

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3679-01  
Bill No.: HB 1311  
Subject: Mental Health; Insurance - Medical  
Type: Original  
Date: January 15, 2010

Bill Summary: Provides health insurance coverage for the diagnosis and treatment of autism spectrum disorder.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$3,587,069)	(\$7,174,543)	(\$3,587,069)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$3,587,069)</b>	<b>(\$7,174,543)</b>	<b>(\$3,587,069)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Insurance Dedicated	Up to \$5,000	\$0	\$0
Road	(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Conservation	(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Other	(\$725,224)	(\$1,087,836)	(\$725,224)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown exceeding \$820,224)</b>	<b>(Unknown exceeding \$1,287,836)</b>	<b>(Unknown exceeding \$925,224)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Federal	(\$1,266,353)	(\$1,899,529)	(\$1,266,353)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(\$1,266,353)</b>	<b>(\$1,899,529)</b>	<b>(\$1,266,353)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>(\$35,649)</b>	<b>(\$53,473)</b>	<b>(\$35,649)</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** assume the proposal will have no fiscal impact 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 Public Safety (DPS) - Director's Office** defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **DPS - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of the proposed legislation on their organization.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would 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. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000

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 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.

ASSUMPTION (continued)

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, would have autism spectrum disorder.

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 **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.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the legislation would require the HCP to provide coverage for Autism Spectrum Disorders (ASD), specifically requiring coverage for Applied Behavioral Analysis (ABA) therapy for children less than 21 years of age.

The Centers for Disease Control (CDC) and Harvard Medical School released joint reports in the October 5, 2009 issue of *Pediatrics* finding that the ratio of children with ASD is approximately 1 out of 91 U.S. children.

The Missouri Department of Social Services, MO HealthNet Division reported to HCP that out of 518,041 Missouri children eligible for MO HealthNet in June, 2009, 4,359 were diagnosed with ASD, resulting in a Missouri-specific Autism prevalence ratio of 1 out of 119 children.

An October 29, 2007 study, "Management of Children with Autism Spectrum Disorders" published in *Pediatrics* reported "...the effectiveness of ABA-based intervention in ASD has been well documented through five decades of research...Children who receive early intensive

ASSUMPTION (continued)

behavioral treatment have been shown to make substantial, sustained gains in IQ, language, academic performance and adaptive behavior...” With this in mind, the HCP assumes 100% of children up to and including six (6) years of age diagnosed with ASD will seek maximum ABA treatments for at least nine (9) months. Therefore, the expenditure projected reflects costs based on age and utilization required to fund the mandate in FY 11. It is unknown how many children will actually qualify or will require ABA treatment since diagnosis, assessment and treatment standards are not in place (Missouri 2007 Blue Ribbon Panel on Autism recommendations #17 and #21).

The HCP currently covers 31,286 children in the State plan and 203 children in the Public Entity Plan under the age of 21. The HCP assumes the younger the child, the greater the utilization of services, due to the level of publicity surrounding the legislation and the rarity of insurance coverage for autism diagnoses currently. The HCP also expects “diagnosis creep” to occur, although it has not been figured into the fiscal note costs. Diagnosis creep occurs when diagnosis criteria are expanded, allowing larger populations to become diagnosed with a condition so that insurance covers the costs of treatments.

Age in Years	# of covered children	Prevalence rate MO = 1:119	Duration & Utilization of ABA Treatment			Cost of ABA at \$6,000/mo
			3 mos	6 mos	12 mos	
0-6	8,413	70.70	100%	100%	75%	\$4,772,080
7-12	8,766	73.66	75%	50%	50%	\$2,983,387
13 -18	10,532	88.50	50%	50%	50%	\$3,186,151
19 -21	3,575	30.04	25%	5%	5%	<u>\$ 216,303</u>
<b>Total FY 11 Cost</b>						<b><u>\$11,157,921</u></b>

The HCP assumes the Missouri-specific prevalence ration of 1:119 is most accurate in predicting costs and that these costs would be passed directly to the HCP, requiring an additional appropriation beginning FY 11 of \$11,157,291 (approximately 2.05% of projected total FY 11 plan costs ) to offset these costs. For the Public Entity plan, premiums would need to be increased to cover the additional \$71,296 in increased costs estimated for FY 11.

