

**REPORT OF THE SPECIAL ADVISORY COMMISSION
ON MANDATED HEALTH INSURANCE BENEFITS ON**

**THE MANDATED DIRECT
REIMBURSEMENT OF CHIROPRACTORS
PURSUANT TO SECTIONS 38.2-3408 AND
38.2-4221 OF THE CODE OF VIRGINIA**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



SENATE DOCUMENT NO. 22

**COMMONWEALTH OF VIRGINIA
RICHMOND
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SENATE OF VIRGINIA

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December 17, 1993

To: The Honorable L. Douglas Wilder
Governor of Virginia
and
The General Assembly of Virginia

The report contained herein has been prepared pursuant to §§ 9-298 and 9-299 of the Code of Virginia.

This report documents a study conducted by the Special Advisory Commission on Mandated Health Insurance Benefits to assess the social and financial impact and the medical efficacy of mandated direct reimbursement of chiropractors by health insurers pursuant to §§ 38.2-3408 and 38.2-4221 of the Code of Virginia.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clarence A. Holland".

Clarence A. Holland, M.D., Chairman
Special Advisory Commission on
Mandated Health Insurance Benefits

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Table of Contents

Introduction..... 1

Requirements for Licensure..... 1

Chiropractors Practicing in Virginia..... 3

Legislation in Other States..... 3

Financial Information..... 4

Review Criteria

 Social Impact..... 5

 Financial Impact..... 7

 Medical Efficacy..... 9

 Effects of Balancing the
 Social, Financial and Medical
 Efficacy Considerations..... 10

Recommendations..... 12

Conclusion..... 12

Appendix : 38.2-3408 and 38.2-4221..... A-1

Introduction

Sections 38.2-3408 and 38.2-4221 (see Appendices A and B) of the Code of Virginia require that certain types of health care providers be reimbursed directly for covered services that are rendered within the scope of the provider's license. The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) reviewed the mandated provider category of chiropractor in 1993.

The Advisory Commission held a public hearing during its May 3, 1993 meeting to receive comments regarding the chiropractor mandate. Ten speakers were heard and written comments were received from two interested parties.

Chiropractors are mandated providers included in 38.2-3408 and 38.2-4221. Those sections provide that accident and sickness policies and health service plan subscription contracts must provide reimbursement for any service that may legally be performed by chiropractors within the scope of their licenses if the service is covered by the contract.

The statutes do not mandate that any particular service or benefit must be reimbursed, but that the practitioner must be reimbursed for benefits or services that are covered by the contract.

Requirements for Licensure

Chiropractors are regulated by the Board of Medicine of the Department of Health Professions (the Board). Applicants for a license must be at least 18 years of age, of good moral character, and must have completed an educational course of study and one year of satisfactory post graduate training in a hospital approved by an accrediting agency recognized by the Board for internship or residency training. Regulations promulgated by the Board require applicants to file documentary evidence that they received a degree and a complete chronological record of all professional activities since graduation.

An applicant who matriculated in a chiropractic college on or after July 1, 1975 must be a graduate of a chiropractic college accredited by the Commission on Accreditation of the Council of Chiropractic Education or any other organization approved by the Board. If an applicant matriculated in a chiropractic college prior to July 1, 1975 the applicant must be a graduate of a chiropractic college accredited by the American Chiropractic Association or the International Chiropractic Association or any other organization approved by the Board.

Pre-Chiropractic College Work

The Standards for Chiropractic Institutions of the Council on Chiropractic Education require that all students seeking admission to a chiropractic institution furnish proof of having acquired a minimum of 60 semester hours, or equivalent, of college credit leading to a baccalaureate degree at an institution or institutions accredited at the college level by an accrediting body that has been listed as nationally recognized by the Secretary of Education of the U.S. Department of Education. All postsecondary pre-professional education that has been acquired must have a cumulative grade point average of 2.25 on a 4.0 scale. No less than a "C" grade (2.00 on a 4.00 scale) in the courses in biological sciences, chemistry and general physics, with laboratories, may be accepted. Pre-professional course requirements include communication and/or language skills, psychology, social sciences or humanities, biological sciences, general or inorganic chemistry, organic chemistry, and physics. In each of the science prerequisite areas, laboratory experiences covering the pertinent aspects of the range of material presented in the didactic portions of the course is required. These requirements are the minimum, and institutions may have more rigorous requirements.

