



Ohio Legislative Service Commission

Ruhaiza Ridzwan

Fiscal Note & Local Impact Statement

Bill: Am. Sub. H.B. 8 of the 128th G.A.

Date: May 12, 2010

Status: As Passed by the House

Sponsor: Reps. Celeste and Garland

Local Impact Statement Procedure Required: Yes

Contents: To prohibit health insurers from excluding coverage for screening, diagnosis, and treatment of an autism spectrum disorder

State Fiscal Highlights

STATE FUND	FY 2011	FY 2012	FUTURE YEARS
General Revenue Fund – Medicaid Program			
Revenues	Possible gain of approximately 60% of the increase in expenditures	Possible gain of approximately 60% of the increase in expenditures	Possible gain of approximately 60% of the increase in expenditures
Expenditures	Increase, potentially in the tens of millions	Increase, potentially in the tens of millions	Increase, potentially in the tens of millions
General Revenue Fund – insurance for employees and dependents			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase, by approximately \$1.6 million	Increase, by approximately \$1.6 million	Increase, by approximately \$1.6 million

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The provision to mandate coverage for screening, diagnosis, and treatment of an autism spectrum disorder may increase the costs to Medicaid of providing coverage for an estimated 1,116 children with autism that received Medicaid community psychiatric supportive treatment. The federal government would match approximately 60% of any increase in Medicaid spending if federal rules allow the federal matching rate to apply.
- The bill would increase costs to the state of providing health benefits to its employees and their dependents. It would increase costs of the state's health benefit plan by approximately \$1.6 million per year. The GRF would pay the cost of coverage for approximately half the individuals, with various state funds providing the rest.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2010	FY 2011	FUTURE YEARS
Counties, municipalities, townships			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Increase, potentially in the millions	Increase, potentially in the millions
School Districts			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Increase, potentially in the millions	Increase, potentially in the millions

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill would increase costs to counties, municipalities, and townships statewide of providing health benefits to their employees and their dependents. LSC staff could not determine the magnitude of the fiscal impact due to lack of information on the number of autistic individuals under the plan.
- The bill would increase costs to school districts statewide of providing health benefits to employees and their dependents. LSC staff could not determine the magnitude of the fiscal impact due to lack of information on the number of autistic individuals under the plan.

Detailed Fiscal Analysis

The bill proposes to prohibit policies, contracts, agreements, and plans of health insuring corporations (HICs), sickness and accident insurers, public employee benefit plans, and multiple employer welfare arrangements from excluding coverage for screening, diagnosis, and treatment of an autism spectrum disorder (ASD).¹ The bill indicates that the services may be subject to any copayment, deductible, and coinsurance provisions of the policy, contract, or agreement to the extent that other medical services covered by the health benefit plan are subject to those requirements. The bill specifies that the coverage requirements must be outlined in a treatment plan that is developed by the attending psychologist or physician. The treatment plan must not be subject to limits on the number or duration of visits that an individual makes to an autism service provider, if the services are medically necessary. The bill specifies that the costs of the required coverage may be limited to \$36,000 per year. The bill specifies that the required coverage must be implemented by Jan. 1, 2011.

However, the bill allows insurers to opt out of the required coverage if certain requirements as specified by the bill are met. Among the requirements is one that the insurer provide a letter signed by an independent member of the American Academy of Actuaries, to the Superintendent of Insurance, showing that their costs for claims and administrative expenses related to such coverage have increased overall healthcare costs by more than 1% per year. The bill requires the Superintendent to approve the certification before such plan could be dropped out of the requirement.

In addition, the bill proposes to create a nine-member Committee, the Committee on the Coverage of Autism Spectrum Disorders, in the Department of Mental Retardation and Developmental Disabilities, which was recently renamed the Department of Developmental Disabilities. The Committee is required to investigate and recommend treatments or therapies for ASD that the Committee believes should be included under the mandate. The bill allows the Director of the Department to adopt rules to include additional treatments or therapies for ASD that would be included under the mandate, upon recommendation of the Committee. The bill specifies that the nine members of the Committee will be appointed by the Director of Mental Retardation and Developmental Disabilities and serve at the pleasure of the Director.

¹ The bill specifies that the prohibition applies to autism services that are medically necessary and prescribed, provided, or ordered by a health care professional licensed or certified in Ohio. The bill defines autism spectrum disorders as any of the pervasive developmental disorders, defined by the most recent edition of the *Diagnostic and Statistical Manual of Mental Disorders*, published by the American Psychiatric Association, or if that manual is no longer published, a similar diagnostic manual.

Fiscal effect

The bill may increase insurance premiums of the state's self-insured health benefit plans and local governments' health benefit plans. Any increase in insurance premium would increase costs to state and local governments to provide health benefits to employees and their dependents. The bill would increase costs of the state's health benefit plan by approximately \$1.6 million per year. The estimated amount represents about 0.8% of the state's annual health plan expenditures. However, LSC staff could not determine the magnitude of the bill's fiscal impact on local governments due to lack of information on the number of their benefit plans that will be affected by the required coverage.

