

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3043-01  
Bill No.: HB 2184  
Subject: Health Care; Insurance - Medical; Insurance Dept.  
Type: Original  
Date: April 12, 2010

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Bill Summary: Requires insurance coverage for habilitative services for children less than 19 years of age.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Road	(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Other	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Unknown exceeding \$50,000)</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration** assume the proposal will have no fiscal impact on their organization.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state the proposal does not revise Chapter 208, RSMo and, therefore, does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo which affects HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants. Since there is no specific exclusion for contracts with the state, it is assumed that this legislation includes these contracts.

Currently, MO HealthNet Managed Care health plans provide medically necessary physical, occupational and speech therapy services including developmental as well as maintenance therapy to children under age 21. In addition, MO HealthNet eligible children ages 3-18 diagnosed with autism spectrum disorder may receive services through an autism waiver that is administered and funded by the Department of Mental Health.

Therefore, there will be no impact to the MHD due to this legislation.

Officials from the **Department of Public Safety - 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 **Missouri Department of Transportation (DOT)** state the proposed legislation does not have a maximum amount that would be allowed for treatment, which would further increase the impact to the Plan.

Currently DOT's medical 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)

The actuary for the DOT/Missouri State Highway Patrol (MHP) Medical Plan (Plan), Watson Wyatt Worldwide, has researched the fiscal impact if the Plan is required to provide this coverage and have 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. However, it is likely 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 of data is a study that was performed by a Harvard School of Public Health profession, Michael Ganz. Assuming the DOT population has incidence similar to the estimate in the study (1.0 - 1.5 million, out of total U.S. population of 300 million), that would suggest approximately 0.3%-0.5% of the DOT's and MHP's active membership, or about 48-80 members, an unknown number of 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 \$2.3M; 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 will not be a fiscal impact to Missouri Highway Transportation Commission; however, there would be a financial impact to the Plan. The impact cannot be determined; however, it would be greater than \$100,000.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP currently covers physical, speech and occupational therapies for children with congenital, genetic or early acquired disorders except for children diagnosed with Autism Spectrum Disorders. The HCP cannot predict the cost of providing physical, speech and occupational therapy for children with Autism Spectrum Disorders because some children may currently receive these therapies under a different diagnosis.

The legislation does not specifically indicate if health benefit plans shall be required to cover Applied Behavioral Analysis (ABA) therapy for Autism Spectrum Disorders. If ABA therapy is to be covered, this legislation will fiscally impact the HCP.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b>			
<u>Costs - HCP</u>			
Increase in state share of health care premium costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>ROAD FUND</b>			
<u>Costs - DOT</u>			
Increase in state share of health care premium costs	<u>(Unknown exceeding \$50,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
<b>ESTIMATED NET EFFECT ON ROAD FUND</b>	<b><u>(Unknown exceeding \$50,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>	<b><u>(Unknown exceeding \$100,000)</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Costs - HCP</u>			
Increase in state share of health care premium costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Costs - HCP</u>			
Increase in state share of health care premium costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT - Local Government

FY 2011  
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposal could have a negative impact on small businesses that provide health insurance coverage for their employees if premiums increase as a result of this mandate.

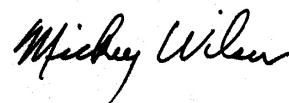
FISCAL DESCRIPTION

This proposal requires all health benefit plans that are delivered, continued, or renewed on or after January 1, 2011, to provide coverage for habilitative services for children younger than 19 years of age with a congenital, genetic, or early acquired disorder if a licensed physician has diagnosed the disorder, treatment is administered by a specified licensed practitioner, and the treatment is medically necessary and therapeutic and not considered experimental. The coverage will be subject to other general exclusions and limitations in the policy of the health benefit plan. Habilitative services that are solely educational are not eligible for reimbursement. The coverage cannot apply to any treatment of a mental or emotional disorder or illness that is considered a mental health diagnosis by law. Denial of coverage is subject to appeal and external independent review procedures. A health carrier or health benefit plan can request medical records to substantiate medical necessity for initial or continued treatment provided under the coverage and request a treatment plan from the treating provider. Certain supplemental insurance policies are exempt from the provisions of the proposal.

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 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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Director  
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