

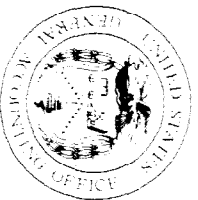
**GAO**

Report to the Chairman, Subcommittee  
on Military Personnel and  
Compensation, Committee on Armed  
Services, House of Representatives

November 1991

**DEFENSE HEALTH  
CARE**

**CHAMPUS Mental  
Health Benefits  
Greater Than Those  
Under Other  
Health Plans**



145234

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United States  
General Accounting Office  
Washington, D.C. 20548

Human Resources Division

B-246055

November 7, 1991

The Honorable Beverly B. Byron  
Chairman, Subcommittee on Military Personnel  
and Compensation  
Committee on Armed Services  
House of Representatives

Dear Madam Chairman:

This report responds to your request for additional information on how the benefits for mental health and substance abuse treatment,<sup>1</sup> available under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) within the Department of Defense (DOD), compare with similar benefits under private sector plans and under the Federal Employees Health Benefits Program (federal employees program). The information presented in this report supplements our April 24, 1991, testimony before your Subcommittee.<sup>2</sup>

## Background

CHAMPUS pays for a substantial portion of the health care that civilian hospitals, physicians, and other providers give to DOD beneficiaries. Retirees and their dependents, dependents of active-duty personnel, and dependents of deceased members obtain care from these providers when they cannot obtain it from military facilities.

DOD mental health costs have increased significantly over the last several years. Between 1985 and 1989, these costs doubled to more than \$600 million a year, even though the number of eligible beneficiaries has remained relatively constant. Inpatient care was the largest and fastest-growing component of CHAMPUS's mental health costs. Over the 5-year period, such care increased from about \$200 million to almost \$500 million. In fiscal year 1989, mental health care provided to children and adolescents in hospitals and residential treatment centers accounted for 3 of every 4 days of inpatient mental health care and 73 percent of total CHAMPUS expenditures for such care.<sup>3</sup>

<sup>1</sup>Substance abuse benefits are for the treatment of alcoholism and drug addiction.

<sup>2</sup>DOD's Management of Beneficiaries' Mental Health Care (GAO/T-HRD-91-18, Apr. 24, 1991).

<sup>3</sup>A psychiatric residential treatment center provides long-term treatment for patients with mental disorders who require a protected and structured environment, but for whom inpatient hospitalization or outpatient treatment is inappropriate.

Similar cost growth occurred in the private sector. The Health Insurance Association of America reported that mental health costs have risen about 15 percent a year since 1985; it attributed a large portion of the growth to inpatient care for adolescents.<sup>4</sup> The Foster Higgins Company, a benefits consulting firm, estimates that the average cost to an employer for mental health care increased nearly 50 percent between 1987 and 1989.

Largely in response to rising costs, the Congress changed the CHAMPUS mental health benefits through the National Defense Authorization Act for Fiscal Year 1991 (P.L. 101-510). These changes went into effect on October 1, 1991. Coverage for inpatient acute care is now limited to 30 days a year for adults and 45 days a year for dependents under 19 years of age. Care in residential treatment centers is now limited to 150 days a year. However, the legislation requires that DOD establish procedures under which these limits can be waived in cases where care is determined to be medically or psychologically necessary. The legislation also changed the annual deductibles for most beneficiaries from \$50 a person and \$100 a family to \$150 a person and \$300 a family.<sup>5</sup> These deductibles apply to all services, including mental health.

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## Scope and Methodology

We compared the benefit package and cost-sharing requirements specified in P.L. 101-510 with the most recent surveys of private employees conducted by several firms specializing in benefits research and consulting, as well as by the Bureau of Labor Statistics (BLS). The surveys we used are described in appendix I. Additionally, we obtained detailed descriptions of the 12 fee-for-service plans in the federal employees program, which, as of 1991, are open to all federal employees and insure nearly 70 percent of all current and retired federal employee families. We combined the federal employee plans, except for the Blue Cross and Blue Shield High Option plan, into a typical federal plan. In appendix III, we describe our methodology in developing the typical plan. We supplemented these data with information provided by officials from the consulting firms, the federal plans, and BLS, as well as various health care associations. Our work was carried out between January and June 1991 in accordance with generally accepted government auditing standards.

