

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5413-01
Bill No.: HB 2351
Subject: Health Care; Insurance - Medical; Insurance Dept.
Type: Original
Date: April 14, 2008

Bill Summary: Requires certain health carriers to provide insurance coverage for the diagnosis and treatment of autism spectrum disorder under certain conditions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Could exceed \$3,558,811)	(Could exceed \$6,980,812)	(Could exceed \$6,980,812)
Total Estimated Net Effect on General Revenue Fund	(Could exceed \$3,588,811)	(Could exceed \$6,980,812)	(Could exceed \$6,980,812)

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	(Up to \$674,031)	(Up to \$1,348,061)	(Up to \$1,348,061)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$718,581)	(Could exceed \$1,448,061)	(Could exceed \$1,448,061)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal	(Up to \$1,088,819)	(Up to \$2,177,637)	(Up to \$2,177,637)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Up to \$1,088,819)	(Up to \$2,177,637)	(Up to \$2,177,637)

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	(Up to \$64,275)	(Up to 128,550)	(Up to \$128,550)

FISCAL ANALYSIS

ASSUMPTION

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 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.

Officials from the **Department of Health and Senior Services (DOH)** state Section 376.1224.1(13)(h) defines treatment of autism spectrum disorders to include, "Any care, treatment, intervention, service or item for individuals with an autism spectrum disorder which is determined by the department of health and senior services, based upon its review of best

ASSUMPTION (continued)

practices or evidence-based research, to be medically necessary.” The DOH currently has no expertise regarding the determination of what care, treatments, interventions, services, or items are medically necessary for those diagnosed with an autism spectrum disorder. The DOH believes this function would best be addressed by a physician who has personal knowledge of a client’s particular needs. If the DOH is required to make this determination, additional staff with expertise in this field would be required.

Section 376.1224.7 requires the DOH to establish standards to be utilized by health benefit plans for the credentialing of autism service providers. Further, the DOH may require that health benefit plans grant credentials to any autism service provider whom the DOH determines meets or exceeds the department’s credentialing standards. The DOH currently does not establish standards for health benefit plans and has no expertise regarding the “credentialing of autism service providers”. If the DOH were required to establish credential for autism service providers, additional staff and resources would be needed with expertise in this area.

Because the DOH has no experience defining treatment for autism or establishing credential for autism service providers, there is no way to determine what additional resources would be needed to implement this legislation at this time. The DOH assumes this legislation would result in an unknown fiscal impact exceeding \$100,000 annually.

Officials from the **Missouri Department of Transportation (DOT)** state the proposal requires all health carriers or health benefit plans that offer or issue health benefit plans which are amended, delivered, issued, or renewed after January 1, 2009 to provide individuals under the age of 21 coverage for the diagnosis of autism spectrum disorders and for the treatment of autism spectrum disorders (to the extent that the diagnosis and treatment are not already covered by the policy of accident and health insurance or managed care plan). Coverage provided under this section for applied behavior analysis shall be subject to a maximum benefit of \$50,000 per year, but shall not be subject to any limits on the number of visits to an autism service provider (and shall be adjusted each year for inflation based on the Consumer Price Index).

Also, if an individual is receiving treatment for an autism spectrum disorder and such treatment is not inpatient treatment, a health benefit plan will have the right to request a review of that treatment no more than once every six months unless the health benefit plan and the individual’s licensed physician or psychologist agree that a more frequent review is necessary. All costs of review are to be borne by the health carrier.

The proposal uses the same definition of “health carrier” that is provided in section 379.930, RSMo, which defines “health carrier” as “any entity that provides health insurance or health benefits in this state.” The DOT/MHP (Missouri State Highway Patrol) Medical Plan would fall under this broad definition.

ASSUMPTION (continued)

Furthermore, even if a narrower definition of “health carrier” were used, the Plan would still be required to comply with the proposal’s requirements pursuant to section 104.801, RSMo, which states that any legislation enacted by the general assembly which mandates the coverage of specific health benefits, services, or providers in the policies or contracts of issuers, health services corporations, HMOs or other third party payors on or after January 1, 1991, shall also apply to the DOT/MHP medical plan. This bill is mandating the coverage of specific services and thus, the Plan will be required to offer such coverage as well.

The DOT assumes the cost of providing the coverage as outlined in the proposal is unknown, but exceeding \$100,000 annually.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division** state this legislation revises Chapter 376, RSMo, which does not affect the MO HealthNet fee for service (FFS) program. Therefore, there will be no fiscal impact for the FFS program.

