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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/07  
 SPONSOR SPAC LAST UPDATED 03/07/07 HB \_\_\_\_\_  
 SHORT TITLE Insurance Coverage For Certain Disorders SB CS/197/aSFL/aHHGAC  
 ANALYST Hanika Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		(\$0.1)			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission/Insurance Division (PRC/INS)  
 Department of Health (DOH)  
 Public Education Department (PED)

### SUMMARY

#### Synopsis of HHGAC Amendment

The House Health & Government Affairs Committee amendment renames the title of the bill; strikes the SFL amendment; and, further strikes the remaining body of the bill. The amendment redirects the proposed legislation from requiring insurers to include coverage for persons diagnosed with Autism Spectrum Disorders, to requesting the Human Services Department, in collaboration with insurers and consumers, conduct a study of Autism Spectrum Disorder services and systems. The amended substitute further requires HSD to report its findings to the legislative finance committee and any interim legislative committee on or before November 1, 2007.

### SIGNIFICANT ISSUES

It appears the study participants are being asked to investigate additional sources of public funding. SCHIP, straight Medicaid, Medicaid waiver programs and DOH/CMS currently provide services for ASD.

This issue is also being addressed with federal legislation that speaks to the discrimination in group health plans against persons with mental or substance use disorders.

Synopsis of SFL Amendment

Senate Floor Amendment #1 allows an insurer to exclude experimental treatments, therapies or procedures from any health care coverage provided for an individual with ASD.

**SIGNIFICANT ISSUES**

Proponents of this bill believe that a patient's physician is in the best position to make decisions regarding treatment strategies for their patient with ASD. The American Academy of Pediatricians note that the pediatrician plays a significant role by monitoring behavior and development, referring promptly for a comprehensive evaluation, searching for etiologic and co-morbid conditions, expediting enrollment and implementation of appropriate intervention strategies, managing medical issues, and coordinating care among various service delivery systems.

The Center for Disease Control recently released new findings that 1 in 150 people will find themselves diagnosed with ASD. Those findings indicate that individuals living in New Mexico with ASD are not being identified; as the prevalence rate in New Mexico is 3.6 per 1,000.

**AMENDMENTS**

A suggestion to consider is deleting the SFL Amendment and replacing with "A health insurer may conduct medical necessity or utilization review for related services."

Synopsis of Original Bill

Senate Bill 197 amends and adds a new section of Chapter 59A, Articles 22, 23, 46, 47 NMSA 1978 which prohibits health insurers from excluding coverage for the diagnosis and/or treatment of autism spectrum disorders (ASDs). The bill defines ASD as a neurobiological condition that includes Autism, Asperger Syndrome, Rett's Syndrome or Pervasive Development Disorder. Most private health insurance plans do not cover the services that children and adults with autism need, and some specifically exclude services to individuals with autism.

**FISCAL IMPLICATIONS**

If private health insurance companies continue to exclude ASD, then persons affected and their families may need to seek services under SCHIP, Medicaid, or the Medicaid waiver programs which could pose a financial impact for the Human Services Department.

The Department of Health, within Children's Medical Services, may also pay for fewer medical diagnostic workups for children suspected of having medical conditions or neurological conditions related to ASD.

If health insurers are required to provide services for ASDs, there may be less impact on special education programs including therapy services offered through PED for school age children.

**SIGNIFICANT ISSUES**

The Senate Public Affairs Committee substitute clarifies that the coverage being mandated

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includes a basic health benefit, which entitles each individual to the medically accepted standard of medical care including skill-building therapies, speech therapy, occupational therapy and social skills development therapy. ASD is a lifelong disability according to the Center for Development and Disability and Southwest Autism Network.

DOH reports direct medical costs for a child with ASD average more than \$29,000 per year and direct non-medical costs from \$38,000 to \$43,000 creating financial hardship for individuals and families whose insurance coverage excludes ASD.

Autism is the fastest growing low incidence disability. Prevalence rate in New Mexico is estimated to be 3.6 per 1,000. In New Mexico there were 1,813-2,246 children under the age of 18 known to have autism. The Southwest Autism Network database shows individuals with ASD in all but two New Mexico counties.

PED notes that students may not be able to take full advantage of the educational learning experience without the necessary therapy interventions.

### **PERFORMANCE IMPLICATIONS**

16 states have recently enacted related laws (California, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Montana, New Hampshire, New Jersey, New York, Tennessee, and Virginia). Of these, 10 require coverage for autism through their laws mandating coverage for mental illness (California, Illinois, Iowa, Kansas, Louisiana, Maine, Montana, New Hampshire, New Jersey, and Virginia). The other six states have specific laws regarding insurance coverage for autism (Georgia, Indiana, Kentucky, Maryland, New York, and Tennessee).

### **ADMINISTRATIVE IMPLICATIONS**

The Insurance Division of PRC reports they have not received complaints concerning these exclusions and was not aware of the extent to which insurers are excluding the diagnosis and treatment of ASD. If insurers are excluding this diagnosis and/or treatment, then it may be necessary to mandate this coverage as it creates an un-level playing field and problems for consumers to understand what's covered and what's not. SB 197 may require that some insurers re-file policy forms with the Insurance Division and this could increase workload; however, existing staff should be able to handle this additional work without fiscal or performance implications.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to SB164 which provides fiscal support to expand the infrastructure within New Mexico to provide for enough trained professionals to diagnose and treat children with ASD.

### **OTHER SUBSTANTIVE ISSUES**

DOH further reports as many as 93% of children with ASD are classified as having special health care needs, compared to 19% of children who do not ASD. Ninety percent of children with ASD are found to use more medical, mental health, behavioral, or educational services as compared with 10% of children without ASD.

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Early and intensive intervention and treatment is critical to overall prognosis of children with ASDs. SB197 will allow more individuals to access necessary services to improve their prognosis, improve independence, treat co-existing medical and genetic conditions, reduce the need for special education services and custodial care, and reduce the need for life-long interventions.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Insurers providing “mental health benefits” with respect to services for all categories of mental health conditions listed in the Diagnostic and Statistical Manual of Mental Disorders, including autism spectrum disorders, will be allowed to continue to exclude coverage for children and adults with ASD.

AHO/nt:csd