states, these state boards are vulnerable to special-interest lobbying that may result in provisions an insurer will want to create specific language to cover. Legislative grandfathering of massage therapists who have never met the usual education requirements and have never passed a national standard competency test is one example of this problem. I believe this legislation erodes any confidence we might have in licensure as a reasonable marker for safety and efficacy. The professional associations representing various CAM modalities must understand patient care and liability issues in order to provide the type of support we expect from professional medical societies. At least one non-profit professional organization has been founded to serve in this capacity: the Association for Integrative Medicine was formed two years ago and now represents over 350 members in 41 states and 24 countries.

Insurers and self-funded companies face a host of difficulties with CAM integration. There are no actuarial data on which to base risk exposure or even usage rates. Claims administration itself is difficult with no method of standardizing procedure codes or valuation for treatment. CAM will not be integrated nationally until we have the ability to validate and process claims nationally. There has been no method to collect reliable data on CAM treatment that will allow us to make diagnosis-based outcome comparisons to conventional treatment.

The specter of HIPAA also looms for all those using a patchwork system of identifying CAM

procedures. Insurers need data to better manage risk exposure, which up to now has been accomplished by carefully constructing the benefit. Core CAM benefits or riders are then tweaked according to whatever information can be obtained from usage - an imperfect method at best since the information itself is suspect. **When we are able to design benefit structure around reliable data, we will be on the path to realizing the value of alternative medicine for the health care industry.**

A New Mexico company, Alternative Link, claims to have products that will resolve many of the impediments to wide-scale implementation of CAM benefits. Melinna Giannini, CEO of the company, says, "As long as underwriting experience is the measure of treatment protocols, you must have a method to connect CAM treatment plans to coded procedures." The company offers "Total Systems Solution" geared to facilitate this process using database systems that drop in to the user's existing ITS. The database covers scope of practice in each state, education and training requirements by modality, and attaches a value to each coded procedure in a format that is HIPAA-compliant and e-commerce enabled.

"When cost is attached to the CAM codes, conventional data can be used as a benchmark for treatment authorization. You must have the data underwriters required for integration of CAM," said Giannini. This represents the type of solid business thinking that has been so lacking in discussions of alternative medicine. The company has gone to impressive lengths to submit their products for evaluation. The U.S. Patent Office granted patents in 1999 and the products have passed government oversight boards for standardized medical language, along with other professional organizations governing the healthcare industry. This is an example of corporate professionalism that many alternative medicine companies would do well to emulate.

The bottom line is that CAM will begin to reach its potential in health care when the industry integrates it voluntarily based on its merits. In the meantime, it pays to carefully define your goals for any alternative medicine benefit. Healthcare, marketing and financial goals should be

developed for the product with the benefit specifically designed to meet these goals while minimizing risk exposure.

Although I have been involved in creating core benefits for alternative medicine, it is wise to consider using a rider. Core benefits have traditionally been required in cases where a company has contracted to mirror the previous carrier's benefit structure or first-rate benefits are necessary to retain a highly skilled workforce for a large corporate client. However, what will work depends on where you are geographically, as well as other variables that must be considered in a field evolving as rapidly as alternative medicine. The company with a carefully developed alternative medicine program based on rational business objectives and a realistic appraisal of what CAM is able to provide now will have a solid base from which to implement its long-range strategy as the field develops. This is a company poised to reap all of the potential benefits of alternative medicine integration.

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