This legislation, however, does apply to the MO HealthNet 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.

MO HealthNet Managed Care currently covers some treatments for autism spectrum disorders, but does not cover all of the treatments specified in this proposal. There will be a cost impact and it will be incurred during the bidding process and when contracts are renewed. The first year cost is for the actuary to renegotiate contracts and to determine any change in the capitated rates. The cost in the subsequent years is for any possible increase in capitation rates. The cost in each year is unknown but greater than \$100,000.

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. It should be noted that 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 36,250 children under the age of 21 and the Public Entity plan currently covers 353 children under the age of 21. Using these figures, the HCP assumes 242 HCP and 3 Public Entity covered children could be diagnosed with ASD.

ASSUMPTION (continued)

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 \$10,369,700 annually (\$42,850 X 242) of which approximately \$6.8 million would come from General Revenue; \$2.2 million from Federal funds; and \$1.3 million from Other Funds.

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

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs - DOH</u>			
Personal service, fringe benefits, expense and equipment associated with credentialing of autism providers	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
<u>Costs - DOS</u>			
Increase in program costs	(Unknown exceeding \$36,810)	(Unknown exceeding \$36,810)	(Unknown exceeding \$36,810)
<u>Costs - HCP</u>			
Increase in healthcare premium costs	(Up to \$3,422,001)	(Up to \$6,844,002)	(Up to \$6,844,002)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Could exceed \$3,558,811)</u>	<u>(Could exceed \$6,980,812)</u>	<u>(Could exceed \$6,980,812)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,450</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,450</u>	<u>\$0</u>	<u>\$0</u>
ROAD FUND			
<u>Costs - DOT</u>			
Increase in healthcare premium costs	<u>(Unknown exceeding \$50,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>(Unknown exceeding \$50,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
OTHER STATE FUNDS			
<u>Costs - HCP</u>			
Increase in healthcare premium costs	<u>(Up to \$674,031)</u>	<u>(Up to \$1,348,061)</u>	<u>(Up to \$1,348,061)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Up to \$674,031)</u>	<u>(Up to \$1,348,061)</u>	<u>(Up to \$1,348,061)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
FEDERAL FUNDS			
<u>Income - DOS</u>			
Increase in program reimbursements	Unknown greater than \$63,190	Unknown greater than \$63,190	Unknown greater than \$63,190
<u>Costs - DOS</u>			
Increase in program expenditures	(Unknown greater than \$63,190)	(Unknown greater than \$63,190)	(Unknown greater than \$63,190)
<u>Costs - HCP</u>			
Increase in healthcare premium costs	<u>(Up to \$1,088,819)</u>	<u>(Up to \$2,177,637)</u>	<u>(Up to \$2,177,637)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Up to \$1,088,819)</u>	<u>(Up to \$2,177,637)</u>	<u>(Up to \$2,177,637)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
ALL LOCAL GOVERNMENTS			
<u>Costs - All local governments</u>			
Increase in healthcare premium costs	<u>(Up to \$64,275)</u>	<u>(Up to \$128,550)</u>	<u>(Up to \$128,550)</u>
ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS	<u>(Up to \$64,275)</u>	<u>(Up to \$128,550)</u>	<u>(Up to \$128,550)</u>
<u>FISCAL IMPACT - Small Business</u>			

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

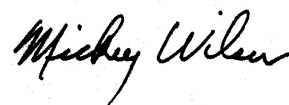
FISCAL DESCRIPTION

Beginning January 1, 2009, this proposal requires all health insurance carriers and health benefit plans to provide coverage to persons younger than 21 years of age for the diagnosis and treatment of autism spectrum disorders. Carriers are prohibited from denying coverage for individuals who are diagnosed with the disorder. The health plan benefits will include coverage for behavior analysis which will be subject to a \$50,000 maximum benefit with no limit on the number of doctor visits. Provider charges for treatments for health conditions unrelated to autism will not be applied to the \$50,000 maximum. Deductibles, co-insurance, and benefit limits for the disorder cannot exceed those assessed for a general physical illness under the health insurance plan. The Department of Health and Senior Services must establish standards to be utilized by health benefit plans for the credentialing of autism service providers. The provisions of the proposal do not apply to health benefit plans offered solely to individuals or through small employers.

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



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