

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Thomson **ORIGINAL DATE** 02/21/17
LAST UPDATED 03/01/17 **HB** 367/aHHHC

SHORT TITLE Autism Spectrum Disorder Health Coverage **SB** _____

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$37.0				GF

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Retiree Health Care Authority (NMRHCA)
 New Mexico Public School Insurance Authority (NMPSIA)
 New Mexico Department of Health (NMDOH)
 Human Services Department (HSD)

SUMMARY

Synopsis of Amendment

The House Health and Human Services Committee amendment to HB 367 removes the term in “any addition of” when referring to the Diagnostic and Statistical Manual of Mental Disorders.

Synopsis of Bill

House Bill 367 (HB 367) amends the Health Care Purchasing Act, New Mexico Insurance Code, Health Maintenance Organization Law, and the Nonprofit Health Care Plan Law to address private insurance coverage for persons diagnosed with Autism Spectrum Disorder (ASD).

The changes to the current statutes within HB 367 include:

- removing age restrictions to expand insurance coverage to adults with ASD;
- removing deductibles and coinsurance costs that are less favorable than similar deductibles and coinsurance costs for individuals with physical illnesses;
- removing the annual cap of \$36,000 per year and lifetime cap of \$200,000 for ASD which is not applied to other coverages for physical illnesses; and

- revising laws to align ASD with the current definition in the Diagnostic Manual of Mental Disorders published by the American Psychiatric Association.

FISCAL IMPLICATIONS

The private insurance coverage pursuant to the bill would not be subject to cost-sharing provisions that are less favorable than cost-sharing provisions for persons with physical illnesses.

HSD estimates the number of adults that may require some ASD treatment as 95. The current expenditure for ASD services for children is approximately \$2.1 million per year. While the average cost per child for ASD services is \$15,000, it is not anticipated that the cost of treating an adult would be as high. Rather, because the adult may be more stabilized and services rendered to an adult are less intensive than services rendered to a child, the cost of treating an adult would be approximately \$6,000 per year. Therefore, the additional expenditure would be approximately \$570,000 annually. Because the federal matching percentage is high (more than 93 percent in FY18), the GF share of the total cost for FY18 is estimated to be about \$37,000.

NMPSIA suggests that the health plan industry has seen some inappropriate billing and services practices for persons with behavioral health disorders from unscrupulous providers and clinics.

The bill does not apply to supplemental Medicare or other limited-benefit health policies.

SIGNIFICANT ISSUES

HB 367 would limit private insurance group coverage of ASD to treatment:

- prescribed by a physician in accordance with a treatment plan,
- not denied on the basis that services are habilitative or rehabilitative,
- subject to utilization review and other managed care provisions, and
- that excludes special education services required to be provided by schools.

HSD reports the bill would require HSD to cover ASD treatment for the Medicaid “other adult group” -- otherwise known as the alternative benefit plan. The Centers for Medicare and Medicaid Services (CMS) requires these plan benefits to be similar to what is available in the state’s commercial plans. Since this bill removes the current age limits for required ASD services from commercial plans, HSD would be required to increase coverage for autism services to all adults in the “other adult group.” Due to budget constraints, HSD reports the department is unable to offer similar coverage to adults in the standard Medical Assistance categories.

PERFORMANCE IMPLICATIONS

The bill forbids discrimination based on an enrollee’s pre-existing condition of ASD, which is currently a requirement for health insurance plans under the Affordable Care Act.

HSD cautioned that the bill may strain the provider and therapy network in New Mexico that is just now expanding to meet the needs of children up to 21 years with ASD.

SUBSTANTIVE ISSUES

NMDOH notes HB367 reflects diagnostic changes to the Diagnostic and Statistical Manual of Mental Disorders (DSM-V) that became effective 2013. DSM-V replaced 5 Pervasive

Developmental Disorders (Autistic Disorder, Asperger’s Disorder, Rett’s Disorder, Childhood Disintegrative Disorder and Pervasive Developmental Disorder -- Not Otherwise Specified) with the term “Autism Spectrum Disorder” and revised the diagnostic criteria associated with ASD.

According to the Centers for Disease Control and Prevention, 1 in 68 children has been identified with ASD. However, there is inadequate data available for adults with autism, partly due to the differences in evaluation and diagnostic criteria utilized over the past 40 to 50 years, and the fact that adults with autism may have received a different developmental diagnosis than ASD.

Adults with ASD may become eligible for the Developmental Disabilities Waiver if they have significant limitations in 3 areas of major life activity. A variety of services are available through the DD Waiver to support individuals with ASD if they are determined eligible, once allocated from the waiting list. The Developmental Disabilities Supports Division provides a variety of other autism services to children and adults with ASD and their families including: recreational respite; diagnostic evaluations; training on evidence based practices; technical assistance to agencies and teams, family support, a summer camp; and autism flexible services.

ALTERNATIVES

Due to budget constraints and to give the provider and therapy network time to adapt, per HSD’s comments, delay implementation one year, with an effective date of July 1, 2018. Otherwise, mental health conditions will continue to be covered at lower levels than physical illnesses.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 367 is not enacted, private insurance coverage of autism services will continue to be provided only to children with ASD and would continue to be capped. Additionally, the definition of ASD from the DSM-V that became effective in 2013 would not be used to update New Mexico’s health insurance statutes to define eligibility for these healthcare services.

AHO/jle/sb