

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0790-01
Bill No.: HB 760
Subject: Children and Minors; Insurance - Medical; Insurance Dept.
Type: Original
Date: February 24, 2009

Bill Summary: Requires health insurers to provide coverage for the diagnosis and treatment of autism spectrum disorder.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Could exceed \$6,180,750)	(Unknown, could exceed \$12,396,500)	(Unknown, could exceed \$12,396,500)
Total Estimated Net Effect on General Revenue Fund	(Could exceed \$6,180,750)	(Unknown, could exceed \$12,396,500)	(Unknown, could exceed \$12,396,500)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	\$0 to \$5,600	\$0	\$0
Conservation Commission	(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 State	(Could exceed \$1,107,000)	(Could exceed \$2,214,000)	(Could exceed \$2,214,000)
Total Estimated Net Effect on Other State Funds	(Unknown, could exceed \$1,207,000)	(Unknown, could exceed \$2,314,000)	(Unknown, could exceed \$2,314,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	(Could exceed \$1,937,250)	(Could exceed \$3,874,500)	(Could exceed \$3,874,500)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Could exceed \$1,937,250)	(Could exceed \$3,874,500)	(Could exceed \$3,874,500)

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 \$75,000)	(Could exceed \$150,000)	(Could exceed \$150,000)

FISCAL ANALYSIS

ASSUMPTION

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

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 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

ASSUMPTION (continued)

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 **Missouri Department of Conservation (MDC)** state the proposal will have a fiscal impact on MDC funds. The exact amount of the impact is unknown, but expected to exceed \$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.

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.

ASSUMPTION (continued)

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 therapy, the annual cost would be, on average, \$7,260 per diagnosed child. However, the proposal does not limit the number of visits per year.

If the maximum benefit of \$75,000 is met for "applied behavior analysis" and \$7,260 is met for other therapies and each diagnosed member receives these services, the HCP could incur an additional \$75,000 per diagnosed member annually. These costs would be passed directly to the plan and potentially to the members as higher premium. It is assumed the potential cost of this proposal could exceed \$18,450,000 (246 children X \$75,000) annually for HCP members and \$150,000 annually for Public Entity members.

Oversight assumes the provisions of this proposal will become effective for state employee health plans January 1, 2010.

FISCAL IMPACT - State Government

FY 2010
(6 Mo.)

FY 2011

FY 2012

GENERAL REVENUE FUND

Costs - DOS

Increase in program expenditures

(Unknown less
than \$50,000)

(Unknown
greater than
\$35,000)

(Unknown
greater than
\$35,000)

Costs - Missouri Consolidated Health
Care Plan

Increase in state share of health
insurance premiums

(Could exceed
\$6,180,750)

(Could exceed
\$12,361,500)

(Could exceed
\$12,361,500)

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

(Could exceed
\$6,180,750)

(Unknown,
could exceed
\$12,396,500)

(Unknown,
could exceed
\$12,396,500)

INSURANCE DEDICATED

Income - DIFP

Form filing fees

\$0 to \$5,600

\$0

\$0

**ESTIMATED NET EFFECT ON
INSURANCE DEDICATED FUND**

\$0 to \$5,600

\$0

\$0

**CONSERVATION COMMISSION
FUNDS**

Costs - MDC

Increase in state employee insurance

(Unknown
exceeding
\$50,000)

(Unknown
exceeding
\$100,000)

(Unknown
exceeding
\$100,000)

**ESTIMATED NET EFFECT ON
CONSERVATION COMMISSION
FUNDS**

(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
\$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

(Could exceed
\$1,107,000)

(Could exceed
\$2,214,000)

(Could exceed
\$2,214,000)

**ESTIMATED NET EFFECT ON
OTHER STATE FUNDS**

(Could exceed
\$1,107,000)

(Could exceed
\$2,214,000)

(Could exceed
\$2,214,000)

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
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FEDERAL FUNDS

Income - DOS

Increase in program reimbursements	Unknown less than \$50,000	Unknown exceeding \$65,000	Unknown exceeding \$65,000
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Costs - DOS

Increase in program expenditures	(Unknown less than \$50,000)	(Unknown exceeding \$650,000)	(Unknown exceeding \$65,000)
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Costs - HCP

Increase in state share of health care premium costs	<u>(Could exceed \$1,937,250)</u>	<u>(Could exceed \$3,874,500)</u>	<u>(Could exceed \$3,874,500)</u>
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**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

<u>(Could exceed \$1,937,250)</u>	<u>(Could exceed \$3,874,500)</u>	<u>(Could exceed \$3,874,500)</u>
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<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 share of health insurance costs	<u>(Could exceed \$75,000)</u>	<u>(Could exceed \$150,000)</u>	<u>(Could exceed \$150,000)</u>
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**ESTIMATED NET EFFECT ON ALL
LOCAL GOVERNMENTS**

<u>(Could exceed \$75,000)</u>	<u>(Could exceed \$150,000)</u>	<u>(Could exceed \$150,000)</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

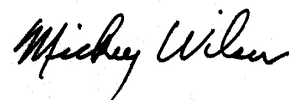
This proposal requires all health insurance carriers offering health benefit plans which are delivered, issued, continued, or renewed on or after January 1, 2010, to provide coverage to their members for autism spectrum disorder (ASD) diagnosis and treatments. Insurers are prohibited from denying coverage for individuals solely because they are diagnosed with ASD. 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 ASD: (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 that are diagnosed with ASD prior to turning nine years of age and eligible individuals can receive plan benefits and coverage up to 21 years of age; and (4) Will include applied behavioral analysis therapies with a \$75,000 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 -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



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