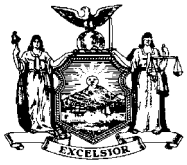
H. CARL MCCALL
STATE COMPTROLLER



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ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

April 5, 1999

Ms. Jean Somers Miller
Commissioner
Office of Alcoholism and Substance Abuse Services
1450 Western Avenue
Albany, New York 12203

Re: Report 98-F-65

Dear Ms. Somers Miller:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the New York State Office of Alcoholism and Substance Abuse Services (OASAS), as of February 28, 1999, to implement the recommendations contained in our audit report, *Office of Alcoholism and Substance Abuse Services: Alcoholism Inpatient Rehabilitation Programs* (Report 96-S-22). Our report was issued on September 29, 1997. In the report we compared the operations of State-operated Alcoholism Treatment Centers, now known as Addiction Treatment Centers (ATCs), to the operations of voluntary and proprietary programs, to determine how efficiently program resources are being used, considering such factors as the type of clients served, utilization rates and costs of treatment.

Background

At the time of our audit, OASAS operated 13 ATCs that provided inpatient rehabilitation services and oversaw 22 other non-hospital-based alcoholism inpatient rehabilitation programs operated by voluntary and proprietary organizations. Alcoholism inpatient rehabilitation is an intensive program for clients who require evaluation and treatment services in a highly structured inpatient setting. Treatment generally consists of a combination of group and individual counseling sessions, as well as medical, clinical, recreational and other issue-specific sessions, which are held in a structured environment. These alcoholism inpatient rehabilitation programs had annual operating costs of about $100 million, and served in excess of 16,000 clients annually.

Summary Conclusions

Our prior audit found that all alcoholism inpatient rehabilitation programs in the State appeared to be able to treat comparable clients, that there was additional capacity available at some of the existing programs, and potentially there may have been some underutilized programs. The prior audit also found that there were significant differences in the average length of treatment and the cost-per-treatment episode among the different alcoholism rehabilitation programs. In their 90-day response to the prior audit, OASAS officials stated that they were in general agreement with the audit recommendations, in terms of their broad intent to assist OASAS in assuring the economy and efficiency of the State's overall inpatient alcoholism rehabilitation treatment system. However, they took exception to the audit findings and conclusions upon which the recommendations were based. In our follow-up review, we found that OASAS officials have taken steps to implement the recommendations from the prior audit report.

Summary of Status of Prior Audit Recommendations

Of the four recommendations in our prior report, OASAS officials have implemented two recommendations and have partially implemented two recommendations. OASAS officials are taking steps to implement these two recommendations.

Follow-up Observations

Recommendation 1

Strive to serve the greatest number of individuals in need of alcoholism inpatient rehabilitation programs as efficiently as possible by considering, among other things, the cost of treatment services and the availability of space among the various programs. This could include increasing the certified capacity of those programs which have additional physical space available, in order to best meet treatment needs.

Status - Implemented

Agency Action - According to OASAS officials, they are striving to serve the greatest number of individuals in need of alcoholism inpatient rehabilitation programs by taking steps to increase the capacity of the programs which serve the uninsured. They demonstrated that there is a greater number of individuals considered to be uninsured for treatment of addictions than in the past. They explained that health insurers have reduced coverage for addiction treatments, and greater numbers of individuals have exhausted what coverage they had for such services. They also noted that while both ATCs and non-State operated programs are capable of treating the uninsured, it is only the 13 ATCs and four funded, non-State operated programs which are underwritten to do so. OASAS officials have undertaken capital renovations to improve the physical space for inpatient rehabilitation treatment at two of the non-State programs that serve the uninsured in Western New York,

and are evaluating the ATCs in Brooklyn and Rochester for expansion. According to the inpatient rehabilitation need methodology used by OASAS, there is an unmet need for inpatient services in these areas. The Brooklyn ATC offers the only inpatient program in Kings County. The Rochester facility has unoccupied space available in it.

Recommendation 2

Continue to pursue the reasons for the apparently low utilization rates at some programs and why lengths of stay vary so much at inpatient rehabilitation programs. Assess how these factors affect the ability of the programs to provide needed alcoholism inpatient rehabilitation treatment services.

Status - Implemented

Agency Action - OASAS officials have reported increased utilization rates, and have taken steps to reduce lengths of stay in the inpatient rehabilitation programs since the audit. OASAS officials provided us with data which shows that the utilization rates of both ATCs and non-State operated programs are up since the audit, and that ATCs maintain a higher average utilization rate than non-State operated programs. The utilization rate of ATCs for the 1997-98 fiscal year, which was the most current fiscal year data available, was above the OASAS target of 90%. The average length of stay in the ATCs for inpatients was nearly three days shorter than at the time of the audit. In 1995-96 the average length of stay in an ATC was 28.6 days. In 1997-98 this average was down to 25.8 days. The average length of stay in an ATC was still higher than in a non-State operated program; however, the variance between the two averages decreased by 2.5 days from 8.6 days in 1995-96 to 6.1 days in 1997-98. OASAS officials state that part of the reason for the reduction is that ATCs have increased their efforts to identify and take advantage of available and appropriate housing options for clients when they are ready for discharge. Housing options include OASAS community residences, OMH group homes, sober dorms in homeless shelters and sober homes.

Recommendation 3

Determine why the cost per treatment episode varies so significantly among the alcoholism inpatient programs.

Status - Partially implemented

Agency Action - OASAS officials provided us with an array of data summaries and reports that indicate that they are using the information systems currently in place to evaluate the issue of cost variances among programs. Among the factors being analyzed are the various costs associated with the operation of the centers, utilization rates, and client characteristics such as, but not limited to, other diseases, criminal records, education, employment status

and mental health history. OASAS officials state that they have not conclusively determined what combination of factors directly correlate with the varying costs of effective programs. Data is still being analyzed and evaluated to try and identify any trends leading to low cost, effective programs. These actions also relate to recommendation number 4.

Recommendation 4

Identify those practices followed at the alcoholism inpatient programs that contribute to a low cost per treatment episode and consider implementing them at the programs with higher costs per treatment episode.

Status - Partially implemented

Agency Action - According to OASAS officials, they have utilized the information systems in place to evaluate an array of program performance indicators, including utilization, length of stay and cost of treatment. Their efforts are aimed at trying to identify what conditions and factors contribute to high performance, for application in low performing programs. OASAS officials report that they have not yet isolated any specific, replicable practices which contribute to low cost-per-client outcome. Through the Treatment Outcome Study, OASAS officials hope to identify specific clinical practices which are directly related to patient outcome, cost-per-episode and program performance. The State operated ATC system also is involved in a process of clinical benchmarking and performance improvement activities which, OASAS officials state, has had a positive effect on program performance, but has not demonstrated a direct relationship to program cost.

Major contributors to this report were Larry Wagner, Maureen Costello and Brian Krawiecki.

We would appreciate your written response to this report within 30 days, indicating any additional actions planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of the Office of Alcoholism and Substance Abuse Services for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Kevin M. McClune
Audit Director

cc: Mr. Charles Conaway