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<sup>4</sup>Cynthia B. Sullivan and Joel E. Miller, The Evolution Of Mental Health Benefits (June 1991), p. 3.

<sup>5</sup>Deductibles for grades E-4 and below were not changed by the legislation and remain at \$50 a person and \$100 a family.

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## Results

The CHAMPUS benefits and cost-sharing requirements for mental health and substance abuse, as amended by P.L. 101-510, are more generous than those offered to private sector and federal employees. While the CHAMPUS acute care inpatient limit of 30 days a year for adults is comparable with the limits under private sector plans and the federal employees program, the limit of 45 days for children is higher than that in most other plans. Generally, health insurance plans do not distinguish between limits for children and adults. CHAMPUS allows the day limits to be waived, which is virtually unprecedented. Its benefit for residential treatment centers is also unusual when compared with other plans.

CHAMPUS outpatient benefits are also greater than those in the private sector and federal employees program. CHAMPUS allows more than twice the number of outpatient visits than most other plans, and requires beneficiaries to pay only half of what most other plans require. CHAMPUS provides outpatient substance abuse care, which is unavailable to about 40 percent of employees in the private sector and in 3 of the 12 federal employee plans. CHAMPUS also authorizes more types of professional providers, most of whom provide treatment on an outpatient basis.

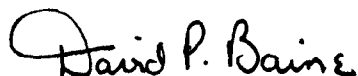
CHAMPUS requires less beneficiary cost-sharing than plans in the private sector and the federal employees program. For example, beneficiaries pay no premiums for CHAMPUS coverage. In addition, families of active-duty personnel pay only a nominal fee for inpatient care, though retirees and their families pay significantly more. The CHAMPUS catastrophic limit for families of active-duty personnel is significantly lower than that of other plans, particularly the federal employees program in which separate and higher limits are required for mental health care. Lastly, private and federal employee plans commonly impose lifetime dollar limits on the mental health and substance abuse care they will pay for. CHAMPUS has no lifetime dollar limits. In appendix II, more detailed information is given on how CHAMPUS benefits compare with those of the private sector and the federal employees program.

We discussed this report with officials of the Office of the Assistant Secretary of Defense (Health Affairs). They agreed with its content. We also discussed the report's presentation of private sector surveys, done by consulting firms, and federal employees plans with representatives of each company or agency. They also agreed with the report's content.

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We are sending copies of this report to the Senate Armed Services Committee, the House and Senate Appropriations Committees, related congressional Committees and Subcommittees, the Secretary of Defense, and other interested parties. In addition, copies will be made available to others on request. If you have any questions, please call me on (202) 275-6207. Other major contributors to this report are listed in appendix IV.

Sincerely yours,



David P. Baine  
Director, Federal Health Care  
Delivery Issues



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**Abbreviations**

BLS	Bureau of Labor Statistics
CHAMPUS	Civilian Health and Medical Program of the Uniformed Services
	Services
DOD	Department of Defense

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# Surveys Used to Identify Benefits for Mental Health and Substance Abuse Treatment in the Private Sector

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## Foster Higgins Survey

Foster Higgins is a firm that does research and consulting on employee benefits in the private sector. The firm's 1989 survey is the most recently published one with information on mental health and substance abuse benefits. The survey questionnaire was distributed in the summer of 1989 with the help of 42 business coalitions around the country. The survey results reflect the input of 1,943 employers, whose benefit plans cover more than 12.5 million employees. Survey participants include organizations of all sizes and industries, as well as state and local governments. Foster Higgins does not use a scientific selection methodology to identify participants, but instead relies on a mass-mailing approach with follow-up telephone inquiries to firms in the Fortune 500. The survey results are indicative of the benefits found in the various industries and in various-sized companies, but the results are not projectable to the universe of firms and employees.

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## The Hay-Huggins Company Survey

The Hay-Huggins Company is a firm specializing in actuarial analysis and benefits research and consulting. The 1990 Hay/Huggins Benefits Report, the most recent one available, is the 21st annual survey conducted by the company. The survey is based on the responses of 1,011 firms. Participating firms are from all 50 states and a variety of industries, including nonprofit organizations, and state and local governments. The survey results are indicative of the benefits found in medium- and large-sized firms, but the results can not be projected to the universe of workers and firms.