Chiropractic Educational Program

[As described in the requirements of the Council on Chiropractic Education (CCE Commission on Accreditation)]

The course of study leading to the Doctor of Chiropractic degree at a chiropractic institution accredited by CCE's Commission on Accreditation lasts four or five academic years, including practice in a teaching clinic.

The purpose of the curriculum at chiropractic institutions is to provide students with a thorough understanding of the structure and function of the human organism in health and disease. The curriculum is designed and implemented in a manner supportive of the mission, goals and distinctiveness of the institution and of the achievement of the program's outcomes. The total curriculum must comprise a minimum of 4,200 50-minute hours (the average curriculum is over 4,600 hours). The curriculum is also designed and implemented in a manner that will provide appropriate opportunities for the student to become proficient in the cognitive, affective and psychomotor skills necessary for the competent practice of chiropractic.

The offerings should address the following subjects: anatomy; biochemistry; physiology; microbiology; pathology; public health; physical, clinical and laboratory diagnosis; gynecology; obstetrics; pediatrics; geriatrics; dermatology; otolaryngology; diagnostic imaging procedures; psychology;

nutrition/dietetics; biomechanics; orthopedics; physiological therapeutics; first aid and emergency procedures; spinal analysis; principals and practice of chiropractic; adjustive techniques and other treatment procedures; research methods and procedures; professional practice ethics; and other appropriate subjects.

Clinical practice is the major feature in the educational preparation of the chiropractic doctor. CCE has identified competencies to be achieved by students through the clinical experience component of their education. The Standards and the Policy Resolutions describe in detail the preparation of future doctors of chiropractic with regard to diagnosis, treatment and referral.

In the teaching clinics of the institutions, the advanced student obtains experience in diagnosis, treatment or referral, that represents the culmination of the academic learning experience and the transition from student to chiropractic physician.

Applicants for licensure in chiropractic must provide evidence of having passed the National Board of Chiropractic Examination Parts I, II, and III to be eligible to sit for the Virginia licensure examination. A minimum score of 75 is required to pass the Virginia examination.

The "practice of chiropractic" is defined in 54.1-2900 as "the adjustment of the twenty-four movable vertebrae of the spinal column, and assisting nature for the purpose of normalizing the transmission of nerve energy, but does not include the use of surgery, obstetrics, osteopathy or the administration or prescribing of any drugs, medicines, serums or vaccines."

Chiropractors Practicing in Virginia

According to information obtained from the Department of Health Professions there were 501 Chiropractors with addresses in Virginia as of January 1, 1992. There were 852 licensees when including practitioners with addresses in bordering states who may practice in the Commonwealth.

Legislation in Other States

According the National Association of Insurance Commissioners (NAIC) 44 states mandate that chiropractors be reimbursed if the treatment is a covered expense and is within the scope of the chiropractor's license.

Financial Information

Information from a 1989 study conducted by the State Corporation Commission's Bureau of Insurance indicated that chiropractic claims accounted for approximately 1% of the annual premium for accident and sickness policies.

That information is consistent with the 1989 study on mandated benefits done by Blue Cross and Blue Shield of Virginia (BCBSVA). In that study, BCBSVA found that .56% of its 1988 claims were attributable to chiropractors.

Similar information was reported to the State Corporation Commission Bureau of Insurance in 1992 in the reports that companies writing accident and sickness insurance are required to file pursuant to 38.2-3419.1. The consolidated reports of those insurers provide the following information:

Premium Impact

	Percent of Policy Premium	
	Single	Family
Individual Coverage	.69	.73
Group Coverage	.63	.64

Information from the SCC's 1992 report also includes some limited information for provider comparison. Companies are required to provide claims information for three physical medicine procedures. Information on the cost of those three procedures appears below:

Physical Medicine Treatment, Therapeutic Exercise (October 1, through December 31, 1991)

