

## More Health Plans Offering Coverage for Acupuncture and Herbal Medicine

Michael Devitt

In the past few months, health insurers across the country have begun increasing their coverage to include therapies such as acupuncture and herbal supplements. These increases, made at both the state and national levels, highlight the growing acceptance of alternative therapies by insurance companies and the American public, and are expected to have a significant impact in the way millions of people view and use complementary and alternative medicine.

Some of the greatest activity concerning coverage for alternative forms of care has taken place in Arizona, California, Michigan, Nebraska and South Carolina. Among the more recent developments:

### Arizona

Last year, CIGNA HealthCare launched a program in Arizona called Healthy Rewards. The program gave its members and employees access to a network of almost 500 acupuncturists, chiropractors, massage therapists and other practitioners in the state, as well as discounts for online purchases of homeopathic remedies, sports nutrition products, books and videotapes, all without the need of a referral from a primary care physician. The program was so successful that it was expanded nationally in January, giving millions of people discounted access to alternative forms of care.

"We're not passing judgment on whether the services will keep the medical costs in the benefits package down," offered Robert Picinich, the general manager of operations for CIGNA HealthCare of Arizona. "But we are encouraging people to take more accountability on their own to be healthy."

### California

Members of the Blue Cross/Blue Shield Service Benefit Plan now have access to a national network of acupuncturists, massage therapists and chiropractors, and can also receive discounts on health and wellness products. This expanded access to alternative care providers is the result of new program instituted by Blue Cross/Blue Shield and administered by American Specialty Health Networks (ASHN), a San Diego-based provider of practitioner networks and managed care programs.

Under the agreement, Service Benefit Plan members will receive discounts of up to 25% on office visits to ASHN acupuncturists, massage therapists and chiropractors. Members will not have to get a referral from their primary care provider to take advantage of these benefits; instead, they can contact a network acupuncturist, massage therapist or chiropractor directly to make an appointment.

"We recognize our members' desire for more choices and direct access to CAM services. Thus, we are excited to offer to our members for the very first time access to a discounted CAM affinity program," said Steve Gammarino, senior vice president of the Federal Employees Health Benefits Program

(FEHBP). The Blue Cross and Blue Shield Service Benefit Plan is the largest health insurer in the FEBHP, covering approximately four million federal employees, retirees and family members.

## Michigan

Three of the state's largest health plans - Blue Care Network; Care Choices of Michigan; and Health Alliance Plan - have initiated programs that provide coverage for alternative care. Together, these health plans cover approximately six million people in Michigan and northern Ohio, with some programs providing direct access to alternative providers and offering discounts ranging as high as 25%.

Blue Care Network has launched an affinity program called Naturally Blue. The program, developed through an agreement with Landmark Healthcare, enables its 600,000 members to get a 20% discount on acupuncture, massage therapy and nutritional counseling services.

Blue Cross/Blue Shield of Michigan, which owns Blue Care Network, recently expanded the program to include members of its indemnity, PPO and point of service plans, increasing the number of Michigan residents who can benefit from the program to more than four million. Unlike other health care plans, Blue Care members will have direct access to acupuncturists and massage therapists; in other words, they won't need a referral from their primary care physician to obtain these services. Members may also use the Naturally Blue discount as often as they like.

"We understand that many of our members want to take a more active role in their health care, and this program will support members who use these services to complement traditional medical therapies," commented Dr. Douglas Woll, Blue Care's senior vice president and chief medical officer.

Care Choices' alternative care program, meanwhile, is called Natural Options. Also administered by Landmark Healthcare, Natural Options provides a 20% discount on a variety of services, including acupuncture, massage therapy, chiropractic and nutritional counseling. Nearly 200 providers have signed up for the program, which serves residents of southern and central Michigan.

Health Alliance Plan, which serves about 500,000 people in Michigan and northern Ohio, began its own alternative treatment plan in January. Known as HAP Advantage, the plan gives members a 25% discount for visits to acupuncturists, massage therapists and chiropractors. HAP advantage also provides discounts and free shipping on natural health and wellness products.

## Nebraska

Earlier this year, Blue Cross/Blue Shield of Nebraska began offering discounted alternative care services to its 620,000 policyholders as a no-cost, "value-added" feature. In January, the company began offering discounts to its policyholders at a network of fitness centers throughout the state. The company also created a "Natural Blue" section on their website, which offers discounts on herbal remedies such as echinacea, astragalus root and neem leaves.

In addition, Blue Cross signed a provider network contract with American Specialty Health Networks. Starting next spring, acupuncturists and massage therapists who are screened by ASHN will offer 25% discounts to Blue Cross members.

"The growth has been pretty phenomenal," said Kristin Harms, a spokesperson for American Specialty.

"There's been a lot of consumer awareness and consumer demand for these types of services. We certainly hope they want to go in that direction."