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## Bureau of Labor Statistics, U.S. Department of Labor, Survey

The BLS survey, Employee Benefits in Medium and Large Firms, 1989, is the 10th and most recent survey of medium and large firms. This survey includes the responses of 1,647 firms, with a total of 6.5 million workers; no firm in the survey had less than 100 workers. BLS projects the survey results to be representative of the benefits available to 32.4 million full-time employees in private nonagricultural industries for all states except Alaska and Hawaii.

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# Comparison of CHAMPUS, Federal Employee, and Private Sector Benefits

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This appendix describes how the CHAMPUS benefits and cost sharing for mental health and substance abuse compare with those (1) offered in the private sector (as identified by various benefits surveys) and (2) available in fee-for-service plans open to all federal employees in 1991. The comparison is presented in three major sections: benefit limitations, cost-sharing requirements, and substance abuse treatment. Each of the sections is further divided into major features or components, such as inpatient and outpatient benefits, types of mental health practitioners who are authorized to provide care, employee premiums, protection against catastrophic illness, deductibles, and copayments.

The comparisons are summarized in tables as well as by narrative descriptions. For summary and display purposes, we combined the federal plans, except for the Blue Cross and Blue Shield High Option plan, into one column, which we refer to as the "typical" federal employee plan. We show the Blue Cross and Blue Shield High Option plan separately because this plan was used as a model when CHAMPUS benefits were established in 1966.

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## Benefit Limits

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### Inpatient Care

The CHAMPUS benefits for inpatient mental health care overall are greater than inpatient mental health benefits in other plans. The key features that make CHAMPUS inpatient benefits greater are (1) higher day limits for children, (2) the ability to waive the day limits, (3) the absence of lifetime limits, and (4) coverage of residential treatment centers for children.

All the surveys indicate that inpatient mental health care in the private sector is usually subject to some type of limit, either on dollars or on the number of days of hospitalization. The most common limits are (1) lifetime limits on the total insurable dollars that can be spent for all mental health care and (2) annual limits on the number of days of hospitalization.<sup>1</sup> The surveys differ as to which of the two types is more common. The BLS and Hay-Huggins surveys show that annual day limits are more common; the Foster Higgins survey shows that lifetime dollar limits are most common. The most common annual day limit is 30 days, as

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<sup>1</sup>Other limits are annual dollar maximums, lifetime day maximums, and dollar or day maximums for each confinement. Plans often have more than one type of limit, with a range of options within each type.

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reported by Foster Higgins and Hay-Huggins, and most lifetime maximums are \$50,000 or less, as shown in the Foster Higgins survey. Foster Higgins also estimates that 1 day of inpatient care costs about \$500. At this rate, a \$50,000 lifetime maximum would pay for about 100 days of care.

Federal employee plans generally limit mental health benefits by imposing lifetime dollar maximums. Eleven of the 12 plans have such limits, ranging from \$25,000 to \$75,000 a person. The typical plan has a lifetime limit of about \$43,500; this would cover about 87 days of care during a lifetime. The remaining plan has a day limit of 30 days a year.<sup>2</sup>

CHAMPUS does not impose any lifetime limits on inpatient mental health care. The CHAMPUS inpatient day limit of 30 days a year for adults is comparable with the predominant annual day limit in private sector plans (see table II.1). The inpatient limit of 45 days for children is higher than most, and health insurance plans generally do not distinguish between child and adult limits. Discussions with health insurance officials indicate that CHAMPUS has two additional elements that are not typically found in either private sector or federal employee plans. These elements include (1) a residential treatment benefit of 150 days a year for children and adolescents and (2) a provision that allows all day limits to be waived when more care is medically necessary.

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<sup>2</sup>Each year, federal employees can change from one plan to another. When a beneficiary reaches the lifetime maximum in one plan, he or she is able to switch to another plan. This option effectively increases the total amount of mental health and substance abuse benefits available under the program.