The HCP also assumes that in FY 12 and FY 13, cost and utilization figures will adjust downward to 75%and 50% respectively of FY 11 figures, as demand lessens, ABA providers within the state increase and uniform diagnosis, assessment, and treatment standards are in place.

ASSUMPTION (continued)

FY 12 costs are projected to be \$8,367,968 and FY 13 costs are projected to be \$5,578,645. HCP assumes costs and utilization will follow the same patter for Public Entities and projects FY 12 costs of \$53,472 and FY 13 costs of \$35,648 for these organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (6 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b>			
<u>Costs - HCP</u>			
Increase in state share of health care premium costs	<u>(\$3,587,069)</u>	<u>(\$5,380,603)</u>	<u>(\$3,587,069)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$3,587,069)</u></b>	<b><u>(\$5,380,603)</u></b>	<b><u>(\$3,587,069)</u></b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>Up to \$5,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>ROAD FUND</b>			
<u>Costs - DOT</u>			
Increase in state share of health care premium costs	<u>(Unknown exceeding \$50,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
<b>ESTIMATED NET EFFECT ON ROAD FUND</b>	<b><u>(Unknown exceeding \$50,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2011 (6 Mo.)	FY 2012	FY 2013
<b>CONSERVATION COMMISSION FUND</b>			
<u>Costs - MDC</u>			
Increase in state share of health care premium costs	<u>(Unknown exceeding \$50,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>(Unknown exceeding \$50,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Costs - HCP</u>			
Increase in state share of health care premium costs	<u>(\$725,224)</u>	<u>(\$1,087,836)</u>	<u>(\$725,224)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(\$725,224)</u></b>	<b><u>(\$1,087,836)</u></b>	<b><u>(\$725,224)</u></b>
<b>FEDERAL FUNDS</b>			
Increase in state share of health care premium costs	<u>(\$1,266,353)</u>	<u>(\$1,899,529)</u>	<u>(\$1,266,353)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(\$1,266,353)</u></b>	<b><u>(\$1,899,529)</u></b>	<b><u>(\$1,266,353)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (6 Mo.)	FY 2012	FY 2013
<b>ALL LOCAL GOVERNMENTS</b>			
<u>Costs - All Local Governments</u>			
Increase in share of health care premium costs	<u>(\$35,649)</u>	<u>(\$53,473)</u>	<u>(\$35,649)</u>
<b>ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS</b>	<b><u>(\$35,649)</u></b>	<b><u>(\$53,473)</u></b>	<b><u>(\$35,649)</u></b>

FISCAL IMPACT - Small Business

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

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FISCAL DESCRIPTION

This proposal requires all health benefit plans that are delivered, issued, continued, or renewed on or after August 28, 2010, to provide coverage for the diagnosis and treatment of autism spectrum disorders (ASD). The coverage provided by an insurance carrier for ASD is limited to the treatment ordered by the insured individual's licensed treating physician or psychologist in accordance with a treatment plan.

Coverage for individuals younger than 21 years of age for the applied behavior analysis (ABA) services will have a maximum benefit of \$72,000 per year with no limit on the number of visits to an autism service provider. Coverage cannot be denied on the basis that it is educational or habilitative in nature.

Payments and reimbursements for ABA services can only be made to the ASD service provider, the certified supervisor of the provider, or the entity or group for whom the supervisor works or is associated. ASD services cannot be subject to any greater deductible, co-insurance, co-payment, or utilization review than other physical health care services provided by the health benefit plan. Health carriers and benefit plans are not required to reimburse a school district for ASD services that it provided.

Health benefit plans established, extended, modified, or renewed on or after August 28, 2010, under the Missouri Consolidated Health Care Plan, self-insured governmental plans, self-insured group arrangements, multiple employer welfare arrangements, and self-insured school district health plans must offer individual ASD coverage. Individually sold health benefit plans must offer ASD coverage as an option to any plan. Certain supplemental insurance policies are exempt from the provisions of the proposal.



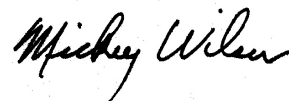
FISCAL DESCRIPTION (continued)

The provisions of the proposal do not apply to the MO HealthNet Program or any program administered or sponsored by the MO HealthNet Division within the Department of Social Services.

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  
Missouri Department of Transportation  
Department of Public Safety -  
    Director's Office  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation



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