

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1030-05
Bill No.: HCS #2 for HBs 357 & 298
Subject: Health Care; Insurance - Medical; Insurance Dept.
Type: Original
Date: April 14, 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	(Unknown, could exceed \$3,003,275)	(Unknown, could exceed \$6,006,550)	(Unknown, could exceed \$6,006,550)
Total Estimated Net Effect on General Revenue Fund	(Unknown, could exceed \$3,003,275)	(Unknown, could exceed \$6,006,550)	(Unknown, could exceed \$6,006,550)

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 \$537,900)	(Could exceed \$1,075,800)	(Could exceed \$1,075,800)
Total Estimated Net Effect on Other State Funds	(Could exceed \$632,300)	(Could exceed \$1,275,800)	(Could exceed \$1,275,800)

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 \$941,325)	(Could exceed \$1,882,650)	(Could exceed \$1,882,650)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Could exceed \$941,325)	(Could exceed \$1,882,650)	(Could exceed \$1,882,650)

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 \$330,000)	(Could exceed \$660,000)	(Could exceed \$660,000)

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 **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.

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)

HW-C:LR:OD

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.

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.

ASSUMPTION (continued)

Oversight obtained additional information from the DOS-MHD. For state FY 2008, the MO HealthNet Fee-for-Service program provided benefits to 3,781 children with a primary or secondary diagnosis of an autism spectrum disorder between the ages of 3 through 14. If each child received the maximum ABA benefit of \$55,000, the MO HealthNet Fee-for-Service program could experience an increase in costs of \$155,980,000 annually. However, the proposal contains no language that would require MO HealthNet to provide ABA benefits to children in the Fee-for-Service program.

As of January, 2009, the MO HealthNet program covered 205,834 children through its Managed Care Program. If one child in 150 children is autistic (per Blue Ribbon Panel on Autism), potentially 1,372 children receiving care through HMOs could be autistic. If each of these children received the maximum ABA benefits provided by this proposal, the HMOs providing care for these children through the MO HealthNet Managed Care program, could pass on potentially \$75,460,000 (1,372 children X \$55,000) to the MO HealthNet Program through increased contract costs.

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 defines what specific treatments and/or therapies that shall be covered, including psychiatric, psychological, rehabilitative care, therapeutic care, and prescriptions. These provisions are all currently covered benefits under the HCP plan. However, Applied Behavior Analysis Therapy is not presently a covered service. Missouri currently has no specific standards for screening, diagnosis, assessment and treatment in place. Therefore, 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 backgrounds is diagnosed with ASD. The HCP currently covers 24,416 children under the age of 15 and the Public Entity plan currently covers 145 children under the age of 15. Using these figures, the HCP assumes 163 HCP and 1 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 part of the "medically necessary" and "habilitative" care, the annual cost would be, on average \$7,260 per diagnosed child. 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 for children up to age 18.

ASSUMPTION (continued)

If the maximum benefit is met for “applied behavior analysis” for each age group as directed in the legislation and each diagnosed member received these services, the HCP would incur an additional \$8,965,000 (\$55,000 X 163 children) annually for State members and \$55,000 annually for Public Entity members. These costs would be passed directly to the plan and, potentially, to the members as a higher premium.

Oversight is unable to determine how much of the costs provided above would be paid for by increases in the employees’ share of health insurance premiums. Therefore, **Oversight** assumes the entire costs will be paid for by the state.

Officials from the **Francis Howell School District (FHSD)** stated FHSD has a self-funded medical plan. As such, the coverage requirement for Applied Behavior Analysis (ABA) services of \$55,000 per year would be a direct cost to the plan. Assuming, the FHSD had one covered dependent diagnosed with autism spectrum disorder by age 5, that child could receive services for 10 years, and the total cost to the FHSD’s health plan would be over \$550,000.

Officials from the **Special School District of St. Louis (SSD)** state they have no idea how many of their dependent children will qualify for the proposed coverage. The SSD assumes if 10 dependent children are eligible, the annual cost to the SSD’s self-insured medical plan would be \$550,000 annually, of which only a small portion would be offset by premium increases.

Oversight notes that the provisions of this proposal will apply to all self-insured school district health plans. **Oversight** obtained information from the Department of Elementary and Secondary Education (DES) regarding the number of children enrolled in public schools for the 2007 - 2008 school year. DES personnel stated there were 609,055 children in grades Kindergarten through 8th grade and 285,442 in grades 9-12. Assuming most, if not all, local school districts have self-insured health plans and there are approximately the same number of children in each grade, there are 285,442 children K - 8th and 71,361 9th grade students (under age 15) that could be eligible for benefits under this proposal (total 356,803 children). If 1 in 150 children have autism spectrum disorder (per Blue Ribbon Panel), there could be nearly 2,379 students in public schools with autism spectrum disorders. Therefore, the proposal could result in a cost of \$130,845,000 (2,379 students X \$55,000 ABA benefit) to local school districts’ self-insured health plans annually.