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**Table II.1: Benefit Limits: Inpatient Care for Mental Health**

Type of Limit	Federal employees program			Private sector surveys		BLS
	CHAMPUS All enrollees	Blue Cross/Blue Shield High Option	Typical federal plan	Foster Higgins	Hay-Huggins	
<b>Adult</b>						
Lifetime dollar maximum	None	\$75,000 a person	\$43,500 a person	58% of firms with this limit; \$50,000 or less is most common	18% of firms may have this limit; no data on most common	33% of employees with this limit; no data on most common
Annual limit	30 days a year	None specified	None specified	46% of firms with this limit; 30 days is most common	45% of firms with this limit; 30 days is most common	38% of employees with this limit; no data on most common
Waiver of limits	Yes	No	No	No discussion of waivers	No discussion of waivers	No discussion of waivers
<b>Children</b>						
Hospital	45 days a year; no lifetime dollar maximum	Same as adults	Same as adults	Same as adults	Same as adults	Same as adults
Residential treatment facility	150 days a year	None	None	No discussion of residential benefit	No discussion of residential benefit	No discussion of residential benefit
Waiver of limits	Yes	No	No	No discussion of waivers	No discussion of waivers	No discussion of waivers

**Outpatient Care**

CHAMPUS benefits for outpatient mental health care are also greater than those in private sector and federal employee plans. Benefits for outpatient mental health in private and federal employee plans are subject to a variety of annual day and dollar limits. CHAMPUS does not impose yearly dollar limits on outpatient care. In addition, CHAMPUS allows more than twice the number of outpatient visits commonly found in the private sector and more than three times the number in the typical federal employee plan (see table II.2).

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**Table II.2: Benefit Limits: Outpatient Care for Mental Health**

Type of limit	CHAMPUS All enrollees	Federal employees program		Private sector surveys		
		Blue Cross/Blue Shield High Option	Typical federal plan	Foster Higgins	Hay-Huggins	BLS
Maximum number of visits a year	104	50	32	33% of firms have yearly limit on visits; no data on most common amount	33% of firms have yearly limit on visits; 50 or less is most common	34% of employees have yearly limit on visits; no data on most common amount
Yearly dollar maximum	Based on the number of yearly visits and plan dollar copayments	Based on the number of yearly visits and plan dollar copayment	35% of the families in 8 of the 11 plans have stated yearly maximums; average maximum is \$1,235	76% of firms with yearly dollar maximum; \$2,000 or less is most common	46% of firms with yearly dollar maximum; \$2,000 or less is most common	29% of employees with yearly dollar maximum; no data on most common amount

## Professional Providers

CHAMPUS authorizes more types of professional providers to treat CHAMPUS beneficiaries than do other plans.<sup>3</sup> In addition to the usual mental health providers — medical doctors and psychiatrists, psychologists, clinical social workers, and psychiatric nurses — CHAMPUS accepts marriage, family, pastoral, and other mental health counselors as authorized providers. None of the federal plans recognize these additional professionals. The private sector surveys do not specifically address this issue, but our discussions with trade groups representing these providers, as well as with other insurance officials, indicate that private plans typically do not insure mental health counseling services provided by these professionals.

## Cost Sharing

### Employee Premiums

Most plans, except CHAMPUS, require employees to pay a part of the insurance premium for family coverage. The employees' share of family premiums for federal employee plans range from \$674 to \$6,464 a year, and the typical premium is about \$979 a year, as shown in table II.3. Private sector employees paid an average of about \$850 a year for family coverage in 1989, as reported by the BLS and Foster Higgins surveys.

<sup>3</sup>Professional providers are individuals who are licensed or otherwise accredited to provide medical or other therapeutic services to enrollees in a health plan.

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**Table II.3: Cost Sharing: Employee Premiums**

Type of premium	CHAMPUS All enrollees	Blue Cross/ Blue Shield High Option	Federal employees program		Private sector surveys	
			Typical federal plan	Foster Higgins	Hay- Huggins	BLS
Family	None	\$5,200 a year <sup>a</sup>	\$979 a year <sup>a</sup>	\$834 is the average; 75% of the firms have premiums	75% of the firms have premiums; no data on most common	\$864 is the average; 69% of all employees pay premiums

<sup>a</sup>Excludes postal workers because, through collective bargaining agreements, the government pays a larger share of postal worker premiums.

**Catastrophic Protection**

CHAMPUS provides greater protection against expenses resulting from catastrophic illness, including mental illness, for dependents of active-duty personnel than private or federal employee plans. Its catastrophic protection for other beneficiaries is less than that of private plans, but comparable with federal plans.<sup>4</sup> Plans differ in the kinds of expenses that count toward the catastrophic limit, whether the limit applies to each individual or the family, and the dollar amount of this limit.

