

March 5, 2012

The Honorable Clark Shultz, Chairperson
House Committee on Insurance
Statehouse, Room 166-W
Topeka, Kansas 66612

Dear Representative Shultz:

SUBJECT: Fiscal Note for HB 2764 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2764 is respectfully submitted to your committee.

HB 2764 would require that any individual or group health insurance policy, plan, contract, fraternal benefit society or health maintenance organization that provides coverage for accident and health services on or after July 1, 2012 to provide coverage for the treatment and diagnosis of autism spectrum disorders (ASD) for individuals less than 19 years of age. Insurers could limit the coverage to a maximum of \$36,000 per year for individuals less than seven years old and \$27,000 per year for individuals between seven and 19 years old. Reimbursement for services would be allowed only to providers who are licensed, trained and qualified to provide such services or by an autism specialist or intensive individual services provider, as defined by the Department of Social and Rehabilitation Services (SRS) autism waiver.

HB 2764 would allow insurers to deny any claim for services based upon medical necessity or a determination that the covered individual has reached maximum medical improvement for his or her autism disorder. The bill would prohibit an insurer from terminating coverage or refusing to deliver, issue or renew coverage to an individual solely because the individual has been diagnosed with or has received treatment for an autism spectrum disorder.

Estimated State Fiscal Effect				
	FY 2012 SGF	FY 2012 All Funds	FY 2013 SGF	FY 2013 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$259,184
FTE Pos.	--	--	--	--

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The State Employee Health Plan (SEHP) is already piloting this coverage for ASD. Coverage began on January 1, 2011. HB 2764 would make this a permanent benefit instead of a pilot benefit for the SEHP. The Centers for Disease Control and Prevention (CDC) estimates the prevalence on average of one in 110 children being diagnosed with ASD. Under the pilot program during plan year 2011, 126 members received services for ASD. There were 23,087 children under age 19 in the SEHP, which would indicate an ASD prevalence factor of 0.55 percent. The plan expects that utilization of this benefit would increase over time as patients and providers become more familiar with the coverage. This would be consistent with any new mandated benefit and is not specific to ASD. The plan estimates increased utilization based on the prevalence rate of the CDC. Using the actual dollars spent in plan year 2011, the plan estimates additional expenditures of \$259,184 in FY 2013.

Outside of the state budget, the fiscal effect of HB 2764 would be for health insurers and the insured. This mandated coverage would cause an increase in expenditures for plans that currently do not offer the coverage. Insurers could increase premiums to fund the additional expenditures. This increased cost of insurance would affect employers that provide health insurance for employees and individuals who pay for a part or all of their insurance. Conversely, individuals who currently receive services for ASD that are not paid for by their health care plan would realize personal savings from the additional coverage.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson".

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Aaron Dunkel, KDHE
Jackie Aubert, SRS
Zac Anshutz, Insurance