The plan is expected to benefit all sides involved. Blue Cross adds an attractive selling point for its policies; American Specialty gains a new (and expanding) audience of potential customers; the health care providers and fitness clubs end up with a larger clientele; and policyholders receive access to other forms of care without seeing an increase in their insurance premiums.

According to Anne Monahan, a spokesperson for Blue Cross, about half of all Nebraskans have either used alternative medicine or think they might use it in the future. While those numbers are relatively low compared to the national average, she believes it will increase over time.

"We're not necessarily encouraging people to try it, but for those who do, we're offering that they can get a discount," she said. "It's slower coming to the Midwest, but it's coming. The trend will be that more and more people will start turning to these types of alternative medicine."

### South Carolina

In April, Blue Cross/Blue Shield of South Carolina became the first health insurer in the state to provide coverage for alternative care. Through an agreement with its subsidiary, HMO Blue, and American Specialty Health Networks, the organization announced plans to begin covering treatments such as acupuncture, massage therapy and chiropractic, bringing these benefits to more than 1.3 million people in South Carolina.

The program, which is scheduled to go into effect June 1, gives HMO Blue members access to ASHN's network of credentialed acupuncturists, massage therapists and chiropractors. Members may visit an acupuncturist or chiropractor without needing a referral from their primary care physician; however, they must obtain a referral from their PCP before visiting a massage therapist. The benefit plan also includes a copayment and a limit to the number of office visits a policyholder may make each year.

"We are excited to take the next step toward integrating complementary and alternative programs with our other insurance products," said Rick Gallion, Blue Cross's director of complementary and alternative medicine. Gallion added that the program "illustrates our commitment to providing our members with more options that promote better health and wellness."

### Reasons for Coverage are Varied

The biggest question to be asked, of course, is why. Why are more insurers providing coverage for treatments that were considered controversial - and in some cases, unproven - just a few short years ago? The reasons for including alternative forms of care as part of a health benefit plan are almost as numerous as the therapies these plans now cover.

Legitimacy. Acupuncture and herbal medicine are no longer considered "fringe" elements of health care. Scientific studies have shown that acupuncture is effective for a variety of ailments, from treating osteoarthritis and nausea to pain relief and addiction. Research into herbal products and supplements, meanwhile, has made dramatic strides in the past few years.

"As there is a greater familiarity with these procedures and supportive scientific data, they are becoming increasingly more popular with patients," said Richard Coorsh, a spokesman for the Health

Insurance Association of America. "They're also becoming increasingly more reimbursable by insurance companies."

Increased Use. Another reason insurers have begun covering alternative therapies is because more patients are using them. In 1990, an estimated 60 million American adults tried some form of "unconventional medicine." By 1997, that figure had increased to 83 million, and the number is expected to grow even more in the next decade.

"The members were asking for it," said Laurie Kelly, a Health Alliance Plan spokeswoman. "They want it as a full benefit. By offering it as a discount, we're able to test the waters and establish a network of providers. We're trying to empower our members."

Market share. Perhaps the most important reason insurance companies are covering acupuncture and herbal medicine has to do with competition. Alternative care coverage has become a main selling point for health insurers. The insurers want to keep their current customers happy while making themselves more amenable to prospective customers. The best way to do that is by listening to their customers' needs and then finding a cost-effective solution that benefits both parties.

"It's a value-added (benefit) for our members," commented Helen Stojik-Nelson, a spokeswoman for Blue Cross/Blue Shield of Michigan, when asked about the advantages of the Naturally Blue program. "It helps them try out services or have the ability to have more services than they ever had before."

"Health plans are doing this in response to the wishes of their members who want access to these services," added Gerald Griffith, chair of the health care department at Honigman, Miller Schwartz and Cohn, a law firm in Detroit. "They are reacting to the market they serve, which makes good business sense."

"In this competitive environment, these programs add value to a health plan. This type of program may not cause someone to stay with a particular plan. But this, along with the other health care benefits, can make a plan a lot more attractive."

#### Not All Providers Thrilled with New Plans

It should be noted that not all of the new coverage plans offered actually cover alternative care services. Many of the new plans being touted by insurers are known as discount programs or affinity programs. In an affinity program, a provider agrees to offer his or her services to an insurer at a discounted rate. In return, the insurer agrees to refer its clients to the provider.

While the idea of offering a discounted service has rubbed some alternative care providers the wrong way, many who are already affiliated with health plans believe the discounts they offer are offset by the increase in the number of customers they see. In fact, many practitioners believe that by providing discounts on the services they offer today, it could lead to partial - or even full - reimbursement of those same services in the future. And a growing number of insurance experts believe that whether these treatments are covered will depend not on the opinion of a doctor or insurer, but on the demands of the consumer.

"I suspect that when the plans do choose to offer these benefits, it will be for competitive reasons," said Coorsh. "They (the insurance companies) want to be able to offer something different -- alternative medicine is different. If the patient wants it, they'll find a way to help the patient get it."

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