CHAMPUS has one catastrophic limit for all services. This annual limit of \$1,000 a family for dependents of active-duty members is less than one-half of the average family limit shown in the BLS survey, but the \$10,000 a year limit for other CHAMPUS-eligible families is much higher. Of the 12 federal employee plans we reviewed, 10 have a separate and higher catastrophic limit for mental health as opposed to other care, ranging from \$4,000 to \$8,000 a person. Of the 2 remaining plans, 1 limits family expenses to \$8,000 and the other has no catastrophic benefit for mental health. CHAMPUS allows outpatient mental health expenses to count toward the catastrophic limit, but most federal employees and 41 percent of private sector employees do not have this feature (see table II.4).

<sup>4</sup>Generally, a catastrophic limit is a maximum on the amount of cost sharing that enrollees must pay for care before the insurance plan will pay 100 percent of covered charges. The plan will pay 100 percent until any annual or lifetime limits are reached. The family is then responsible for all further expenses.

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**Table II.4: Cost Sharing: Annual Catastrophic Protection for Mental Health Care**

Catastrophic feature	CHAMPUS		Federal employees program		Private sector surveys		
	Active-duty dependents	All others	Blue Cross/Blue Shield High Option	Typical federal plan	Foster Higgins	Hay-Huggins	BLS
Individual	<sup>a</sup>	<sup>a</sup>	\$4,000	\$7,200	90% of firms have individual limit; most set between \$500 and \$1,499	79% of firms have individual limit; most set between \$500 and \$1,999	80% of employees have individual limit; \$1,077 is average amount
Family maximum	\$1,000	\$10,000	No family maximum	No family maximum	60% of firms have family maximums; most set between \$2,000 and \$4,999	48% of firms have family maximums; most set between \$1,001 and \$2,999	49% of employees have family maximums; \$2,298 is average amount
Separate for mental health	No	No	Yes	Yes	No mention of separate limit in survey	No mention of separate limit in survey	No mention of separate limit in survey
Includes outpatient expenses	Yes	Yes	No	No	Not discussed in survey	Not discussed in survey	Excluded for 41% of employees

<sup>a</sup>Family maximum only.

**Deductibles**

Generally, CHAMPUS deductibles are less than federal employee plans and comparable with private sector plans. However, plans vary in the extent to which deductibles apply to inpatient and outpatient services, the amount of the deductibles, whether a cap exists on the number of deductibles a family must pay, and whether the mental health deductible is separate from other deductibles.

CHAMPUS applies a deductible only to outpatient services. Private plans tend to have one deductible applied to all covered services regardless of the treatment setting. The typical federal employee plan applies two deductibles, one for inpatient care and the other for outpatient care. The inpatient deductible for mental health care is about \$150 an admission. There is no limit on the number of inpatient mental health deductibles a person or family might pay.

CHAMPUS deductibles are lower than most other plans, especially for lower-ranked service personnel. Family limits under federal plans for outpatient deductibles average about \$550 per year, almost double the highest CHAMPUS family deductible limit of \$300. The most recent of the three surveys suggests that the deductible under CHAMPUS is lower than under the typical private plan. An official of the Hay-Huggins company



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said the average family deductible limit in 1990 was about \$400 (see table II.5).

**Table II.5: Cost Sharing: Deductibles Paid for Mental Health Care**

	CHAMPUS		Federal employees program		Private sector surveys		
	Below E-5	All Others	Blue Cross/ Shield High Option	Typical federal plan	Foster Higgins	Hay-Huggins	BLS
Structure	a	a	b	b	c	c	c
<b>Amounts</b>							
Individual	\$50 a year	\$150 a year	Inpatient: \$50 an admission Outpatient: \$200 a year	Inpatient: \$150 an admission Outpatient: \$258 a year	97% of all firms have deductibles; most are between \$100 and \$200	87% of all firms have deductibles; most are between \$100 and \$200	95% of employees have deductibles; \$174 is average
Family limit	\$100 a year	\$300 a year	Inpatient: None Outpatient: \$400	Inpatient: None Outpatient: \$550	\$300 is most common	\$400 is the average	Usually 2 or 3 times the individual rate
Separate for mental health	No	No	Inpatient: No Outpatient: No	Inpatient: No Outpatient: No	No discussion of separate deductibles	No discussion of separate deductibles	Most do not have separate deductibles

<sup>a</sup>One deductible for outpatient services only; none for inpatient services.