In addition, even if some of the treatments or therapies for ASD as specified by the bill may already be fully or partially covered in some public employee benefit plans, their future premium rates may also increase to reflect an increased level of utilization for those treatments, therapies, or visits that are not captured in their current rates. To the extent that they are included currently, the impact on their insurance premiums should be reduced.

The bill provides broad definitions of what is required of insurers and public employee benefit plans. The bill specifies that the costs for services related to the required coverage may be subject to an annual cap of \$36,000 per individual.

In addition, the required treatment and therapies may be already provided or overlap with existing programs.² If so, that may offset costs for such existing programs as some of the participants in the existing programs may utilize the required treatment and therapies through their insurance coverage.

Furthermore, the bill specifies that the Department of Insurance is not required to conduct an analysis of the impact of the bill-mandated coverage for specified autism services for individuals diagnosed with an ASD. Under current law, no mandated health benefits legislation enacted by the General Assembly may be applied to any policy, contract, plan, or other arrangement providing sickness and accident or other health benefits until the Superintendent of Insurance determines that the provision can be applied fully and equally in all respects to employee benefit plans subject to regulation by the federal Employee Retirement Income Security Act of 1974 (ERISA) and employee benefit plans established or modified by the state or any political subdivision of the state, or by any agency or instrumentality of the state or any political subdivision of the state.

² The bill specifies that the mandate should not be construed as affecting any obligation to provide services to an individual under any of the following programs: an Individualized Family Service Plan developed under federal laws, an individualized service plan established by a county Board of Mental Retardation and Developmental Disabilities for adults for the prevention, correction, or discontinuance of abuse or neglect or of a condition resulting from abuse or neglect, the duty of a public school to provide a child with a disability with a free appropriate public education under Ohio law, and the federal Individuals with Disabilities Education Improvement Act of 2004.

According to a Department of Insurance official, the bill has no effect on its administrative costs associated with the provisions that require the Superintendent of Insurance to review and approve an opt-out application by an HIC or public employee plan. However, if there is such an increase, it will be paid out of its existing budget resources.

The bill allows an insurer to request a review of any treatment specified under the bill (except inpatient services) once every six months unless the insured's licensed physician or licensed psychologist agrees that more frequent review is necessary. If a review is requested, the insurer must pay for costs of the review.

Any additional treatments or therapies for ASD recommended by the Committee and included under the mandate (after the effective date of the bill) may also increase insurance premiums and costs to state and local governments' health benefit plans, if the additional treatments or therapies for ASDs were not fully covered in the plans. The bill does not specify whether members of the Committee are to be compensated or reimbursed for expenses. According to a Department of Developmental Disabilities official, the bill has no impact on its administrative costs.

Background

The number of individuals who have been diagnosed with an ASD who are currently residing in Ohio is undetermined. However, according to nationwide data from a Centers for Disease Control (CDC) report, one in every 150 children was diagnosed with autism in 2007. Based on data from the Ohio Department of Health, there were 741,215 live births in Ohio between 2002 and 2006. Assuming the CDC ratio, approximately 4,942 children in Ohio may have been diagnosed with autism.

According to a February 12, 2008 article published by Gongwer News Service, the state Medicaid program reimbursed roughly \$5.3 million to autism providers who provided community psychiatric supportive treatment (CPST), in FY 2007. Approximately 1,116 children with autism received Medicaid CPST services in FY 2007. The estimated cost per child ranged from \$5,000 to \$62,000 based on reimbursements made to CPST service providers in FY 2007.

In 2007, approximately 65.2% of Ohioans received their health insurance coverage through their employer, based on data derived from the Annual Social and Economic Supplement of the Current Population Survey (CPS), published by the U.S. Census Bureau. One might reasonably assume that the children insured through an employer are covered by governmental plans in proportion to the overall employment of Ohioans reported by the U.S. Bureau of Labor Statistics (BLS). That is, BLS data for May 2008 indicate that 1.4% of the Ohio nonfarm workforce was employed by state government (not including those employed by an educational institution), 4.9% were employed by local government (not including those employed by an educational institution), and 5.6% were employed in local government education. Using the estimated figure above that 4,942 children in Ohio may have been diagnosed with autism and 1,116 of them are covered through Medicaid, the number of children with

autism that are covered by an employer-provided health plan is estimated to be 3,222, assuming 65% of children receive coverage through their parents' employer's health plan. The number of children with autism that are covered by a state health plan is estimated to be approximately 45, the number that are covered by a health plan sponsored by a county, municipality, or township is estimated to be approximately 158, and the number covered by a school district-sponsored health plan is estimated to be approximately 180.

Based on the estimated number of children in Ohio who may have been diagnosed with autism and the bill's requirement that costs for services related to the required autism coverage may be subject to an annual cap of \$36,000 per individual, the estimated total costs to government employers to provide the required coverage for these children would be about \$1.6 million, \$5.7 million, and \$6.5 million per year to the state, local governments, and school districts, respectively.