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FISCAL IMPACT REPORT

ORIGINAL DATE 01/31/13
LAST UPDATED 03/14/13 **HB** 22/aHHGIC/aSCORC

SPONSOR Smith/O'Neill

SHORT TITLE Autism Coverage in Group Health Coverage **SB** _____

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$750.0 to \$3,000.0*	\$750.0 to 3,000.0*	\$1,500.0 \$6,000.0*	Recurring	General Fund, Other State Funds

(Parenthesis () Indicate Expenditure Decreases)

*See comments from the Public School Insurance Authority and Risk Management Division of General Services Department in FISCAL IMPLICATIONS.

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)
 Public Regulation Commission (PRC)
 Human Services Department (HSD)
 Department of Health (DOH)
 University of New Mexico Health Sciences Center (UNM/HSC)
 Children, Youth and Families Department (CYFD)

Responses Not Received From

Health Insurance Alliance (HIA)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment to House Bill 22 as amended by the House Health, Government and Indian Affairs Committee adds an effective date to the legislation of January 1, 2015.

Synopsis of HHGIC Amendment

The House Health, Government and Indian Affairs Committee amendment to House Bill 22 clarifies that autism would be defined based upon the most current edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association.

Synopsis of Original Bill

House Bill 22 (HB 22) would mandate health insurance coverage for the diagnosis and treatment of autism spectrum disorders under the Health Care Purchasing Act (HCPA) which governs public employees' and retirees' health benefit plan coverage. The bill specifies the coverage would be for an individual 19 years of age or younger, or 22 years of age or younger if the eligible individual is in high school. Treatments covered by this bill include speech therapy, occupational therapy, physical therapy and applied behavioral analysis.

FISCAL IMPLICATIONS

House Bill 22 contains no appropriation.

The New Mexico Public School Insurance Authority (NMPSIA) indicates in 2012, the NMPSIA agreed to add a benefit for children with autism spectrum disorders. NMPSIA's independent actuary estimated the addition of coverage for autism spectrum disorders to increase costs for the plan by approximately \$250 thousand annually. The benefit allows for up to 90 visits per year at either a \$30 or \$35 copay for occupational therapy, speech therapy, physical therapy and applied behavioral analysis (psychologist). To determine the costs, NMPSIA's actuary used actual claims information from Blue Cross Blue Shield that indicated the cost is \$0.30 per member per month times 60,000 NMPSIA members ($\$0.30 \times 60,000 \times 12 = \$216,000$). This amount can be rounded down to \$200 thousand for the 60 visit max and up to \$250 thousand for the 90 visit max. The higher estimate for all the lives covered under the HCPA would be the \$250 thousand times 3, or \$750 thousand, as there are approximately 200,000 lives under the other insurance plans covered by the HCPA (i.e., Retiree Health Care Authority, State of New Mexico employees, and Albuquerque Public Schools employees). The NMPSIA actuary also concluded that based on the costs being seen by other health plans, only a small percentage of those with autism spectrum disorder actually seek treatment under the plans.

The Risk Management Division (RMD) of the General Services Department (GSD) indicates that currently, the State of New Mexico's health insurance plan has no age restrictions and covers well-baby, well-child screenings, physical, occupational and speech therapy for diagnosis of autism. The plan coverage for physical, occupational and speech therapy averages about \$2500 per member. However, the applied behavioral analysis treatment contained in HB 22 is *not* part of the State of New Mexico benefit plan coverage. RMD is self-funded and reports cost estimates could be as high as \$3,000,000 per year for applied behavioral therapy coverage. However, the RMD provided no further data to support their \$3,000,000 estimate.

The UNM/HSC indicates autism spectrum disorder insurance mandates have been passed in many states and many self-insured plans have chosen to include the diagnosis and treatment in their benefit package. Autism Speaks, the national advocacy organization lobbying for autism spectrum disorder insurance coverage, states that the impact on premiums has been less than expected, typically increasing health insurance premiums by less than 1 percent.

The Human Services Department (HSD) indicates the Patient Protection and Affordable Care Act provision (Section 1302) regarding state health insurance exchanges requires rulemaking to create a set of essential health benefits for qualified health plans offered on a state health insurance exchange. It is not possible to determine the full fiscal impact of a state-mandated benefit that is in addition to the federally-mandated essential health benefits. However, if a state

mandates inclusion of a benefit not required in the essential health benefits, the state might assume the cost for an individual eligible for the premium tax credit.

SIGNIFICANT ISSUES

The purpose of the Health Care Purchasing Act [13-7-1 NMSA 1978] is to ensure public employees, public school employees and retirees of public employment and the public schools access to more affordable and enhanced quality of health insurance through cost containment and savings affected by procedures for consolidating the purchasing of publicly financed health insurance.

In 2009, Senate Bill 39 (Chapter 74; 59A-22 NMSA 1978) was signed into law mandating health insurance coverage for the diagnosis and treatment of autism spectrum disorders for those individuals 19 or younger or 22 or younger and enrolled in high school. The 2009 law covers only those health insurance plans that are regulated by the state of New Mexico. Self-funded employer plans that are regulated by Employer Retirement Income Security Act (ERISA) are not currently covered under New Mexico law.

The UNM indicates research has shown that early diagnosis and early, intensive, intervention markedly improves long-term outcomes for children with autism spectrum disorder. But services are typically either significantly restricted or not covered at all by health insurance plans, so parents frequently have to pay out of pocket for these crucial services.

TECHNICAL ISSUES

The Public Regulation Commission (PRC) suggests revision of the definition of autism spectrum disorder contained in Paragraph (1) of Subsection H to state:

“autism spectrum disorder” means a condition that meets the diagnostic criteria for the pervasive developmental disorders published in the *Diagnostic and Statistical Manual of Mental Disorders, current edition*, published by the American psychiatric association, *including but not limited to* autistic disorder; Asperger's disorder; pervasive development disorder not otherwise specified; Rett's disorder; and childhood disintegrative disorder.

OTHER SUBSTANTIVE ISSUES

The Department of Health (DOH) indicates HB 22 expands the coverage that was enacted as a result Laws 2009, ch. 74 to individuals and families that are covered under health plans that fall under the HCPA. The HCPA covers school employees, state and local employees and retirees whose health coverage are purchased through the Interagency Benefits Advisory Committee (IBAC). These individuals were not covered under the passage of SB 39 in 2009.

The HSD indicates pursuant to the current law, the Medicaid program already offers services to eligible Medicaid recipients that are age-limited (from birth up to the child's fifth birthday) and time-restricted (up to 36 months of applied behavior analysis). Beyond this, the Medicaid program continues to cover physical, occupational and speech therapy through its Early Periodic Screening, Diagnosis, and Treatment (EPSDT) services. Passage of House Bill 22 may increase pressure on the Medicaid program to eventually expand Medicaid services to the same age range as that of this bill.

The DOH, Developmental Disabilities Supports Division (DDSD) currently provides adaptive skill building services to approximately 65 children aged 5 through 18 who are not receiving services through a waiver program or through third-party coverage. These services are provided in about 1/3 of the counties in New Mexico. There is a waiting list for services in some of these counties. Children with autism can also be served through the developmental disabilities (DD) Medicaid waiver, although there is a considerable waiting list for the DD waiver program at this time. HB 22 could expand services to children with autism in New Mexico who are currently not served through one of the above programs.

RAE/svb