Understanding addiction and treatment counseling centers

We know how important it is to be informed about the businesses and institutions you work with. That’s why we developed this guide covering the statistics, trends, key terms and rules and regulations regarding addiction and treatment counseling centers.

With this guide in hand, we can help you learn the things you need to know to write this type of business.

View guide
What is an addiction and treatment counseling center?

These are institutions that provide recovery-based services and treatment to people with addictions. These include both inpatient and outpatient drug, alcohol and substance abuse counseling services, and can include both for-profit and nonprofit entities. Nationwide writes both inpatient and outpatient facilities on a case-by-case basis.
**Profile of a typical provider**

Typically, an addiction and treatment counseling facility:¹

- Provides outpatient treatment (the most common service); some facilities may also offer residential care or hospital inpatient care
- Serves about 40 clients (median)
- Occasionally offers an opioid treatment program (OTP) — 10% of facilities do so
- Operates as a private nonprofit, but these are decreasing in number (from 58% in 2006 to 52% in 2016) as the amount of private for-profit centers increase; meanwhile, the number of for-profit facilities increased from 29% in 2006 to 38% in 2018
- Is a private nonprofit or private for-profit center; they make up 90% of addiction treatment counseling facilities, with the rest being state and federal government or tribal government facilities

**Services offered by these centers may include:**

- Assessment and pre-treatment services
- Screening for substance abuse
- Diagnosis
- Outreach to individuals in the community who may need treatment
- Testing services
- Medication-assisted treatment
- Substance abuse counseling
- Relapse prevention
- Transitional services
- Education and case management services

The importance of addiction and treatment counseling centers

Number of adults who had a substance use disorder (SUD) and received any treatment in 2018

- In 2018, 20 million (estimated) adults needed substance use treatment
- 3.5 million adults with an SUD received substance abuse treatment
- 94.9% of all people (12 years or older) who have a substance use disorder did not feel that they needed treatment

2 “Key Substance Use and Mental Health Indicators in the United States: Results from the 2018 National Survey on Drug Use and Health,” SAMHSA (August 2019).
The importance of addiction and treatment counseling centers (cont’d)

Predominant issues and substance treatments

In 2018, some of the top substances for which people received treatment included:

- Over 50% of substance treatment was for alcohol
- Almost 40% of treatment was for prescription pain relievers (19.7%) and heroin (18.0%)
- 18.5% of treatment was for marijuana usage

Note: Respondents could indicate multiple substances for which they received their last or current treatment; thus, these response categories are not mutually exclusive.

Alcohol-related deaths more than doubled from 1999 to 2017.3

More than 130 Americans die from an opioid overdose daily.4

2 “Key Substance Use and Mental Health Indicators in the United States: Results from the 2018 National Survey on Drug Use and Health,” SAMHSA (August 2019).
The importance of addiction and treatment counseling centers (cont’d)

Drugs involved in U.S. overdose deaths, 2018.5

Where the market is going

Here are some other trends to expect in the coming years:

• A continuing increase in the number of private for-profit substance abuse treatment systems with a corresponding decrease in nonprofit systems.

• Increased attention and public advocacy efforts to take on the opioid crisis.

• More states might continue to adapt the Affordable Care Act (ACA) Medicaid expansion efforts, aimed at giving more people access to substance use treatment, by passing a Section 1115 waiver for Medicaid funds to be used by the nonelderly for substance use disorder (SUD) treatment services; more than half of the states have already done so.

• Emerging interest in telemedicine and telehealth services, allowing health care professionals to stay connected with patients outside of a treatment center.

• An increase in the use of wearable technology to help patients self-monitor addiction and/or withdrawal symptoms.

• A continued disparity between mental health services and other health services, causing some mental health providers to opt out of insurance networks and drive up patient costs.

• Increased usage of holistic treatment for addictions (treating the whole person rather than simply addressing the physical symptoms of addiction).

• Staffing issues, including a limited supply of qualified staff amid high demand and high turnover.

• A continued increase of facilities that offer medication-assisted opioid treatment (MAT) for opioid use disorders (in 2018, 33% of facilities offered buprenorphine services, up from 15% in 2008).