<u>Provider Category</u>	<u>Avg. Cost Per Visit</u>	<u>Median Cost Per Visit</u>
Chiropractor	\$18.58	\$15.49
Physical Therapist	25.48	25.50
Physician	25.49	28.86

Physical Medicine Treatment, Massage (October 1, through December 31, 1991)

<u>Provider Category</u>	<u>Avg. Cost Per Visit</u>	<u>Median Cost Per Visit</u>
Chiropractor	\$19.53	\$15.33
Physical Therapist	19.17	18.54
Podiatrist	23.26	25.71
Physician	22.52	23.29

Physical Medicine Treatment, Ultrasound
(October 1, through December 31, 1991)

<u>Provider Category</u>	<u>Avg. Cost Per Visit</u>	<u>Median Cost Per Visit</u>
Chiropractor	\$14.68	\$14.00
Physical Therapist	18.21	17.53
Podiatrist	20.18	21.73
Physician	17.41	17.36

Evaluation of Chiropractors Based on Review Criteria

Social Impact

- a. **The extent to which the treatment or service is generally utilized by a significant portion of the population.**

According to information furnished by the Virginia Chiropractic Association, back pain has been found to be the second leading reason given by patients for visiting physicians. The total number of Americans having low back pain has been estimated to be 31 million with 40% of those with back pain seeking chiropractic treatment. A 1984 American Chiropractic Association survey found that 10.7% of those with back pain will use chiropractic services. Based on Virginia's population, using the estimate of 10.7%, at least 643,000 Virginians have used or will use chiropractic services.

Proponents cited statistics indicating that more than 4 percent of the population currently uses chiropractic services and more than 7.5 percent of the population will receive chiropractic treatment within the next 3 to 5 years.

The results of a 1991 nationwide Gallup Poll of 1500 individuals estimates that over 29% of people 18 and older in the U.S. have used chiropractic services at some time in the past. Of that group, 10% has used chiropractic services within the last year.

- b. **The extent to which insurance coverage for the treatment or service is already available.**

Chiropractors are a mandated provider category and must be reimbursed for services that they are licensed to provide and that are covered by the contract. However, contract coverage for spinal manipulation varies by insurer. Some insurance companies limit coverage for certain services, such as spinal manipulation procedures regardless of who provides the service. For example, BCBSVA covers up to \$500 for spinal manipulation per year, whether provided by an M.D. or a chiropractor.

- c. **If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatments.**

Proponents make the point that lack of coverage can result in more expensive and inappropriate hospitalization or emergency room use. Proponents further comment that the effects of untreated musculoskeletal conditions greatly reduce an individual's productivity, including increasing lost time from work.

- d. **If the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment.**

According to information from proponents, necessary treatment can be relatively expensive for individuals needing prolonged care. Proponents of the mandate cited the example of one patient with a bill of \$3,375 that was not covered by insurance.

- e. **The level of public demand for the treatment or service.**

Information from the Virginia Chiropractic Association estimates that at least 643,000 Virginians utilize the services of chiropractors. A 1991 nationwide Gallup study of 1500 individuals asked non-users of chiropractic services if they would visit a doctor of chiropractic for a condition treatable by them. Sixty-two percent responded favorably towards the use of a chiropractor.

- f. **The level of public demand and the level of demand from providers for individual and group insurance coverage of the treatment or service.**

Providers support the continuance of the mandate.

- g. **The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts.**

No information regarding the interest of collective bargaining organizations on this issue was presented to the Advisory Commission.

- h. Any relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of the mandated benefit.**

No findings were presented to the Advisory Commission from other state agencies.

Financial Impact

- a. The extent to which the proposed insurance coverage would increase or decrease the cost of treatment or service over the next five years.**

According to information provided by the National Medical Care Utilization and Expenditure survey of 1980, chiropractors were found to be the least costly among eleven service providers for treatment of 6 different conditions. Proponents argue that such cost-per-condition figures are the most important to consider when evaluating cost-effectiveness.

According to BCBSVA claims experience, the cost of covering chiropractic care has increased from 0.2 percent of claims in 1988, when BCBSVA was first required to reimburse chiropractors, to almost one percent of claims today. Opponents of mandates are concerned that this rise in percentage of claims will continue and mandates will become a greater expense.

