

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6861

BILL NUMBER: HB 1122

DATE PREPARED: Apr 5, 2001

BILL AMENDED: Apr 5, 2001

SUBJECT: Insurance Coverage for Autism.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9869

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) The bill defines pervasive developmental disorders (PDDs), including Asperger's syndrome and autism, as neurological conditions for purposes of coverage under group insurance for state employees, group health insurance, and group health maintenance organization contracts. The bill requires group insurance for state employees, group health insurers, and group health maintenance organization contracts that provide basic health care services to provide coverage for treatment of a PDD, in accordance with the treating physician's treatment plan, for a child covered under the plan. The bill also prohibits group health insurance and group health maintenance organization contracts from taking certain actions because an individual is diagnosed with a PDD. The bill requires an insurer or health maintenance organization that issues an accident and sickness insurance policy on an individual basis to offer to provide coverage for the treatment of a PDD of an insured or enrollee.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) The bill requires coverage for treatment of PDDs as long as the treatment is prescribed by the covered individual's treating physician in accordance with a treatment plan. As a result, the bill potentially could increase the premium cost incurred by the state in providing health insurance benefits to state employees. The additional annual cost to the state is estimated to range from a low of \$170,734 to a high of \$638,014. Approximately 55% of this total (\$93,904 to \$350,908 annually) would be paid from the state General Fund, and about 45% of the total (\$76,830 to \$287,106 annually) would come from dedicated funds. It is important to note that the precision of these estimates is uncertain due to: (1) The apparent absence of standard treatment plans for Autism and other PDDs from which to determine utilization and service costs; and (2) the variability in empirical estimates of the frequency of autism in the population (see below under *Background on Autism Frequency*).

Background on Cost Estimates: The bill potentially could have an impact on future costs faced by health plans providing health benefits to state employees. These additional costs would presumably be passed

through to the state and state employees via higher premiums and enrollment fees. The cost estimates provided above have been derived from an estimate of the impact of a similar legislative proposal on Florida's state employee health plans. The Florida legislative proposal requires coverage of treatment for autism spectrum disorders, including Asperger's syndrome and Rett's syndrome. The impact analysis was performed by the Florida Division of Group Insurance and estimates the cost of coverage for speech, occupational, and physical therapy services for children with these disorders. The Florida analysis assumed a cost per hour of therapy equal to \$50 based on the average of hourly costs of speech therapy and occupational therapy services. The analysis also assumed 15 hours of therapy per week for children age 4 or younger, and 4 hours per week for children 5 to 18. These hours were assumed to be attributable to speech, occupational, and physical therapy. The Florida analysis suggests that premium costs could increase by \$0.44 per contract per month to \$1.67 per contract per month due to mandatory coverage of these therapies. The low range estimate assumes a frequency rate for autism of 1 in 2000 and the high estimate assumes a frequency rate of 1 in 500.

As of November 2000, approximately 34,584 state employees were enrolled in one of the state health plans. Assuming that the per contract per month costs estimated for the Florida state employee health plans hold for those in Indiana, the additional annual cost of extending coverage to treatment of Autism, Asperger's syndrome, and other PDD's could range from \$182,604 to \$693,063. By agreement with the state employees, the state agrees to pay 93.5% of any increase in the total premiums for both single and family coverage during the life of the agreement. Employees will pick up the remaining 6.5% of any increase. Consequently, the state share of the estimated cost increase ranges from \$170,734 to \$638,014. Approximately 55% of this total (\$93,904 to \$350,958 annually) would be paid from the state General Fund, and about 45% of the total (\$76,830 to \$287,106 annually) would come from dedicated funds.

Background on Autism Frequency Rates: A substantial number of studies have been published over the last 25 years estimating the rate or frequency of autism in the population. Combined, CDC (2000) and Fombonne (1999) review 36 such studies published since 1966. The estimated frequency rate for autism established in these studies ranges from a low of approximately 1 in 14,300 to a high of 1 in 167. CDC (2000) also contains frequency rate estimates for children in Brick Township, New Jersey. For Brick Township, a frequency rate for autism is estimated to be 1 in 250, and for autism spectrum disorders 1 in 150. CDC and Fombonne suggest that much of the variability in estimated frequency rates is due to differences in research methods used in these studies. They suggest that the range in results depends primarily on how exhaustive the criteria are that researchers utilize to diagnose autism and the intensity with which researchers seek out potentially autistic individuals within the population being studied.

In addition, Fombonne shows that more recent studies using broader diagnostic tools and more intensely searching for potentially autistic individuals tend to estimate higher frequency rates. From these studies Fombonne concludes that a frequency rate of roughly 1 in 1800 is the most "robust" estimate available for autism only. However, in studies performed since 1989, Fombonne found that the median frequency rate for autism only was about 1 in 1400. Fombonne also estimates that the frequency rate for non-autistic PDD's (excluding Asperger syndrome) is 1.6 times greater than for autism. Consequently, he estimates that the frequency rate for autism and other PDD's except Asperger syndrome is about 1 in 534. Fombonne indicates that only one epidemiological study of the frequency of Asperger syndrome has been performed. In this study, the frequency rate for "definite" cases of Asperger syndrome using common diagnostic criteria was estimated to be about 1 in 350.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Similar to the state, increased premiums and enrollment fees may result in additional costs to local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. Based on the analysis by the Florida Division of Group Insurance outlined above, the estimated impact on premium costs due to coverage for treatment of Autism, Asperger's Syndrome, and other PDDs could potentially range from \$0.44 per contract per month to \$1.67 per contract per month. However, provision of such coverage may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local Governments and School Corporations.

Information Sources: Florida Senate Staff Analysis and Economic Impact Statement, SB 164, April 11, 2000.
Lisa Johnson, Senate Committee on Banking and Insurance Staff, (850)487-5361.
Prevalence of Autism in Brick Township, New Jersey, 1998: Community Report.
Centers for Disease Control and Prevention, April 2000.
Eric Fombonne, The Epidemiology of Autism: A Review. Psychological Medicine, 1999, 769-786.
Eric Fombonne, Is There an Epidemic of Autism? Pediatrics, 2000, 411-413.