

# NEWS RELEASE



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## **National Council on Alcoholism and Drug Dependence-New Jersey report outlines savings to state businesses through addiction health coverage**

TRENTON ... (Dec 1, 2004) – The National Council on Alcoholism and Drug Dependence-New Jersey has issued a public policy report demonstrating that New Jersey businesses stand to realize considerable savings by expanding addiction treatment coverage in their health care plans. The paper, completed in anticipation of lawmakers revisiting the issue of health insurance reform, draws from a study of the widespread alcohol and drug problems in a broad cross-section of New Jersey industries and explores the findings of eight large employers that have expanded addiction care in their health care plans.

“The cost of addiction to New Jersey businesses can be measured in both lives and dollars,” said NCADD-NJ’s director of Public Affairs and Policy, John Hulick. “This report presents a clear case that New Jersey businesses, by electing to expand addiction coverage to ensure quality treatment for their employees who need it, would be making an investment that promotes company loyalty, yields a high rate of return in savings and productivity, and pays the added dividend of restoring families.”

In its review of a study of nine industries in the state, NCADD-NJ’s document shows the workforce included 2.1 million employees with alcohol or drug problems. In alcohol-related health-care costs alone, the expense to businesses exceeded \$2 billion, and they experienced another \$1 billion in losses stemming from absenteeism and reduced productivity. The National

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## **NCADD-NJ PAPER**

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Evaluation Data Services determined that health care costs drop by between 22 and 55 percent following addiction or alcohol treatment, which for New Jersey industries amounts to savings of between \$680 million and \$1.6 billion.

Hulick also referred to a study conducted by the Washington Business Group showing that eight large employers, including AT&T and IBM, have expanded addiction care in their benefits packages. The companies saw negligible increases in health care costs after expanding their benefits, while their expenditures for general medical services, emergency room treatment of acute addiction reactions, and drug and alcohol accidents dropped significantly.

The paper also stresses the importance of standardized placement criteria, such as those developed by the American Society of Addiction Medicine (ASAM), in determining a patient's level of care. It cites a Minnesota Department of Health's finding that the use of such placement criteria produced a 10 percent increase in outpatient admissions and a decline in those unnecessarily placed in costly hospital-based programs.

The policy report was among materials submitted by NCADD-NJ to the New Jersey Health Benefits Advisory Commission in support of Assembly bill A333, which would require insurance companies to provide coverage for addiction to drugs and alcohol to the same degree they do other illnesses. The commission weighs the financial, societal and medical efficacy impacts of any mandated coverage in state health plans. The paper can be accessed at [www.ncaddnj.org](http://www.ncaddnj.org).

*NCADD-NJ has dedicated itself for more than 20 years to educating New Jersey's citizens about alcohol and drug use issues, to advocating on state policies concerning individuals addicted to alcohol or other drugs, and to reducing the stigma that frustrates a public health approach to the disease of addiction.*

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