Proponents make the argument that the substitution of chiropractic care for more expensive treatment of conditions, such as low back pain and sprains, results in less cost to health insurance when chiropractors are mandated.

The number of chiropractors continues to grow. Opponents believe this growth is caused by induced demand. Proponents insist that the growth has resulted from the acceptance of chiropractic as a viable means of treating neuromusculoskeletal conditions.

- b. The extent to which the proposed insurance coverage might increase the appropriate or inappropriate use of the treatment or service.**

Opponents of mandated providers in the past have referred to the "induced demand" that may result from a mandate. Proponents of the mandate reference the effectiveness of chiropractic services.

Proponents of the mandate acknowledge the increasing utilization of chiropractors, but they insist that patients are only substituting chiropractic treatment for treatment they

would normally receive from a medical doctor. Because chiropractors are less expensive, proponents believe that the mandate could save money.

Opponents of the mandate point out that patients who see chiropractors characteristically visit a medical doctor more often as well. They suggest that instead of substituting chiropractic treatments for medical treatments, these patients might be over-consuming additional, unnecessary chiropractic services. Opponents believe that mandates induce this demand.

c. The extent to which the mandated treatment or service might serve as an alternative for more expensive or less expensive treatment or service.

Proponents of the mandate referenced 23 studies that show that overall chiropractic compares favorably with other sources of care for the treatment of soft tissue low back injuries in both cost and effectiveness. In terms of cost and efficacy, proponents stated that chiropractic bears a 2 to 1 ratio with respect to other medical services and providers for the same conditions.

An independent study funded by a research grant from the American Chiropractic Association analyzed data from almost 400,000 claims and found that substituting chiropractor services for the same services conducted by doctors was cost-effective. The study found that the group receiving only medical care that also could have been provided by chiropractors had related insurance claims 30% higher than those patients who received both medical and chiropractic care.

In addition, proponents speak of the network of providers who eventually service a back patient who initially visits a general practitioner. The general practitioner refers the patient to specialists, and other providers, whereas the chiropractor is likely to handle the case exclusively. The ability of chiropractors to treat conditions in their entirety results in a cost-savings for the system.

Proponents cite numerous studies indicating that patients who received chiropractic treatment in lieu of or in conjunction with, medical treatment had fewer days of disability compared to patients who only received medical treatment.

d. The extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next five years.

As of January 1, 1992 there were 852 chiropractors licensed by Virginia's Department of Health Professions. It is not

anticipated that the continuation of the mandate will affect the number of providers.

- e. **The extent to which insurance coverage might be expected to increase or decrease the administrative expenses of insurance companies and the premium and administrative expenses of policyholders.**

The greatest expenses associated with mandates are generally incurred when a mandate initially is enacted. The ongoing cost for the mandate of chiropractors is not expected to be substantial. BCBSVA reported that it has experienced a small but steady increase in chiropractor claim payments as a percent of total expenditures over the last five years.

- f. **The impact of coverage on the total cost of health care.**

Chiropractic claims accounted for less than 1% of the total claims cost for accident and sickness coverage in 1989 studies done by the State Corporation Commission's Bureau of Insurance and BCBSVA and the 1992 reports of accident and sickness insurers pursuant to 38.2-3419.1.

Proponents make the argument that because of relatively lower costs and high effectiveness, there is minimal or negligible impact on health care costs when chiropractors are mandated. And, because some chiropractic services serve as a substitute for more expensive physician services, chiropractic might represent an overall cost-savings to the health care system, according to some comments.

Medical Efficacy

- a. **The contribution of the benefit to the quality of patient care and the health status of the population, including the results of any research demonstrating the medical efficacy of the treatment or service compared to alternatives or not providing the treatment or service.**

Proponents made the argument that the efficacy of treatments provided by chiropractors for back pain is well documented and cited several studies. Proponents also cited studies showing reduced absences from work when chiropractic management of work related back injuries was utilized.

According to the Virginia Chiropractic Association (VCA), the Journal of the American Medical Association reports strong clinical evidence that chiropractic care is the most effective of all commonly used conservative treatment for low back pain.

