

A Regional Survey of Health Insurance Coverage for Complementary and Alternative Medicine: Current Status and Future Ramifications

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ABSTRACT

Objective: The purpose of this survey is to evaluate the extent of health insurance coverage for complementary and alternative medicine (CAM) within one region in the United States, a study prompted by the increased utilization of CAM.

Design: Prospective telephone interview of health insurance representatives.

Location: A contiguous three-state area (New York, New Jersey, and Connecticut) in the Northeast.

Results: Almost all of the insurers surveyed cover chiropractic services. Less than half of the insurers reimburse acupuncture, usually for chronic pain management. Coverage for massage therapy is minimal and usually associated with physical therapy or chiropractic treatment. Other CAM services receive negligible coverage.

Conclusions: Current health insurance coverage of CAM is limited essentially to chiropractic medicine, acupuncture and massage therapy. Coverage of CAM is made confusing by different policies, practitioner requirements, and health plans within each carrier.

INTRODUCTION

Utilization of complementary and alternative medicine (CAM) among the U.S. population in different reports ranges from 10% to 50% (Elder et al., 1997; Paramore, 1997; Astin et al., 1998; Eisenberg et al., 1998). Eisenberg and associates (1998) estimated that Americans made more than 600 million visits to CAM practitioners in 1997, compared with approximately 400 million visits to all primary care physicians during the same year. They projected that the annual expenditure in 1997 for CAM professional services exceeded \$21 billion

with approximately 60% paid out-of-pocket. One study suggested that CAM has a growth rate close to 30% per year (Blecher, 1997) attributed to an increase in the proportion of the population seeking alternative therapies, rather than increased visits per patient (Eisenberg et al., 1998). This information indicates a CAM market that is significant in size, utilized by a major segment of the population, and undergoing unparalleled growth. Whereas health insurance coverage for allopathic medicine has been well-studied and reported, similar reports on health insurance coverage for CAM have been few in numbers. The purpose of this study

was to evaluate the coverage of CAM services by health insurance carriers. The geographic focus is a three-state region of the northeastern United States, including New York, New Jersey, and Connecticut. The findings may not necessarily reflect the whole United States due to regional differences. For example, CAM has been reported to be utilized at a greater extent on the west coast and may be covered by more insurance carriers (Smith, 1997). A mandate in Washington State prohibits insurance companies from excluding coverage of licensed practitioners in naturopathy, acupuncture, midwifery, chiropractic and massage therapy (Goch, 1997). This survey, although regional in scope, provides important observations relating to the current status in health insurance coverage of CAM and a foundation for discussion.

METHODS

Listings of health insurance carriers were obtained through latest available edition of the trade manual, *The 1997 Healthcare Blue Book*. Many of the companies listed were bought out or merged by the summer of 1999, reflecting a field in rapid transition. The State Insurance Departments of New York, New Jersey, and Connecticut were also queried for names of health insurance carriers. Calls were made to 70 companies with responses from 43, 2 of which were not insurance companies but a preferred provider organization (PPO) and a discount referral service. Twenty-seven (27) companies did not respond either because they were no longer in operation or they have merged with other carriers. The 43 insurance carriers represented the major health insurance companies with subscribers in the locale at the time of this study. A randomly selected service representative who answered the telephone between May and July 1999 was the subject of the interview. The focus was insurance coverage for chiropractic, acupuncture, massage therapy, acupressure, nutritional counseling, reflexology, and other CAM services. There were also questions on co-pay, deductible, annual maximal coverage, and network CAM providers.

FINDINGS

The findings of the survey are summarized in Table 1. Information on group coverage through an employer was difficult to obtain without a policy number and name of an employer. In addition, each carrier may have several different group policies. Therefore, Table 1 generally represents the coverage available to a consumer as a direct-pay individual plan.

A wide range of individual plans with different benefits and provisions are offered by each individual plan. For example, the same insurance carrier may cover acupuncture in one benefit plan but not in another. If a particular service is covered in any of the plans of that carrier, it is listed in the table as a covered service. Even though Connecticut has a mandate for naturopathic medicine, our survey does not show any significant change in coverage compared to New York and New Jersey.

