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FISCAL IMPACT REPORT

ORIGINAL DATE 2/23/17
 LAST UPDATED 3/03/17 HB 403/aHHHC

SPONSOR Thomson

SHORT TITLE Autism Spectrum Coverage Regardless of Age SB _____

ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
State share*	\$83.85	\$89.55	\$98.10	\$271.50	Recurring	General Fund
Federal share*	\$642.2	\$636.5	\$627.9	\$1,906.5	Recurring	Federal Matching funds

(Parenthesis () Indicate Expenditure Decreases) * State and federal shares of the cost are figured using the current declining federal share of the cost of providing Medicaid coverage to the Medicaid expansion population (94% for calendar 2018, 93% for calendar 2019, and 92% for calendar 2020).

Relates to House Bills 283 and 367, House Memorial 51, Senate Joint Memorial 2, and Senate Memorial 79.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Amendment

The amendment makes two unrelated changes:

- 1) It removes the exclusion for coverage of services provided for children with autism through the federal Individuals with Disabilities Education Act, and
- 2) Removes the statement that “autism spectrum disorder” can be defined by any edition of the American Psychiatric Association’s Diagnostic and Statistical Manual. It would be assumed (although not stated in the amended bill) that the current edition would be used.

Synopsis of Original Bill

House Bill 403 refers to children and adults covered by Medicaid. Regarding those with a

condition meeting the criteria for autism spectrum disorder contained in the Diagnostic and Statistical Manual of Mental Disorders, Medicaid would be required to pay for services not subject to age restrictions, cost-sharing, or dollar limits. The services to be included, upon being prescribed by a treating physician according to a treatment plan:

- Screening for autism spectrum disorder (ASD)
- Speech therapy
- Occupational therapy
- Physical therapy
- Applied behavior analysis

Services could not be denied on the basis that they are habilitative or rehabilitative, but could be subject to some restrictions according to review of medical necessity and other general exclusions.

The treatment plan specified must include diagnosis, treatment types with duration and frequency, anticipated goals of treatment, frequency with which the plan would be updated, and be signed by the physician.

FISCAL IMPLICATIONS

HSD provides extensive analysis of the costs to provide expanded services through Medicaid to New Mexicans with autism spectrum disorders, which are summarized in the table above. Their longer analysis is included as the attachment. HSD's analysis takes into account the differing federal matches available for traditional Medicaid and for the Medicaid expansion population and the declining federal match for the latter (and thus increasing state cost for the Medicaid expansion group). No analysis can take into account possible changes to the Affordable Care Act and to the Medicaid program.

SIGNIFICANT ISSUES

The bill specifies “treating physician;” whereas some children and adults with ASD may be cared for by nurse practitioners or physician assistants.

Autism spectrum disorder, not defined in this bill, has been diagnosed with greater and greater frequency in recent years. In fact, the definition has changed as well, with at least part of the observed increase in diagnosis due to the changes in definition. The cause of most cases of ASD is not known. In 2013, the American Psychiatric Association consolidated under the umbrella term the previously used terms Asperger syndrome, pervasive developmental disorder – not otherwise specified, autistic disorder, and childhood disintegrative disorder. Children with the relatively rare Rett Syndrome usually fall within this spectrum. All in all, the prevalence of autism has increased over the past 50 years from one in one thousand to CDC's most recent estimate of one in 68.

DOH notes that Medicaid already pays for Applied Behavioral Analysis (ABA) for children with a diagnosis of an autism spectrum disorder through age 21, but that the bill would allow payment for ABA at any age.

DOH also notes that its “Developmental Disabilities Supports Division (DDSD) provides a variety of other autism services to both children and adults with ASD who are not Medicaid

eligible. These include: recreational respite; diagnostic evaluations; training on evidence based practices; technical assistance to agencies and teams; family support; a summer camp; and autism flexible services.” DOH calls attention to the importance of University of New Mexico autism programs in building capacity for services such as would be provided under House Bill 403.

