

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1030-04
Bill No.: HCS for HBs 357 & 298
Subject: Health Care; Insurance - Medical; Insurance Dept.
Type: Original
Date: March 6, 2009

Bill Summary: Requires insurance coverage for the diagnosis and treatment of autism spectrum disorders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Could exceed \$4,341,600)	(Could exceed \$8,718,200)	(Could exceed \$8,718,200)
Total Estimated Net Effect on General Revenue Fund	(Could exceed \$4,341,600)	(Could exceed \$8,718,200)	(Could exceed \$8,718,200)

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 \$777,600)	(Could exceed \$1,555,200)	(Could exceed \$1,555,200)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$872,000)	(Could exceed \$1,755,200)	(Could exceed \$1,755,200)

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	(Could exceed \$1,360,800)	(Could exceed \$2,721,600)	(Could exceed \$2,721,600)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Could exceed \$1,360,800)	(Could exceed \$2,721,600)	(Could exceed \$2,721,600)

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 \$54,000)	(Could exceed \$108,000)	(Could exceed \$108,000)

FISCAL ANALYSIS

ASSUMPTION

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 **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.

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

ASSUMPTION (continued)

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.

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.

ASSUMPTION (continued)

Officials from the **Missouri Consolidated Health Care Plan (HCP)** did not respond to our request for a statement of fiscal impact. However, in response to similar legislation (SCS SB 167), HCP assumed “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.” However, SCS SB 167 provided coverage limits for age groups that are different from this proposal (\$72,000 annual maximum for “applied behavioral analysis” (ABA) for diagnosed members under age 6; \$36,000 annual maximum for ABA for members 6-13 years of age; and \$18,000 annual maximum for ABA for members 14-less than 21 years of age).

Oversight notes the current proposal provides for a maximum benefit of \$72,000 for ABA per year for individuals under the age of 11 and \$36,000 annually for individuals 11 years of age to less than 21 years of age. Therefore, **Oversight** assumes the HCP would estimate the potential costs of this proposal exceeding \$14,745,960 for HCP members and \$122,520 for Public Entity members.

Oversight further 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 \$12,960,000 [$\$14,745,960 - (246 \text{ members} \times \$7,260 = \$1,785,960)$] as a result of this proposal; Public Entity members could incur additional costs exceeding \$108,000.

Officials from the **University of Missouri** did not respond to our request for a statement of fiscal impact.

<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 \$4,341,600)	(Could exceed \$8,683,200)	(Could exceed \$8,683,200)
<u>Costs - DOS</u>			
Increase in program expenditures	<u>(Unknown less than \$50,000)</u>	<u>(Unknown greater than \$35,000)</u>	<u>(Unknown greater than \$35,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Could exceed \$4,341,600)</u>	<u>(Could exceed \$8,718,200)</u>	<u>(Could exceed \$8,718,200)</u>
INSURANCE DEDICATED			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
CONSERVATION COMMISSION FUND			
<u>Costs - Missouri Department of Conservation</u>			
Increase in state share of health insurance costs	<u>(Unknown greater than \$50,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(Unknown greater than \$50,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
ROAD FUND			
<u>Costs - DOT</u>			
Increase in state share of health care premium costs	<u>(Unknown greater than \$50,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>(Unknown greater than \$50,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
OTHER STATE FUNDS			
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Increase in state share of health insurance costs	<u>(Could exceed \$777,600)</u>	<u>(Could exceed \$1,555,200)</u>	<u>(Could exceed \$1,555,200)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Could exceed \$777,600)</u>	<u>(Could exceed \$1,555,200)</u>	<u>(Could exceed \$1,555,200)</u>
FEDERAL FUNDS			
<u>Income - DOS</u>			
Increase in program reimbursements	Unknown less than \$50,000	Unknown greater than \$65,000	Unknown greater than \$65,000
<u>Costs - HCP</u>			
Increase in state share of health insurance costs	<u>(Could exceed \$1,360,800)</u>	<u>(Could exceed \$2,721,600)</u>	<u>(Could exceed \$2,721,600)</u>
<u>Costs - DOS</u>			
Increase in program expenditures	<u>(Unknown less than \$50,000)</u>	<u>(Unknown greater than \$65,000)</u>	<u>(Unknown greater than \$65,000)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Could exceed \$1,360,800)</u>	<u>(Could exceed \$2,721,600)</u>	<u>(Could exceed \$2,721,600)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
ALL LOCAL GOVERNMENTS			
<u>Costs - All Local Governments</u>			
Increase in share of health insurance costs	<u>(Could exceed \$54,000)</u>	<u>(Could exceed \$108,000)</u>	<u>(Could exceed \$108,000)</u>
ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS	<u>(Could exceed \$54,000)</u>	<u>(Could exceed \$108,000)</u>	<u>(Could exceed \$108,000)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Beginning January 1, 2010, this proposal requires health carriers issuing or renewing a health plan to provide individuals younger than 21 years of age insurance coverage for the diagnosis and treatment of autism spectrum disorders (ASD).

Individual coverage for the applied behavior analysis will have a maximum benefit of \$72,000 per year for individuals younger than 11 years of age and \$36,000 per year for individuals 11 through 20 years of age with no limit on the number of times an individual visits an autism service provider.

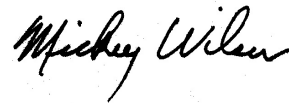
Payments made by a health carrier for health services unrelated to ASD for an individual with ASD cannot be applied toward the ASD maximum benefit. ASD services cannot be subject to any greater deductible, co-insurance, or co-payment than other physical health care services provided by the health benefit 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 Social Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Department of Conservation

NOT RESPONDING: Missouri Consolidated Health Care Plan and University of Missouri



Mickey Wilson, CPA
Director
March 9, 2009