Department of Planning and Budget
2011 Fiscal Impact Statement

1. **Bill Number:** HB2467

House of Origin	☐	Introduced	☒	Substitute	☐	Engrossed
Second House	☐	In Committee	☐	Substitute	☐	Enrolled

2. **Patron:** Greason

3. **Committee:** Commerce and Labor

4. **Title:** Health insurance; mandated coverage for autism spectrum disorder

5. **Summary:** The substitute bill requires health insurers, health care subscription plans, and health maintenance organizations to provide coverage for the diagnosis of autism spectrum disorder (ASD) and for treatment of ASD in individuals from age two through six, subject to an annual maximum benefit of $35,000. This requirement does not apply to individual or small group policies, contracts or plans. However, because House Bill 2512 was incorporated into House Bill 2467, it will apply to the state employees' health insurance plan. This measure will not apply to an insurer, corporation, or health maintenance organization if the costs associated with coverage exceed one percent of premiums charged over the experience period.

6. **Budget Amendment Necessary**: Yes, an increase of $1,219,008 in nongeneral funds in Item 76 and an increase of $2,333,398 general fund in Item 469.

7. **Fiscal Impact Estimates:** Preliminary

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2012	$1,219,008	N/A	NGF (Localities and Local Employees
2012	$2,333,398	N/A	GF – Employer Premiums
2012	$1,891,026	N/A	NGF – Employer Premiums
2012	$354,126	N/A	State Employee Premiums
2012	$421,449	N/A	Retired State Employee Premiums
2013	$1,219,008	N/A	NGF (Localities and Local Employees
2013	$2,333,398	N/A	GF – Employer Premiums
2013	$1,891,026	N/A	NGF – Employer Premiums
2013	$354,126	N/A	State Employee Premiums
2013	$421,449	N/A	Retired State Employee Premiums
2014	$1,219,008	N/A	NGF (Localities and Local Employees
2014	$2,333,398	N/A	GF – Employer Premiums
2014	$1,891,026	N/A	NGF – Employer Premiums
2014	$354,126	N/A	State Employee Premiums
2014	$421,449	N/A	Retired State Employee Premiums

2015	$1,219,008	N/A	NGF (Localities and Local Employees
2015	$2,333,398	N/A	GF – Employer Premiums
2015	$1,891,026	N/A	NGF – Employer Premiums
2015	$354,126	N/A	State Employee Premiums
2015	$421,449	N/A	Retired State Employee Premiums
2016	$1,219,008	N/A	NGF (Localities and Local Employees
2016	$2,333,398	N/A	GF – Employer Premiums
2016	$1,891,026	N/A	NGF – Employer Premiums
2016	$354,126	N/A	State Employee Premiums
2016	$421,449	N/A	Retired State Employee Premiums
2017	$1,219,008	N/A	NGF (Localities and Local Employees
2017	$2,333,398	N/A	GF – Employer Premiums
2017	$1,891,026	N/A	NGF – Employer Premiums
2017	$354,126	N/A	State Employee Premiums
2017	$421,449	N/A	Retired State Employee Premiums

8. Fiscal Implications: The Department of Human Resource Management (DHRM) indicates that information from Anthem and Optima, the primary providers for the state employee health insurance plan and the Local Choice health insurance plan for participating localities, shows that the provisions of this bill will result in an increase in costs. Specifically, the state employee plan will increase by approximately $5.0 million annually and the Local Choice program will increase by approximately $1.2 million annually.

Of the $5.0 million total for the state employee plan, $2.3 million is the general fund share representing and increase in employer premiums for state agencies funded via the general fund. $1.9 million is the nongeneral fund share for employer premium increases, $0.4 million is the state employee premium share, and $0.4 million is the share that will be paid by retired state employees not yet eligible for Medicare.

The costs listed above are the result of providing coverage for children between two and six. Including older children will increase these costs. The costs in line seven above assume that there are approximately 119 children that would be eligible for services. Currently, children with autism, the more severe form of ASD, are most likely to receive Applied Behavioral Analysis (ABA) services, and many are doing so through their school systems. Once coverage is available through health insurance programs, parents of children with less severe forms of ASD, such as Asperger's or PDD-NOS, will seek services for their children as well. In addition, there may be cost shifting from schools and charitable organizations that serve ASD children to insurance programs that will provide coverage.

The bill has a $35,000 annual maximum benefit, however, DHRM feels the Mental Health and Substance Abuse Parity Act, which prohibits more restrictive limitations for mental health than for medical services, will eliminate this annual maximum. In addition, the Patient Protection and Affordable Care Act (PPACA), effective July 1, 2011 for the state employees' health program, prohibits annual and lifetime maximums, which would also expand the benefit beyond the $35,000 annual maximum proposed in the bill.

The bill includes a provision that allows a plan or insurer to drop autism coverage in any given year if the cost of services the prior year increases the premium by one percent or more. DHRM does not see this provision impacting the costs to the employee health insurance program as it would take around $10 million to increase the premium by one percent.

9. **Specific Agency or Political Subdivisions Affected:** State agencies, state employees, retired state employees, localities participating in the Local Choice program and their employees.

10. **Technical Amendment Necessary:** Not Applicable

11. **Other Comments:** Not Applicable

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