

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0845-02
Bill No.: SB 167
Subject: Insurance - Medical; Health Care Professionals
Type: Original
Date: February 16, 2009

Bill Summary: Requires health carriers to provide coverage for the diagnosis and treatment of autism spectrum disorders under certain conditions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Up to \$5,385,223)	(Unknown, could exceed \$10,770,447)	(Unknown, could exceed \$10,770,447)
Total Estimated Net Effect on General Revenue Fund	(Up to \$5,385,223)	(Unknown, could exceed \$10,770,447)	(Unknown, could exceed \$10,770,447)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	Up to \$5,600	\$0	\$0
Conservation	(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Road	(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Other	(Up to \$955,562)	(Up to \$1,911,125)	(Up to \$1,911,125)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown, could exceed \$949,962)	(Unknown, could exceed \$1,911,125)	(Unknown, could exceed \$1,911,125)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	(Up to \$1,672,234)	(Up to \$3,344,468)	(Up to \$3,344,468)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Up to \$1,672,234)	(Up to \$3,344,468)	(Up to \$3,344,468)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	(Up to \$64,740)	(Up to \$129,480)	(Up to \$129,480)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** assume the proposal will not fiscally impact their organization.

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **DPS - Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Mental Health (DMH)** state the Division of Developmental Disabilities (DD) does not have data available on the number of individuals receiving autism services who also have insurance coverage. If this proposal passes, DD contract providers would consider the insurance carrier as any other payer. The insurance carrier would be billed for covered autism services. For services currently funded by DD, this will allow DD to make services available to individuals on the autism waiting list who would have otherwise not received services until some other source of funding was available. Therefore, it is assumed the proposal will have no fiscal impact on the DMH.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate up to 112 insurers could be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,600 (112 insurers X \$50).

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would have a fiscal impact on MDC funds. The exact amount of the impact is unknown, but is expected to exceed \$100,000 annually.

ASSUMPTION (continued)

Officials from the **Missouri Department of Transportation (DOT)** state that currently their plan excludes services and supplies for conditions related to autistic disease of childhood, milieu therapy, learning disabilities, mental retardation, or for inpatient admission for environmental change if the medical claims are recognized as services for autistic disease.

The actuary for the DOT/MHP (Highway Patrol) Medical Plan (Plan), Watson Wyatt Worldwide, has researched the fiscal impact if the Plan is required to provide this coverage. It is likely that

the DOT is currently covering a substantial part of the costs for these claimants already, under the medical/prescription benefits of the Plan. The best source of data is a study performed by a Harvard School of Public Health professor. Assuming the DOT population has incidence similar to the estimate in the study (1.0 million to 1.5 million out of a total U.S. population of 300 million), that would suggest approximately 0.3% - 0.5% of DOT's and MHP's active membership, or about 48 - 80 members, an unknown number which would be children.

Using the average cost of \$29,000 for medical treatment as listed, the total cost for these individuals might be as high as \$2.3 million. However, costs are going to vary widely depending on the individual and the Plan may currently cover 75% or more of this cost under the plan. Therefore, although there will not be a fiscal impact to the Missouri Highway and Transportation Commission (MHTC), there would be a fiscal impact to the Plan. The impact cannot be determined, but is assumed to be greater than \$100,000 annually.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state this legislation does not revise Chapter 208, RSMo. Therefore it does not affect MO HealthNet eligibility or benefits.

This legislation does, however, revise Chapter 376, RSMo. The MHD assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

The MHD recognizes there may be additional costs of doing business for HMOs if this legislation passes and that those costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

If an actuarial analysis is needed, it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed, as well as the complexity of those changes. This cost is unknown, but may be as high as \$100,000. Since this is an administrative costs, there will be a 50% federal match rate.

ASSUMPTION (continued)

HW-C:LR:OD

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness. If this occurs, the cost to the MHD is unknown. These additional costs would occur in the second and third years.

Therefore, the MHD assumes FY 10 costs to be unknown less than \$100,000 (General Revenue unknown less than \$50,000) and FY 11 and FY 12 costs to be unknown exceeding \$100,000 annually.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this legislation would require health benefit plans to provide coverage for the treatment of Autism Spectrum Disorder (ASD). However, the proposal does not define what specific treatments and/or therapies shall be covered (speech therapy, occupational therapy, physical therapy, medications, nutritional supplements, etc.) thereby making it difficult to estimate costs associated with the treatment of ASD. It should be noted that since Missouri has no specific standards for screening, diagnosis, assessment and treatment in place today, utilization and service costs may vary greatly from the estimates provided.

The Missouri Blue Ribbon Panel on Autism recently reported that 1 child out of 150 across all racial, ethnic and socioeconomic background is diagnosed with ASD. The HCP currently covers 36,962 children under the age of 21 and the Public Entity plan currently covers 319 children under the age of 21. Using these figures, the HCP assumes 246 HCP and 2 Public Entity covered children could be diagnosed with ASD.

HCP's current benefit design allows up to 60 visits per incident per calendar year for Physical, Speech and Occupational Therapy services. Assuming these services are what would be included as part of "medically necessary care", the annual cost for therapy would be, on average, \$7,260 per diagnosed child.

If the maximum benefit of \$72,000 is met for "applied behavior analysis" for each diagnosed child, and each child receives these services, the HCP could incur an additional \$64,740 per diagnosed child annually. These costs would be passed directly to the plan and potentially to the members as higher premium. It is assumed the maximum potential cost of this proposal would be \$15,926,040 (246 children X \$64,740) annually for HCP members and \$129,440 annually for Public Entity members.

