

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0845-07
Bill No.: SCS for SB 167
Subject: Insurance - Medical; Health Care Professionals
Type: Original
Date: March 9, 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	(Could exceed \$3,071,562)	(Could exceed \$6,178,123)	(Could exceed \$6,178,123)
Total Estimated Net Effect on General Revenue Fund	(Could exceed \$3,071,562)	(Could exceed \$6,178,123)	(Could exceed \$6,178,123)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	Up to \$5,600	\$0	\$0
Conservation Commission	(Unknown greater than \$50,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Road	(Unknown greater than \$50,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Other	(Could exceed \$550,131)	(Could exceed \$1,100,261)	(Could exceed \$1,100,261)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$644,531)	(Could exceed \$1,300,261)	(Could exceed \$1,300,261)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	(Could exceed \$962,728)	(Could exceed \$1,925,456)	(Could exceed \$1,925,456)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Could exceed \$962,728)	(Could exceed \$1,925,456)	(Could exceed \$1,925,456)

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	(Could exceed \$30,085)	(Could exceed \$60,169)	(Could exceed \$60,169)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DES)** assume the proposal will have no fiscal impact on their department, but state there will be increased costs to all insurance patrons, including self-insured school districts. DES officials state there is not way to estimate the increase in costs.

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 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 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)

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.

Oversight notes program costs receive federal matching and will be split approximately 65% Federal/35% General Revenue for FY 11 and FY 12.

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). The proposal does define what specific treatments and/or therapies shall be covered: Psychiatric, Psychological, rehabilitative care, therapeutic care, and prescription medications are all currently covered by the plan. However, Applied Behavior Analysis Therapy is not a covered service. 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 members under the age of 21 and the Public Entity plan currently covers 319 members under the age of 21. Using these figures, the HCP assumes 246 HCP and 2 Public Entity covered members could be diagnosed with ASD.

The HCP's current benefit design allows up to 60 visits per incident per calendar year for Physical, Speech and Occupational Therapy services and rehabilitative care. Assuming these services are what would be included as part of the "medically necessary care", the annual cost would be, on average \$7,260 per diagnosed member. However, the proposal indicates that these services shall not be limited; therefore the costs for services "other than applied behavior analysis" may exceed \$7,260 per diagnosed child per year.

If the maximum benefit is met for "applied behavior analysis" for each age group as directed in the legislation and \$7,260 is met for services "other than applied behavior analysis" for each diagnosed member, and each member receives these services, the HCP would incur an additional \$10,954,800 annually for State members and \$73,381 annually for Public Entity members. These costs would be passed directly to the plan and potentially to the members as a higher premium.

ASSUMPTION (continued)

It should be noted the proposal allows only for diagnosis and treatment provided within Missouri. The HCP covers approximately 1,000 members under the age of 21 who reside outside the state who would not be eligible for the benefits.

Oversight assumes since HCP's current benefit design already allows for 60 visits per year and the average annual cost for the visits as described above is \$7,260 per diagnosed member, these costs are not "new" costs resulting from this proposal. Only the costs associated with those visits exceeding the current maximum of 60 visits per year would be new costs. Therefore, **Oversight** assumes the HCP could incur additional costs exceeding \$9,168,840 [\$10,954,800 - (246 members X \$7,260 = \$1,785,960)] as a result of this proposal; Public Entity members could incur additional costs exceeding \$60,169.

Officials from the **Special School District** has a self-insured medical plan for employees and dependents. As such, there will be some costs associated by adding certain services for children with autism as health care items. At this time, the School District has no idea how many of its covered dependents would receive such services or at what cost. It is possible that dependent premium costs to families could increase to offset some of the increased costs.

Oversight assumes coverage for autism services for state employees will be effective January 1, 2010.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Increase in state share of health insurance costs	(Could exceed \$3,071,562)	(Could exceed \$6,143,123)	(Could exceed \$6,143,123)
<u>Costs - DOS</u>			
Increase in program expenditures	(Unknown less than \$50,000)	(Unknown exceeding \$35,000)	(Unknown exceeding \$35,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Could exceed \$3,071,562)</u>	<u>(Could exceed \$6,178,123)</u>	<u>(Could exceed \$6,178,123)</u>

FISCAL IMPACT - State Government

FY 2010
(6 Mo.)