Chiropractic medicine

Virtually all of the insurance carriers in the survey cover chiropractic services in some form.

Acupuncture

Less than half of the insurance companies surveyed (17/43) cover acupuncture with two companies looking into adding the service and one company offering it at a discount. Among the 17 plans, 4 require that acupuncture be performed or supervised by a physician while the remaining 13 plans cover the procedure by a licensed acupuncturist.

Massage therapy

Whereas 16 insurance carriers cover massage therapy, it is usually as part of physical therapy or as a discounted service. Acupressure is covered by 3 carriers and yoga instruction by Oxford only. Two insurance companies are evaluating the addition of extra CAM services.

Coverage for other CAM services is negligible.

TABLE 1. HEALTH INSURANCE COVERAGE FOR CAM IN NEW YORK, NEW JERSEY, AND CONNECTICUT (TRISTATE AREA)

<i>Policy</i>	<i>Chiropractic</i>	<i>Acupuncture</i>	<i>Other</i>
Aetna/U.S. Health Care	+	+	Massage
Allmerica Financial	+	+	Massage, Acupressure
AmeriHealth HMO	+		Massage
Anthem BC/BS of CT	+		Massage
Bronx Health Plan	+	+	Massage, Acupressure
Celtic Insurance Co.	+	+	
CIGNA	+	+	Christian Science Practitioners
Connecticare	+		Massage
Elderplan	+		
Empire BC/BS of NY	+	+	
Fortis Benefits	+	+	Massage
Golden Rule	+		Massage
Group Health Ins.	+		
Guardian	+	+	Massage
HealthChoice of CT	+		
HealthNet (IPA) and Empire Health Choice	+	+	
Health Plans Inc.	+		Massage
Healthsource CT	+		
HIP	+		
Independent Health Assoc. Inc. Hudson	+		
John Alden	+	+	Massage
Kaiser Pemanente	+		
MagnaHealth of New York, Inc. (IPA)	+	+	
Managed Healthcare Systems	+	+	Acupressure
M.D. Health Plan, Inc./Physicians Health Services (CAM administered by Landmark)	+	+	Massage
Medicare	+		
Medicaid of CT	+		
Medicaid of NJ	+		
Medicaid of NY	*		
MedSpan Health	+		
Metroplus (Contracts with Medicaid)	+		
Mutual of Omaha	+		
National Health Plan			Discounted CAM services
NJ HMO Blue	+		
Oxford	+	+	Offers CAM riders: Massage, Yoga
Principal Mutual Life Ins. Co.			
Private Healthcare Sys. (CAM administered by Landmark of CA)	+	+	Massage
Prudential (Member of Aetna/US Health Care)	+	+	
United Chambers	+	+	Massage
United Healthcare			
USA Health Network (a medical Preferred Provider Organization that licenses & contracts with providers)	Contracts with PPO		
VYTRA Healthcare Long Island, Inc (IPA)			
Wellcare (bought by GHI)			Offers CAM riders: Chiropractic, Acupuncture, Massage

HCFA regulations require state Medicaid programs to cover chiropractic care for qualified Medicare beneficiaries (QMBs). Patients must see a chiropractor who is enrolled in the state Medicaid program. Most chiropractors do not participate in the Medicaid program.

CAM, complementary and alternative medicine.

DISCUSSION

The near-universal coverage of chiropractic services may serve as an important case study. The inclusion of chiropractic services within health insurance plans was set in motion with the addition of chiropractic benefits under Medicare in 1972 (Kaptchuk, 1998). The establishment of a standardized education system and accreditation process and the licensure of chiropractors are also important (Shekelle et al., 1996; Cherkin and Mootz, 1998). The inclusion of chiropractic medicine took place when the health insurance industry was in an early stage of development and cost containment was not yet an issue facilitated the process. Legislative actions at the state and federal levels also played an essential role (Jensen et al., 1998; Hurwitz et al., 1998). According to the American Chiropractic Association, 45 states have legislative mandates requiring health insurance coverage as of 1994. Some states also mandate that health plans include chiropractors in their provider networks, most notably in New York (West, 1997).