Oversight assumes the proposal would become effective January 1, 2010.

FISCAL IMPACT - State Government

FY 2010
(6 Mo.)

FY 2011

FY 2012

HW-C:LR:OD

GENERAL REVENUE FUND

Costs - Missouri Consolidated Health Care Plan

Increase in state share of health insurance premiums	(Up to \$5,335,223)	(Up to \$10,670,447)	(Up to \$10,670,447)
--	---------------------	----------------------	----------------------

Costs - DOS

Increase in program expenditures	(Unknown less than \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
----------------------------------	------------------------------	-------------------------------	-------------------------------

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

(Up to \$5,385,223)	(Unknown, could exceed \$10,770,447)	(Unknown, could exceed \$10,770,447)
---------------------	--------------------------------------	--------------------------------------

INSURANCE DEDICATED

Income - DIFP

Form filing fees	Up to \$5,600	\$0	\$0
------------------	---------------	-----	-----

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND

Up to \$5,600	\$0	\$0
---------------	-----	-----

CONSERVATION COMMISSION FUND

Costs - Missouri Department of Conservation

Increase in state share of health insurance costs	(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
---	------------------------------	-------------------------------	-------------------------------

ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND

(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
------------------------------	-------------------------------	-------------------------------

FISCAL IMPACT - State Government

FY 2010 (6 Mo.)	FY 2011	FY 2012
--------------------	---------	---------

ROAD FUND

Costs - DOT

Increase in state share of health care
 premium costs

(Unknown
 exceeding than
 \$50,000)

(Unknown
 exceeding
 \$100,000)

(Unknown
 exceeding
 \$100,000)

ESTIMATED NET EFFECT ON ROAD FUND

**(Unknown
 exceeding than
 \$50,000)**

**(Unknown
 exceeding
 \$100,000)**

**(Unknown
 exceeding
 \$100,000)**

OTHER STATE FUNDS

Costs - HCP

Increase in state share of health
 insurance costs

(Up to
 \$955,562)

(Up to
 \$1,911,125)

(Up to
 \$1,911,125)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

**(Up to
 \$955,562)**

**(Up to
 \$1,911,125)**

**(Up to
 \$1,911,125)**

FEDERAL FUNDS

Income - DOS

Increase in program reimbursements

Unknown less
 than \$50,000

Unknown
 exceeding
 \$100,000

Unknown
 exceeding
 \$100,000

Costs - HCP

Increase in state share of health
 insurance costs

(Up to
 \$1,672,234)

(Up to
 \$3,344,468)

(Up to
 \$3,344,468)

Costs - DOS

Increase in program expenditures

(Unknown less
 than \$50,000)

(Unknown
 exceeding
 \$100,000)

(Unknown
 exceeding
 \$100,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS

**(Up to
 \$1,672,234)**

**(Up to
 \$3,344,468)**

**(Up to
 \$3,344,468)**

FISCAL IMPACT - Local Government

FY 2010
 (6Mo.)

FY 2011

FY 2012

ALL LOCAL GOVERNMENTS

Costs - All Local Governments

Increase in share of health insurance costs	(Up to \$64,740)	(Up to \$129,480)	(Up to \$129,480)
---	------------------	-------------------	-------------------

ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS

(Up to \$64,740)	(Up to \$129,480)	(Up to \$129,480)
------------------	-------------------	-------------------

FISCAL IMPACT - Small Business

The proposal could directly impact small businesses that provide employees with health benefits if insurance premiums increase.

FISCAL DESCRIPTION

Under this proposal, health carriers that issue or renew health benefit plans on or after August 28, 2009, must provide individuals less than 21 years of age coverage for the diagnosis and treatment of Autism spectrum disorders.

The proposal prohibits health carriers from denying or refusing to issue coverage on, refuse to contract with, or refuse to renew or refuse to reissue or otherwise terminating or restricting coverage on an individual or their dependent solely because the individual is diagnosed with an autism spectrum disorder.

The proposal sets forth the coverage limits for autism spectrum disorder. Coverage under the proposal is limited to treatment that is ordered by the insured's treating licensed physician or licensed psychologist, in accordance with a treatment plan.

The treatment plan shall include all elements necessary for the health benefit plan or health carrier to appropriately pay claims. Such elements include, but are not limited to, a diagnosis, proposed treatment by type, frequency and duration of treatment and goals.

Under the terms of the proposal, coverage provided for applied behavior analysis shall be subject to a maximum benefit of \$72,000 per year, but shall not be subject to any limits on the number of visits by an individual to an autism service provider for applied behavior analysis.

FISCAL DESCRIPTION (continued)

Coverage under the act for services other than applied behavior analysis shall not be subject to

any limits on the number of visits an individual may make to an autism service provider.

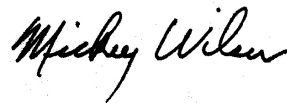
After December 31, 2010, the director of the Department of Insurance, Financial and Professional Registration shall, on an annual basis, adjust the maximum benefit (for applied behavioral analysis) for inflation using the Medical Care Component of the United States Department of Labor Consumer Price Index for All Urban Consumers.

The health care services required by the proposal shall not be subject to any greater deductible, coinsurance or co-payment than other physical health care services provided by a health benefit plan.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



Mickey Wilson, CPA
Director
January 16, 2009