FY 2011

FY 2012

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
greater than
\$50,000)

(Unknown
greater than
\$100,000)

(Unknown
greater than
\$100,000)

**ESTIMATED NET EFFECT ON
CONSERVATION COMMISSION
FUND**

(Unknown
greater than
\$50,000)

(Unknown
greater than
\$100,000)

(Unknown
greater than
\$100,000)

ROAD FUND

Costs - DOT

Increase in state share of health care
premium costs

(Unknown
greater than
\$50,000)

(Unknown
greater than
\$100,000)

(Unknown
greater than
\$100,000)

**ESTIMATED NET EFFECT ON
ROAD FUND**

(Unknown
greater than
\$50,000)

(Unknown
greater than
\$100,000)

(Unknown
greater than
\$100,000)

FISCAL IMPACT - State Government

FY 2010
(6 Mo.)

FY 2011

FY 2012

OTHER STATE FUNDS

Costs - Missouri Consolidated Health
 Care Plan

Increase in state share of health
 insurance premiums

(Could exceed
\$550,131)

(Could exceed
\$1,100,261)

(Could exceed
\$1,100,261)

**ESTIMATED NET EFFECT ON
 OTHER STATE FUNDS**

(Could exceed
\$550,131)

(Could exceed
\$1,100,261)

(Could exceed
\$1,100,261)

FEDERAL FUNDS

Income - DOS

Increase in program reimbursements

Unknown less
 than \$50,000

Unknown
 greater than
 \$100,000

Unknown
 greater than
 \$100,000

Costs - HCP

Increase in state share of health
 insurance costs

(Could exceed
\$962,728)

(Could exceed
\$1,925,456)

(Could exceed
\$1,925,456)

Costs - DOS

Increase in program expenditures

(Unknown less
than \$50,000)

(Unknown
greater than
\$100,000)

(Unknown
greater than
\$100,000)

**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

(Could exceed
\$962,728)

(Could exceed
\$1,925,456)

(Could exceed
\$1,925,456)

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
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ALL LOCAL GOVERNMENTS

Costs - All Local Governments

Increase in health insurance costs	<u>(Could exceed \$30,085)</u>	<u>(Could exceed \$60,169)</u>	<u>(Could exceed \$60,169)</u>
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**ESTIMATED NET EFFECT ON ALL
LOCAL GOVERNMENTS**

<u>(Could exceed \$30,085)</u>	<u>(Could exceed \$60,169)</u>	<u>(Could exceed \$60,169)</u>
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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 January 1, 2010, must provide individuals less than 21 years of age coverage for the diagnosis and treatment of autism spectrum disorders.

The proposal sets forth the coverage limits for autism spectrum disorders. 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.

The proposal applies different annual maximum benefit levels for behavior analysis based upon the age of the child. The annual maximum benefit levels for behavior analysis are as follows: (1) \$72,000 per year for children under 6 years of age; (2) \$36,000 per year for children who are at least 6 years of age but less than 14 years of age; and (3) \$18,000 per year for children who are at least 14 years of age but less than 21 years of age.

The annual maximum benefits for applied behavior analysis shall not be subject to any limits on the number of visits by an individual to an autism service provider for applied behavior analysis. Coverage under the proposal 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.

FISCAL DESCRIPTION (continued)

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.

Payments made by a health carrier on behalf of a covered individual for any care, treatment, intervention, service or item, the provision of which was for the treatment of a health condition unrelated to the covered individual's autism spectrum disorder, shall not be applied toward any maximum benefit established under the proposal.

The proposal provides the provisions of the autism mandate shall also apply to the following types of plans that are established, extended, modified or renewed on or after January 1, 2010: (1) All self-insured governmental plans, as that term is defined in 29 U.S.C. Section 1002(32); (2) All self-insured group arrangements, to the extent not preempted by federal law; (3) All plans provided through a multiple employer welfare arrangement, or plans provided through another benefit arrangement, to the extent permitted by the Employee Retirement Income Security Act of 1974, or any waiver or exception to that act provided under federal law or regulation; and (4) All self-insured school district health plans.

The provisions of the proposal also apply to limited mandate health insurance policies issued under section 376.995. The provisions of the act do not apply to various forms of supplemental insurance policies such as specified disease policies or Medicare supplement policies.

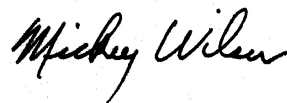
The autism mandate shall apply to any health care plans issued to employees and their dependents under the Missouri Consolidated Health Care Plan on or after January 1, 2010.

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 Elementary and Secondary Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
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
Special School District of St. Louis

NOT RESPONDING: University of Missouri, Blue Springs Public Schools, Parkway Public Schools, Francis Howell Public Schools, Independence School District, and Sikeston Public Schools



Mickey Wilson, CPA
Director
March 9, 2009