

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0480-01  
Bill No.: HB 79  
Subject: Insurance - Medical; Disabilities  
Type: Original  
Date: January 21, 2009

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Bill Summary: Requires health benefit plans to include coverage for the treatment of autism spectrum disorders.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(May exceed \$2,519,950)	(May exceed \$5,039,901)	(May exceed \$5,039,901)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(May exceed \$2,519,950)</b>	<b>(May exceed \$5,039,901)</b>	<b>(May exceed \$5,039,901)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	Up to \$5,600	\$0	\$0
Road	(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Other	(May exceed \$451,334)	(May exceed \$902,669)	(May exceed \$902,669)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(May exceed \$445,734)</b>	<b>(May exceed \$902,669)</b>	<b>(May exceed \$902,669)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	(May exceed \$789,835)	(May exceed \$1,579,670)	(May exceed \$1,579,670)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(May exceed \$789,835)</b>	<b>(May exceed \$1,579,670)</b>	<b>(May exceed \$1,579,670)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Local Government</b>	<b>(May exceed \$42,740)</b>	<b>(May exceed \$85,480)</b>	<b>(May exceed \$85,480)</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

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

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state both the fee-for-service program and MO HealthNet managed care plans already cover treatment for autism spectrum disorders. Therefore, the DOS assumes 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 services provided that they would be responsible for. 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 **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have fiscal impact on MDC funds since coverage is already provided by its medical insurance program.

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 90 insurers and 22 HMOs (from 2007 supplemental data reports) 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. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,600 (112 insurers X \$50).

ASSUMPTION (continued)

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 Consolidated Health Care Plan (HCP)** state the proposal 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.) making it difficult to estimate costs associated with the treatment of ASD. Nor does it define behavioral therapy, which is subject to a \$50,000 annual maximum. 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 26,442 children under the age of 16 and the Public Entity plan currently covers 237 children under the age of 16. Using these figures, the HCP assumes 176 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 behavioral therapy, the annual cost would be, on average, \$7,260 per diagnosed child.

If the maximum benefit of \$50,000 is met for each diagnosed child, and each child receives these services, the HCP would incur an additional \$42,740 per diagnosed child annually. These costs would be passed directly to the plan and potentially to the members as a higher premium. Therefore, the HCP estimates total annual costs that could exceed \$7,522,240 for HCP members and \$85,480 for Public Entity members.

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

ASSUMPTION (continued)

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.

**The proposal may result in an increase in total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE</b>			
<u>Costs - HCP</u>			
Increase in state share of health care premium costs	<u>(May exceed \$2,519,950)</u>	<u>(May exceed \$5,039,901)</u>	<u>(May exceed \$5,039,901)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(May exceed \$2,519,950)</u></b>	<b><u>(May exceed \$5,039,901)</u></b>	<b><u>(May exceed \$5,039,901)</u></b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>Up to \$5,600</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - State Government

FY 2010  
(6 Mo.)

FY 2011

FY 2012

**ROAD FUND**

Costs - DOT

Increase in health care premium costs

(Unknown  
exceeding  
\$50,000)

(Unknown  
exceeding  
\$100,000)

(Unknown  
exceeding  
\$100,000)

**ESTIMATED NET EFFECT ON  
ROAD FUND**

(Unknown  
exceeding  
\$50,000)

(Unknown  
exceeding  
\$100,000)

(Unknown  
exceeding  
\$100,000)

**OTHER STATE FUNDS**

Costs - HCP

Increase in state share of health care  
premium costs

(May exceed  
\$451,334)

(May exceed  
\$902,669)

(May exceed  
\$902,669)

**ESTIMATED NET EFFECT ON  
OTHER STATE FUNDS**

(May exceed  
\$451,334)

(May exceed  
\$902,669)

(May exceed  
\$902,669)

**FEDERAL FUNDS**

Costs - HCP

Increase in state share of health care  
premium costs

(May exceed  
\$789,835)

(May exceed  
\$1,579,670)

(May exceed  
\$1,579,670)

**ESTIMATED NET EFFECT ON  
FEDERAL FUNDS**

(May exceed  
\$789,835)

(May exceed  
\$1,579,670)

(May exceed  
\$1,579,670)

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
<b>ALL LOCAL GOVERNMENTS</b>			
<u>Costs - All Local Governments</u>			
Increase in health care premium costs	(May exceed \$42,740)	(May exceed \$85,480)	(May exceed \$85,480)
<b>ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS</b>	<b>(May exceed \$42,740)</b>	<b>(May exceed \$85,480)</b>	<b>(May exceed \$85,480)</b>

FISCAL IMPACT - Small Business

The proposal may directly impact small businesses that provide insurance coverage for employees if premium costs increase.

FISCAL DESCRIPTION

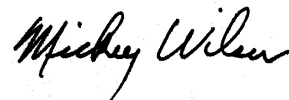
This proposal requires all health insurance carriers to provide coverage to their members for autism spectrum disorder treatments by January 1, 2010. Insurers are prohibited from denying coverage to individuals who are diagnosed with the disorder. Deductibles, co-insurance, and benefit limits for the disorder cannot exceed those assessed for a general physical illness under the health insurance plan.

Coverage for the disorder: (1) Can be subject to exclusions and limitations such as coordination of benefits, provider requirements, restrictions for services provided by family members, and reviews of necessity for services being utilized; (2) Will be limited to the treatment plan prescribed by the treating physician, and insurers can request a copy of the treatment plan every six months; (3) Will be provided for individuals who are diagnosed with the disorder prior to turning nine years of age, and eligible individuals can receive plan benefits and coverage until they reach 16 years of age; and (4) Will include behavioral therapies with a \$50,000 per year maximum benefit.

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  
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