There exists some concern, however, that some chiropractors believe they are capable of treating conditions that lie outside of the neuromusculoskeletal practice area. According to representatives of the VCA, those chiropractors who engage in the "organic" practice area are in the minority.

Patients who utilize chiropractic services report high levels of satisfaction. One study conducted in conjunction with the Group Health Cooperative of Puget Sound reported that patients suffering from low back pain who visited a chiropractor were three times as likely to be very satisfied with the treatment received than were those patients who visited a physician. For other related musculoskeletal services, chiropractic patients were as satisfied as family physician patients with the care they received.

b. If the legislation seeks to mandate coverage of an additional class of practitioners:

- 1) **The results of any professionally acceptable research demonstrating the medical results achieved by the additional class of practitioners relative to those already covered.**

Chiropractors are already mandated providers.

- 2) **The methods of the appropriate professional organization that assure clinical proficiency.**

The Department of Health Professions regulates chiropractors. Standards and requirements are imposed to obtain and maintain licensure.

Effects of Balancing the Social, Financial and Medical Efficacy Considerations

- a. **The extent to which the benefit addresses a medical or a broader social need and whether it is consistent with the role of health insurance.**

Proponents made the argument that chiropractic care is safe, effective, and less expensive than alternate treatment.

- b. **The extent to which the need for coverage outweighs the costs of mandating the benefit for all policyholders.**

Proponents make the argument that the cost of mandating chiropractors is not significant because chiropractors charge lower fees than other providers for some treatments. Proponents also make the point that there may be a reduction in overall

costs when chiropractors are mandated. Opponents argue in general that most of the policies that are subject to mandates cover individuals and small businesses who are least likely to absorb the additional premium normally associated with mandates.

- c. **The extent to which the need for coverage may be solved by mandating the availability of the coverage as an option for policyholders.**

Mandating optional coverage has not been shown to be effective in the past. Options are generally selected by those individuals who anticipate that it is very likely that they will need the offered coverage.

Recommendations

The Advisory Commission voted to recommend that the currently mandated provider category of chiropractor be retained. The Commission members voted in favor of retaining the mandate by a margin of eight to zero with one abstention.

The information that was presented to the Advisory Commission indicated high levels of patient satisfaction for the services received from chiropractors. A number of reports were presented that indicate that the effectiveness of chiropractic services is high. The cost of chiropractic services and the impact of those services on the premium for an accident and sickness policy do not appear to be prohibitive.

The skills and competence of chiropractors were not questioned during the testimony received by the Advisory Commission or in written comments.

No testimony was received that requested the repeal of the chiropractor mandate.

Conclusion

The Advisory Commission believes that the retention of the currently mandated provider category of chiropractor is advisable. There are many Virginians that currently utilize the services performed by chiropractors.

APPENDIX

§ 38.2-3408. Policy providing for reimbursement for services that may be performed by certain practitioners other than physicians. ---

A. If an accident and sickness insurance policy provides reimbursement for any service that may be legally performed by a person licensed in this Commonwealth as a chiropractor, optometrist, optician, professional counselor, psychologist, clinical social worker, podiatrist, physical therapist, chiropodist, clinical nurse specialist who renders mental health services, audiologist or speech pathologist, reimbursement under the policy shall not be denied because the service is rendered by the licensed practitioner.

B. This section shall not apply to Medicaid, or any state fund. (1968, c. 588, § 38.1-347.1; 1973, c. 428; 1979, c. 13; 1986, c. 562; 1987, cc. 549, 551, 557; 1989, cc. 7, 201.)

§ 38.2-4221. Services of certain practitioners other than physicians to be covered. --- A nonstock corporation shall not fail or refuse, either directly or indirectly, to allow or to pay to a subscriber for all or any part of the health services rendered by any doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist or speech pathologist licensed to practice in Virginia, if the services rendered (i) are services provided for by the subscription contract, and (ii) are services which the doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist or speech pathologist is licensed to render in this Commonwealth. (Code 1950, § 32.195.10:1; 1966, c. 276, § 38.1-824; 1973, c. 428; 1979, cc. 13, 721; 1980, c. 682; 1986, c. 562; 1987, cc. 549, 551, 557; 1988, c. 522; 1989, cc. 7, 201.)