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7 “State Options for Medicaid Coverage of Inpatient Behavioral Health Services,” KFF (Nov. 6, 2019).
Key terms to know

Be familiar with the terms and definitions below when meeting with staff members from an addiction and treatment counseling center.

<table>
<thead>
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**Acquired Brain Injury (ABI)** — Damage to the brain, which may be caused traumatically, for example, from an external force such as a collision, fall or assault, or through a medical problem or disease process which causes damage to the brain, or from anoxia, nonprogressive tumor, aneurysm, infection, or stroke with diffuse cognitive deficits. An ABI occurs after birth and is not related to a congenital disorder or developmental disability; examples are cerebral palsy, muscular dystrophy, autism, spina bifida with hydrocephalus, or a process which progressively damages the brain, such as dementing processes, multiple sclerosis, Alzheimer’s disease or Parkinson’s disease.9

**Addiction** — A treatable, chronic medical disease involving complex interactions among brain circuits, genetics, the environment, and an individual’s life experiences. People with an addiction use substances or engage in behaviors that become compulsive and often continue despite harmful consequences. Prevention efforts and treatment approaches for addiction are generally as successful as those for other chronic diseases.10

**Addiction psychiatrist** — An addiction psychiatrist is a medical professional who is well versed in the field of psychiatry, diagnosis of mental and behavioral disorders, evaluation, and substance abuse. Addiction therapists primarily treat people with mental health issues using medications such as antipsychotics and antidepressants to tackle underlying issues.8

**Intensive Outpatient Program (IOP)** — A level of substance use disorder treatment that provides between 8 and 19 hours of treatment services per week and involves a combination of individual and group therapy.12

**Medication-Assisted Treatment** — The proper term for describing treatment medications rather than “opioid replacement” or “methadone maintenance.”13

**Outpatient treatment** — Outpatient rehabs are part-time programs that allow the recovering user to keep going to work or school during the day. Outpatient recovery programs usually require 10 to 12 hours a week spent visiting a local treatment center. These sessions focus on drug abuse education, individual and group counseling, and teaching addicted people how to cope without their drug. Outpatient drug rehab can be a good stand-alone option for someone with a mild addiction, or it can be part of a long-term treatment program.14

**Stabilization** — Also referred to as detoxification or, informally, “detox.” This refers to the process of removing toxic substances from the human body.15
Addiction and treatment counseling centers guide

Key terms to know (cont’d)

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Transitional living — Transitional housing takes the form of furnished, fully equipped living accommodations. These apartments provide a safe and stable space where people in recovery can transition from rehab to independent daily life. Although the environment of transitional housing is less structured than that of a typical treatment center, there are strict rules regarding behavior and responsibilities.12

Substance abuse counselor — A mental health counselor specializing in treating patients who have a chemical dependency on drugs or alcohol. Whether counseling addicts or those who fear they will become addicts, a substance abuse counselor works with their client to help overcome dependencies and become self-sufficient. The substance abuse counselor may also work closely with the family of the client as substance abuse inevitably affects the loved ones of the chemically dependent person. Substance abuse counselors are not able to prescribe medicine or give medical or psychological therapy. Rather they work with the client in an advocacy and mentoring capacity.16

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Relevant rules and regulations

These are the main laws and regulations currently governing addiction and treatment counseling centers.

Affordable Care Act (ACA) — Also known as the Patient Protection and Affordable Care Act, the federal legislation was signed into law in March 2010 and included a provision for states to expand the Medicaid program along with implementing other health-related provisions.17

Children's Health Act — The act reauthorizes SAMHSA programs that work to improve mental health and substance abuse services for children and adolescents. It also provides SAMHSA the authority to implement proposals that give U.S. states more flexibility in how they use block grant funds, with accountability based on performance.18

Mental Health Parity and Addiction Equity Act — This federal law generally prevents group health plans and health insurance issuers that provide mental health and substance use disorder (MH/SUD) benefits from imposing less favorable benefit limitations on those benefits than on medical/surgical coverage.19