The Merriam Webster medical dictionary defines applied behavior analysis as “psychological therapy that uses techniques (such as [operant conditioning](#)) developed from the objective analysis of observable behavior to make changes to socially significant behaviors that are abnormal or harmful.” A Los Angeles Times article in 2001 stated that “it uses rewards—goldfish crackers, playing with toys, praise—to teach children all kinds of behaviors, lessons and life skills, step by tiny step, in intensive, one-on-one drills.” Applied behavior analysis has been best studied among children. With regard to just one symptom of ASD, aggression, a recent review article concluded “The bulk of the treatment dollars are flowing to programs for small children. This approach has become the norm. These kids need and deserve the best possible services the professional community can provide. However, the bulk of the population of persons with ASD is not small children; these older individuals are not cured, and many of them evince aggression. More research in the older adult population is warranted.” (Mattson JL, Jang J. Treating aggression in persons with autism spectrum disorder. Research in Developmental Disabilities, 2014.)

RELATIONSHIP with House Memorial 51 and Senate Memorial 79, identical memorials to study the needs of children and adults on the autism spectrum.

RELATIONSHIP with House Bill 367, which would require health insurance companies to cover services for individuals with autism spectrum disorders regardless of age and without a cap on services (per year or per lifetime) different from annual and lifetime caps for other disorders. HB367 applies to other forms of insurance similar requirements to those envisioned under this bill for Medicaid.

RELATIONSHIP with Senate Joint Memorial 2, which would add Rett Syndrome to the list of conditions qualifying a person for the DD Waiver (virtually all patients with the genetic Rett Syndrome have an autism spectrum disorder, but only a small proportion of patients with autism spectrum disorders have Rett Syndrome).

RELATIONSHIP with House Bill 283, which would provide persons diagnosed with a communication disorder (many patients with autism spectrum disorder have communication disorders) with identification that would allow law enforcement officers to know that alternate methods of communication with drivers with those disorders were needed.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Coverage for services for children with an autism spectrum disorder and Medicaid would remain generally inclusive of all recommended therapies, but coverage for Medicaid-covered adults with autism spectrum disorders would be spotty, as at present.

HUMAN SERVICES DEPARTMENT CALCULATION OF FISCAL IMPLICATIONS OF HB 370.

The fiscal impact of this bill would be to extend ASD services to all full-benefit Medicaid recipients aged 21 and above.

The current expenditure for ASD services for children is approximately \$2.1 million per year.

However, there are specific issues that need to be considered when estimating the financial impact of treating adults.

- The intensity of services to children are greater than would be expected for adults because the goals for the adult would be more related to the function and regulation of the adult, as opposed to intensity of services to a child to significantly change the future functioning of the child.
- Not all services that are known to be effective for children through evidence based studies are shown to be effective for adults. Under federal rules, therapies directed toward the adult population would have to be known to have a positive effect over time before such therapies can be included in an individualized adult treatment plan. The treatment plan for an adult may be less robust than for a child because the treatment goals for the adult would be different.

The bill would extend ASD services to two different groups of adults, each with a separate financial impact.

1. The “other adult group”

Estimated Utilization of ASD Services:

In order to provide an approximate number of individuals currently enrolled in the other adult group population which may require ASD treatment, the following was considered:

- a. The size of the population of children to that of the other adult group;
- b. The percent of children in the Medical Assistance program receiving ASD services in 2016.

Based on these populations, HSD estimates the total number of adults enrolled in the Medicaid Expansion category who may require ASD treatment to be 95 recipients.

Estimated financial impact:

While the average cost per child ASD recipient is \$15,000, it is not anticipated that the cost of treating an adult would be that high. The adult may be more stabilized and the services rendered to an adult are typically less intensive than those services rendered to a child, so the estimated cost of treating an adult would be approximately \$6,000 per year per recipient. The additional expenditure would be up to \$570,000 annually. The

Federal matching rate for the “other adult group” is 95% for 2017; 94% for 2018; and 93% for 2019. The estimated general fund cost for FY 2018 is \$37,050.

2. Remaining Medicaid adults in full benefit categories of Medicaid

Estimated Utilization of ASD Services:

Using the same method as for “the other adult group”, HSD estimates the total number of remaining Medicaid adults who may require ASD treatment at 26 recipients.

Estimated financial impact:

Using the same method as stated under “the other adult group” calculation, it is estimated there would be a cost of \$6,000 annually for these additional recipients, the estimated additional expenditure would be up to \$156,000 annually. For these adults that are not in the Medicaid Expansion group, the federal match rate is approximately 70% of expenditures. The estimated general fund cost for FY 2018 is \$46,800.

Adding the estimated financial impact of the Medicaid Expansion adult group and the remaining adults in Medicaid that could potentially use ASD services, the total estimated financial impact is \$726,000 annually. The estimated total general fund cost for FY 2018 is \$83,850.