<sup>b</sup>Two deductibles—one for inpatient services and another for outpatient services.

<sup>c</sup>Most have 1 calendar year deductible that applies to all services, regardless of whether treatment is received as an inpatient or as an outpatient.

**Copayments**

Under CHAMPUS, dependents of active-duty personnel make significantly lower copayments for inpatient care and services than under other plans. Other CHAMPUS beneficiaries make inpatient copayments that are comparable with those under private plans, but lower than those under federal plans. All CHAMPUS enrollees pay less for outpatient services than the typical private sector or federal employee.

Dependents of active-duty personnel are not required to share the costs of inpatient professional services under CHAMPUS. For room and board expenses, these beneficiaries make copayments of \$8.55 a day or \$25 an admission, whichever is greater. Other CHAMPUS beneficiaries pay, at most, 25 percent of all inpatient costs. Private plans typically require a 20 percent copayment for inpatient costs; federal employee plans require 20 to 50 percent.

For outpatient services, CHAMPUS requires active-duty dependents to pay a 20 percent copayment and other beneficiaries, 25 percent. This is

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about one-half of what is commonly paid by enrollees for mental health care under private sector plans and federal plans (see table II.6).

**Table II.6 Cost Sharing: Enrollee Copayments for Mental Health Care**

Type of copayment	CHAMPUS		Federal employee program		Private sector surveys		
	Active-duty dependents	All others	Blue Cross/Blue Shield High Option	Typical federal plan	Foster Higgins	Hay-Huggins	BLS
Inpatient room and board	Greater of \$8.55 a day or \$25 an admission	Lesser of 25% or \$262 a day	20%	43%	72% of firms require some copayment; 20% is most common	86% of firms require some copayment; 20% is most common	72% of employees pay copayments; 20% is most common
Inpatient professional services	None	25%	20%	43%	77% of firms require some copayments; 20% is most common	20% copayment required by 53% of firms	20% copayment required for 41% of employees
Outpatient services	20%	25%	30%	44%	50% copayment required by 78% of firms	50% copayment required by 55% of firms	50% copayment required for 43% of employees

## Substance Abuse Treatment

Overall, CHAMPUS benefits for substance abuse treatment are more generous than those of other plans.<sup>5</sup> Under CHAMPUS, inpatient treatment for drug addiction has the same limits as for mental health. For alcoholism detoxification, inpatient care is limited to 7 days a benefit period with no lifetime limit;<sup>6</sup> this 7-day limit can be waived for longer stays when medically necessary. Inpatient rehabilitation is limited to a single 21-day confinement a benefit period and three confinements a lifetime. Most private and federal employee plans also limit inpatient benefits for substance abuse treatment, often to a single 28-day or 30-day confinement a year; these plans also establish maximum numbers of confinements a lifetime, such as two for federal plans and four for private plans, as reported by Foster Higgins. BLS data indicate that 32 percent of private employees do not have inpatient rehabilitation benefits for alcoholism and 36 percent do not have this benefit for drug addiction.

<sup>5</sup>Substance abuse benefits for the treatment of alcoholism and drug abuse are divided into detoxification benefits and rehabilitation benefits. Detoxification refers to medically supervised care designed to reduce or eliminate chemical dependency; this care is usually provided on an inpatient basis. Rehabilitation, which can be provided on either an inpatient or outpatient basis, is intended to alter the behavior of substance abusers after detoxification has been completed.

<sup>6</sup>Under CHAMPUS, a benefit period is 365 days from the commencement of services.

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Compared with other plans, CHAMPUS allows more yearly outpatient visits—60 for alcoholism and 104 for drug addiction—and requires less enrollee cost sharing—20 percent for dependents of active-duty personnel and 25 percent for other beneficiaries. The typical federal employee plan includes substance abuse as part of the outpatient mental health benefit, limiting outpatient visits to 32 a year and requiring copayments of either 40 or 50 percent. About 40 percent of private employees do not have outpatient benefits for substance abuse, as reported by BLS. When available, outpatient substance abuse care is often restricted to 20 or 30 visits a year. The CHAMPUS enrollee copayments of 20 to 25 percent for outpatient substance abuse services are also significantly lower than the 50 percent copayments typically found under private plans.