Code of Federal Regulations (CFR), Title 42, Part 8 — This regulation provides accreditation and certification for opioid treatment programs to dispense opioid drugs for opioid addiction treatment.20

Changes to the Confidentiality of Substance Use Disorder Patient Records regulation (CFR, Title 42, Part 2) — This regulation was originally enacted to protect the confidentiality of patients who have received diagnoses or treatment for substance use disorders in connection with federally assisted programs or activities. The new rule provides more leeway in the sharing of patient records to health care and insurance providers.21

Key terms to know >>
Relevant rules and regulations >>
Exposures to recognize >>
Get more information >>
Helpful resources and materials >>
Get started >>

State-by-state licensing and regulation

State substance abuse agencies license, certify or accredit the majority of facilities offering non-hospital residential treatment, outpatient treatment or hospital inpatient treatment. Licensing requirements vary by state.

Other licensing bodies include state departments of health, state mental health departments, the Joint Commission, hospital licensing authorities (for hospital inpatient treatments) and others.

Exposures to recognize

The current and emerging exposures for addiction and treatment counseling centers include:

• Risks associated with the introduction of new group activities such as rock-climbing and wilderness trips as part of treatment
• Risks associated with transitional living facilities
• Emerging technologies and cyber liability for client records
• Telemedicine
• Medication management
• Patient brokering or purchasing
• Fraudulent insurance billing practices

Get more information

To learn more about addiction and treatment counseling centers, check out the following associations, conferences and publications.

Associations and organizations:
- American Society of Addiction Medicine >>
- National Association of State Alcohol and Drug Abuse Directors >>
- Substance Abuse and Mental Health Services Administration >>
- National Institute on Drug Abuse >>

Conferences:
- American Association for the Treatment of Opioid Dependence (AATOD) >>
- National Association of Addiction Treatment Providers (NAATP) >>

Journals and magazines:
- 5 Magazines to Consider >>
- Journal of Addiction Medicine >>
- Other Recommended Journals >>
Helpful resources and materials

These resources and materials will help you write coverage for addiction and treatment counseling centers. Please contact your underwriter to obtain access to any of the documents.

Resources

- Human services new business supplemental application
- Human services automobile supplemental application
- Property enhancement forms
  - Human services property endorsement
  - Human services workplace violence loss of income endorsement
  - Human services enhancement endorsement
- Liability enhancement forms
  - Human services workplace violence loss of income endorsement
- Commercial auto broad form endorsement
- Cyber liability

Loss control and claims materials

- Preventing slips and falls
- Sexual abuse and molestation
- Employee screening (background checks, drug screening partnerships)
- Non-owned auto
- Cyber liability
- Residential cooking
- Firestop

Loss control and claims materials are available to Nationwide policyholders at www.mylosscontrolservices.com.
Before writing addiction and treatment counseling center business, find out the following about the provider.

These factors will be considered for eligibility:
- Years in business, particularly for opioid treatment centers
- Industry affiliations such as the National Association of Addiction Treatment Providers (NAATP)
- Average staff experience
- Age of inpatient clients
- Level of management experience
- Community reputation

When it's time to submit new business, please provide:
- ACORD applications for desired lines of business
- Human services new business supplemental application
- Carrier loss runs for the current year, plus three prior years
- Statement of values, if applicable
- List of drivers, including license numbers and birthdates

For more information on how we can help protect addiction and treatment counseling centers, contact your underwriter.

The information included is designed for informational purposes only. It is not legal, tax, financial or any other sort of advice, nor is it a substitute for such advice. The information may not apply to your specific situation. We have tried to make sure the information is accurate, but it could be outdated or even inaccurate in parts. It is the reader's responsibility to comply with any applicable local, state, or federal regulations and to make their own decisions about how to operate their business. Nationwide Mutual Insurance Company, its affiliates and their employees make no warranties about the information nor guarantee of results, and they assume no liability in connection with the information provided. Nationwide, Nationwide is on your side, and the Nationwide N and Eagle are service marks of Nationwide Mutual Insurance Company. © 2020 Nationwide CMO-0831AO.1 (05/20)