COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3746-01
Bill No.: HB 2265
Subject: Insurance - Medical; Disabilities; Insurance Dept.
Type: Original
Date: April 14, 2008

Bill Summary: Mandates insurance coverage for the treatment of autism under certain circumstances.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(May exceed $2,460,447)	(May exceed $4,920,894)	(May exceed $4,920,894)
Total Estimated Net Effect on General Revenue Fund	**(May exceed $2,460,447)**	**(May exceed $4,920,894)**	**(May exceed $4,920,894)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Insurance Dedicated	Up to $5,450	$0	$0
Road	(Unknown exceeding $50,000)	(Unknown exceeding $100,000)	(Unknown exceeding $100,000)
Other State	(May exceed $534,634)	(May exceed $1,069,267)	(May exceed $1,069,267)
Total Estimated Net Effect on Other State Funds	**(May exceed $484,634)**	**(May exceed $969,267)**	**(May exceed $969,267)**

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal	(May exceed $782,870)	(May exceed $1,565,739)	(May exceed $1,565,739)
Total Estimated Net Effect on All Federal Funds	**(May exceed $782,870)**	**(May exceed $1,565,739)**	**(May exceed $1,565,739)**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	**(May exceed $42,850)**	**(May exceed $85,700)**	**(May exceed $85,700)**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal would not have a fiscal impact on MDC funds since coverage is already provided by its medical insurance program.

Officials from the **Department of Public Safety (DPS) - Director's Office** defers to the Missouri Consolidated Health Care Plan to determine the 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 this proposal on their organization.

Officials from the **Department of Mental Health (DMH) - Division of Mental Retardation and Developmental Disabilities (MRDD)** state they do not have data available on the number of individuals receiving autism services who also have insurance coverage. If this proposal passes, MRDD contract providers would consider the insurance carrier as any other payer. The insurance carrier would be billed for covered autism services. Insurance coverage of autism spectrum disorders will allow MRDD to make services available to individuals on the autism waiting list who have otherwise not received services until some other source of funding was available. The proposal has no fiscal impact on the DMH.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state section 376.1221 requires health carriers or health benefit plans issued, continued or renewed on or after January 1, 2009, to include coverage for the treatment of autism spectrum disorders.

This legislation revises Chapter 376 which does not affect the MHD fee for services (FFS) program. However, the FFS program does cover treatment for autism spectrum disorders. Therefore, there will be no fiscal impact to the program.

The legislation does nto affect the MHD Managed Care program because it contracts with health maintenance organizations (HMOs) for the purpose of providing health care services through capitated rates. These HMOs will be subject to the regulations in this legislation.

ASSUMPTION (continued)

The MHD Managed Care health plans already cover treatment for autism spectrum disorders. Therefore, there will be no fiscal impact due to this legislation.

Officials from the **Missouri Department of Transportation (DHT)** state currently the DHT's/Missouri State Highway Patrol's (MHP) health plan excludes services and supplies for conditions related to autistic disease of childhood, mileau 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 Medical Plan (Plan), Watson Wyatt Worldwide, has researched the fiscal impact if the Plan is required to provide this coverage and has provided the following information.

Watson Wyatt does not have any data that would give a good projection of cost or potential incidence of this coverage. It is likely, however, that the DOT is currently covering a substantial part of the costs for these claimants already under the medical/Rx benefits of the Plan. The best source fo data is a study that was performed by the Harvard School of Public Health professor, Michael Ganz. Assuming the DOT population has incidence similar to the estimate in the study (1.0 to 1.5 million out of a total U.S. population of 300 million), it would suggest approximately 0.3% to 0.5% of DOT's and MHP's active membership (48 to 80 members) could be diagnosed with autism spectrum disorders, of which an unknown number 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. There would be no fiscal impact to the Missouri Highway and Transportation Commission; however, there would be a financial impact to the Plan. The impact cannot be determined but is assumed to be greater than $100,000 annually.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate approximately 109 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 $5,450.

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.

ASSUMPTION (continued)

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 Disorders (ASD). Treatment for ASD is currently covered by the plan. 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 the proposal define behavioral therapy which is subject to a $50,000 annual maximum. Since Missouri has no specific standards for screening, diagnosis, assessment and treatment in place at the present time, 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 26,150 children under the age of 16 and the Public Entity plan currently covers 255 children under the age of 16. Using these figures, the HCP assumes 174 HCP and 2 Public Entity covered children could be diagnosed with ASD.

The 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 $7,140 per diagnosed child.

If the maximum benefit of $50,000 is met for each diagnosed child, the HCP would incur an additional $42,850 per diagnosed child. These costs would be passed directly to the plan and potentially to the members as a higher premium. Total costs may exceed $7,455,900 annually ($42,850 X 174) of which approximately $4.9 million would come from General Revenue; $1.6 million from Federal funds; and $970,000 from Other Funds.

Oversight notes changes to the health plan would be effective January 1, 2009.

FISCAL IMPACT - State Government	FY 2009 (6 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
Costs - HCP			
Increase in health care premium costs	(May exceed $2,460,447)	(May exceed $4,920,894)	(May exceed $4,920,894)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**(May exceed $2,460,447)**	**(May exceed $4,920,894)**	**(May exceed $4,920,894)**
INSURANCE DEDICATED FUND			
Income - DIFP			
Form filing fees	Up to $5,450	$0	$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	**Up to $5,450**	**$0**	**$0**
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 health care premium costs	(May exceed $484,634)	(May exceed $969,267)	(May exceed $969,267)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	**(May exceed $484,634)**	**(May exceed $969,267)**	**(May exceed $969,267)**

FISCAL IMPACT - State Government	FY 2009 (6 Mo.)	FY 2010	FY 2011
FEDERAL FUNDS			
Costs - HCP			
Increase in health care premium costs	(May exceed $782,870)	(May exceed $1,565,739)	(May exceed $1,565,739)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**(May exceed $782,870)**	**(May exceed $1,565,739)**	**(May exceed $1,565,739)**

FISCAL IMPACT - Local Government	FY 2009 (6 Mo.)	FY 2010	FY 2011
ALL LOCAL GOVERNMENTS			
Costs - All local governments			
Increase in health care premium costs	(May exceed $42,850)	(May exceed $85,700)	(May exceed $85,700)
ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS	**(May exceed $42,850)**	**(May exceed $85,700)**	**(May exceed $85,700)**

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, 2009. Insurers are prohibited from denying coverage for 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

FISCAL DESCRIPTION (continued)

prescribed by the treating physician and insurers can request a copy of the updated treatment plan once 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; (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

Missouri Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Department of Public Safety -
    Director's Office
    Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation

Mickey Wilson

Mickey Wilson, CPA
Director

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