In contrast, coverage of acupuncture is significantly less even although it shares many similarities with chiropractic medicine including the requirements of board certification and licensure. According to the American Association of Acupuncture and Oriental Medicine, all 50 states currently license and regulate the practices of acupuncture. A more recent introduction of acupuncture may be one explanation for the difference.

Although attendance at a standardized training program, board certification, provider credentialing, practice and procedural guidelines, standardized billing codes, medical record documentation, and continuing education may be necessary for health insurance coverage, they do not guarantee coverage. Moreover, these requirements will likely increase the cost of CAM services. Is it better to take a *laissez-faire* approach to CAM coverage and keep overall cost low, or to increase regulation and obtain reimbursement privileges at a higher price? The answer probably depends on the modality and the risk-benefit ratio. In a practice such as acupuncture, potential risks (such as infected needles) to a patient are higher, so regulation

is justifiable; whereas with meditation, the risks are minimal, an institutionalized credentialing process may be counterproductive.

Health insurance coverage also reflects the level of acceptance within mainstream medicine and among the U.S. public. This acceptance is achieved in part through basic science and clinical research. Coverage for acupuncture seems to have been driven by a large foundation of clinical studies showing the effectiveness of acupuncture in chronic pain (Smith, 1997; Rosted, 1998). A National Institutes of Health (NIH) panel reported that acupuncture may be as useful as an adjunct treatment or an acceptable alternative for a variety of conditions including postoperative and chemotherapy-induced nausea and vomiting, and pain management (NIH Consensus Development Panel on Acupuncture, 1998). Chiropractic treatment and acupuncture have received the highest number of referrals among five common CAM modalities in a recent survey (Astin et al., 1998).

What can one expect in health insurance coverage for CAM in the future? A survey conducted by Landmark HealthCare from November 1998 to January 1999 found that 85% of the health maintenance organizations (HMOs) believe that the relationship between alternative and allopathic medical care will continue to grow. Three-quarters of the HMOs also felt that consumer demand will be moderate to strong (Landmark Report II, 1999). Because some health conditions such as chronic pain, disabilities of various etiologies, and stress may be adequately treated with CAM modalities, consumers will demand greater CAM coverage within their health insurance plans.

Recent surveys suggest that consumers are willing to pay out of pocket for CAM and other services that enhance their quality of life (Eisenberg et al., 1998), making reimbursement by health insurance less critical. However, there is a general perception that a therapy is legitimized by its inclusion in health insurance policies. Reimbursement puts a stamp of approval on a service (Goch, 1997) and may significantly increase revenue.

Because of the high expenditure for health care in the United States, an unavoidable issue is the additional cost incurred in covering CAM

services. Employers and employees may be unwilling to pay for the additional cost of CAM services in addition to an already costly coverage of conventional medical services. Three things may be necessary to overcome this obstacle: CAM utilization is shown to reduce the utilization of medical services, CAM is legislatively mandated, or an exceptional employer/employee group with a special affinity toward CAM services.

The consequences of including CAM services in health insurance plans are unknown and require careful consideration. Will CAM coverage be used simply as a marketing tool for the recruitment of customers while the actual CAM services provided are minimal? Is CAM being used to drive down medical costs? Herbs are less expensive than prescription drugs and acupuncture is less costly than orthopedic surgery. However, the autonomy of the CAM practitioner may be constrained as many allopathic physicians can attest to in the current managed care environment.

Some agree that patients use CAM because they find these health care alternatives to be more congruent with their values, beliefs and philosophical orientation toward health and life (Astin et al., 1998). An individual may favor CAM for the spiritual benefits and the attention paid to emotional states and behavior patterns. Will these qualities change if CAM services are covered by health insurance and under the jurisdiction of managed care organizations?

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