Since **Oversight** is unable to determine the number of children with autism in public schools that may be covered by insurance, we are presenting the above for informational purposes only and will present only those local government costs estimated by school districts responding to our fiscal note request and Public Entity costs estimated by the Missouri Consolidated Health Care Plan.

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
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GENERAL REVENUE FUND

Costs - Missouri Consolidated Health Care Plan

Increase in state share of health insurance costs	(Could exceed \$3,003,275)	(Could exceed \$6,006,550)	(Could exceed \$6,006,550)
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Costs - DOS

Increase in program expenditures	<u>(Unknown less than \$50,000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

	<u>(Unknown, could exceed \$3,003,275)</u>	<u>(Unknown, could exceed \$6,006,550)</u>	<u>(Unknown, could exceed \$6,006,550)</u>
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INSURANCE DEDICATED

Income - DIFP

Form filing fees	<u>Up to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND

	<u>Up to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
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CONSERVATION COMMISSION FUND

Costs - Missouri Department of Conservation

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>
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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>
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<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 \$537,900)</u>	<u>(Could exceed \$1,075,800)</u>	<u>(Could exceed \$1,075,800)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Could exceed \$537,900)</u>	<u>(Could exceed \$1,075,800)</u>	<u>(Could exceed \$1,075,800)</u>
FEDERAL FUNDS			
<u>Income - DOS</u>			
Increase in program reimbursements	Unknown less than \$50,000	Unknown	Unknown
<u>Costs - HCP</u>			
Increase in state share of health insurance costs	<u>(Could exceed \$941,325)</u>	<u>(Could exceed \$1,882,650)</u>	<u>(Could exceed \$1,882,650)</u>
<u>Costs - DOS</u>			
Increase in program expenditures	<u>(Unknown less than \$50,000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

	<u>(Could exceed</u> <u>\$941,325)</u>	<u>(Could exceed</u> <u>\$1,882,650)</u>	<u>(Could exceed</u> <u>\$1,882,650)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010	FY 2011	FY 2012
	(6 Mo.)		

ALL LOCAL GOVERNMENTS

Costs - All Local Governments

Increase in share of health insurance costs	<u>(Could exceed</u> <u>\$330,000)</u>	<u>(Could exceed</u> <u>\$660,000)</u>	<u>(Could exceed</u> <u>\$660,000)</u>
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**ESTIMATED NET EFFECT ON ALL
 LOCAL GOVERNMENTS**

<u>(Could exceed</u> <u>\$330,000)</u>	<u>(Could exceed</u> <u>\$660,000)</u>	<u>(Could exceed</u> <u>\$660,000)</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

Beginning January 1, 2010, this proposal requires health carriers issuing or renewing a health plan to provide individuals younger than 18 years of age insurance coverage for the diagnosis and treatment of autism spectrum disorders (ASD). Carriers cannot deny or refuse to issue insurance coverage on; refuse to contract with; or refuse to renew or reissue, terminate, or restrict coverage on an individual or his or her dependent solely because of being diagnosed with 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.

Individual coverage for the applied behavior analysis (ABA) will have a maximum benefit of \$55,000 per year for individuals younger than 15 years of age; there is no ABA benefit for individuals 15 years of age and older. After December 31, 2010, and annually thereafter, the Director of the Department of Insurance, Financial Institutions and Professional Registration must 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 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.

FISCAL DESCRIPTION (continued)

Health care plans delivered, issued, continued, or renewed on or after January 1, 2010, to employees and their dependents under the Missouri Consolidated Health Care Plan, self-insured governmental plans, self-insured group arrangements, plans provided through a multiple employer welfare arrangement if permitted by the federal Employee Retirement Income Security Act of 1974, and self-insured school district health plans are subject to ASD coverage requirements.

Individually sold health benefit plans and certain other supplemental insurance policies are not subject to ASD coverage requirements.

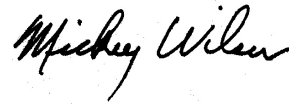
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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 -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Francis Howell School District
Special School District of St. Louis

NOT RESPONDING: University of Missouri

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent 'M' and 'W'.

Mickey Wilson, CPA
Director
April 14, 2009

HW-C:LR:OD