

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6250

BILL NUMBER: HB 1091

DATE PREPARED: Jan 3, 2001

BILL AMENDED:

SUBJECT: Insurance Coverage for Autism.

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**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill requires that group health insurers and group health maintenance organization (HMO) contracts that provide basic health care services offer to provide coverage for treatment of "pervasive developmental disorders" - defined as neurological conditions, including Asperger's Syndrome and Autism. The bill prohibits such coverage from being subject to dollar limits, deductibles, copayments, or coinsurance provisions that are less favorable than those applying to physical illness generally under the health insurance or plan. (The introduced version of this bill was prepared by the Indiana Commission on Autism.)

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill requires only that group health insurers and group HMO contracts offer to provide coverage for treatment of pervasive developmental disorders including Autism and Asperger's Syndrome. Consequently, the state does not have to purchase such coverage and make it available to state employees under the bill. If such coverage is actually provided under the state health plans, the premium cost incurred by the state in providing health insurance benefits to state employees could potentially increase. If the state chooses to provide such coverage, the additional annual cost it would incur as a result is estimated to range from a low of approximately \$508,322 to a high of approximately \$1.89 M.

Background: The provision of coverage for treatment of pervasive developmental disorders including Autism and Asperger's Syndrome potentially could have an impact on future costs faced by health plans providing health benefits to state employees, if the state chooses to purchase such coverage. These additional costs would presumably be passed through to the state and state employees via higher premiums and enrollment fees. An estimate of the impact of extending insurance coverage to treatment of Autism and Asperger's Syndrome in the private group and individual insurance market in Indiana suggests that costs would increase by \$1.31 per contract per month to \$4.88 per contract per month. This estimate assumes that the frequency rate for Asperger's Syndrome and Autism in Indiana is 1 in 250 or 0.4%. The estimate assumes that the cost

per treatment for these disorders is \$75. It also assumes that the frequency of treatment for individuals aged five and younger is six hours per week for 30 weeks per year and for individuals aged six and older 10 hours per week for 30 weeks per year. The lower bound assumes that only children aged two to eight receive treatment because: (1) Initial diagnosis tends to occur between the ages of two and three as appropriate tools for routine developmental screening and screening specifically for autism have not been available; and (2) other educational programs would be available and more prominent as the child gets older. The upper bound assumes that all individuals under the age of 21 receive treatment.

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 private group and individual insurers in Indiana hold for the state employee health plans, the additional annual cost of extending coverage to treatment for Autism and Asperger's Syndrome could range from \$543,660 to \$2.03 M. Again, this assumes that the state chooses to make coverage of treatment for Autism and Asperger's Syndrome available to state employees. 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 \$508,322 to \$1.89 M.

Explanation of State Revenues:

Explanation of Local Expenditures: Similar to the state, local governments and school corporations are not required under the bill to purchase coverage of treatment for pervasive developmental disorders. However, a local government or school corporation may incur additional costs through higher premiums and enrollment fees if it chooses to provide such coverage as a part of its employee health benefits plan. Based on the private market estimate outlined above, the estimated impact on premium costs if coverage for treatment of Autism and Asperger's Syndrome is provided ranges from \$1.31 per contract per month to \$4.88 per contract per month. 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: Marjorie Maginn, Anthem, 488-6351.