# Methodology Used to Compare and Summarize Federal Employee Mental Health and Substance Abuse Benefits

To facilitate describing and summarizing the various mental health benefits purchased by federal employees for their families, we constructed a composite set of benefit features, which we call the typical federal plan. In this appendix, we describe our approach in constructing this plan.

We analyzed the 1991 benefit structures of the 12 fee-for-service plans open to all federal employees. Together, these plans include about 70 percent of all family enrollments in the federal program. The number of family contracts (enrollments) in each of the 12 plans is shown in table III.1.

**Table III.1 Distribution of Family Enrollments Among the 12 Fee-for-Service Plans Open to All Federal Employees (1991)**

Federal employee plan	Family enrollments	Percent of total
1 Blue Cross/Blue Shield Standard Option	824,487	48.3
2 Mail Handlers High Option	331,973	19.4
3 Government Employees Hospital Association	244,558	14.3
4 National Association of Letter Carriers	130,386	7.6
5 American Postal Workers Union	87,335	5.1
6 Blue Cross/Blue Shield High Option	36,703	2.1
7 Mail Handlers Standard Option	16,670	1.0
8 Alliance Standard Option	12,585	0.7
9 National Treasury Employees Union	10,771	0.6
10 Postmasters Standard Option	7,001	0.4
11 Postmasters High Option	4,854	0.3
12 Alliance High Option	343	0.0
<b>Total<sup>a</sup></b>	<b>1,707,666</b>	<b>100.0<sup>a</sup></b>

<sup>a</sup>Total adds to 100 because of rounding.

We calculated weighted averages for several key features of these plans, including premiums, inpatient and outpatient deductibles, copayment rates, catastrophic and lifetime limits, and limits on the number of outpatient visits. For weighting factors, we used family enrollment, including annuitants, in each plan as of March 1991, the most recent data available from the Office of Personnel Management. We excluded nonfamily (self only) enrollment in order to more closely approximate the CHAMPUS beneficiary population, which is mostly dependents. We also excluded the Blue Cross and Blue Shield High Option plan, in order to compare it separately with CHAMPUS and other plans. Together, these weighted averages represent the typical coverage purchased for a family in the federal employees program. As an illustration of our methodology, the calculation for the typical lifetime maximum is shown in

**Appendix III  
Methodology Used to Compare and  
Summarize Federal Employee Mental Health  
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table III.2: we multiplied family enrollments (col. I) by lifetime maximum for each plan (col. II) to arrive at the results (col. III). We then divided the total of column III by the total of column I to arrive at the typical lifetime maximum.

**Table III.2 Calculation of the Lifetime  
Maximum for the Typical Federal Plan  
(1991)**

Federal employee plan <sup>a</sup>	Column I Family enrollments	Column II Lifetime maximum	Column III Column (I) multiplied by column (II)
1. Blue Cross/Blue Shield Standard Option	824,487	\$50,000	\$41,224,350,000
2. Mail Handlers High Option	331,973	25,500	8,465,311,500
3. Government Employees Hospital Association	244,558	50,000	12,227,900,000
4. National Association of Letter Carriers	130,386	50,000	6,519,300,000
5. American Postal Workers Union	87,335	25,000	2,183,375,000
6. Mail Handlers Standard Option	16,670	25,500	425,085,000
7. Alliance Standard Option	12,585	50,000	629,250,000
8. Postmasters Standard Option	7,001	40,000	280,040,000
9. Postmasters High Option	4,854	40,000	194,160,000
10. Alliance High Option	343	50,000	17,150,000
<b>Total</b>	<b>1,660,192</b>		<b>\$72,165,921,500</b>
<b>Typical lifetime maximum</b>		<b>\$43,468.42<sup>b</sup></b>	

<sup>a</sup>Blue Cross/Blue Shield High Option plan as well as National Treasury Employees Union excluded from analysis. Employees Union does not have lifetime maximum for mental health.

<sup>b</sup>Column III total divided by column I total.

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