

BILL SUMMARY
2nd Session of the 55th Legislature

Bill No.:	HB 2962
Version:	ENGR
Request Number:	
Author:	Rep. Nelson
Date:	4/19/2016
Impact:	

OMES: FY-16: None; FY-17: Estimated \$3.6 Million average cost for the state

OK Health Care Authority: Up to \$25,000 per child/ per year for a maximum state share of \$22 million per year

Private Insurers: FY-16: None; FY-17: <\$1.00 per member per month

Research Analysis

Please see previous summary of this measure.

Prepared By: Marcia Goff

Fiscal Analysis

The House engrossed version of HB 2962 deals with insurance coverage for children's autism therapy. The fiscal impact is divided into 3 parts:

OMES: Utilizing the national average for ABA cost (\$20,000) which is \$5,000 lower than the bill's maximum due to the expectation not every child who qualifies will utilize the maximum amount, OMES estimates a \$3.6 million cost to the state beginning in FY-17. Methodology is below.

Aon Hewitt Calculation

Assumptions per fiscal note 1 in 68 Children have autism	1.47%		
25% utilize ABA	0.37%		
Average annual cost of ABA is \$20,000			
Cost of non ABA coverage is .25%			
Cost of ABA coverage as percentage of all claims .35%			
Total percentage of all claims is .25% + .35% = .6%			
.6% of claims - \$3.6 million			
		Non ABA 0.25%	ABA 0.35%
Estimated Autism Claims Aon Hewitt	3,600,000	1,500,000	2,100,000
	0.60%		
Total Healthchoice Claims	600,000,000		

Health Care Authority: the measure calls for the Oklahoma Health Care Authority to cover applied behavior analysis for children within the autism spectrum up to \$25,000 per year. This therapy is not provided under Soonercare at present. There are approximately 1,998 children with ASD in Oklahoma who qualify. The Health Care Authority estimates the *maximum* impact (if all who qualify utilize all available funds) to the state would be approximately \$22 million state share for Medicaid and \$28 million in federal cost per year.

Private Insurers: According to the OK Insurance Dept., there is no expected impact on provider rates for FY-16. Beginning in FY-17, provider rates are expected to increase less than \$1 per member per year. See historical data from other states that have passed similar bills below:

Table 1. Year One Costs

	Year of coverage	Number of Covered Lives	Total Claims	PMPM cost
South Carolina	1	371,384	\$856,369	\$0.19
Illinois	1	171,979	\$187,684	\$0.09
Florida	1	382,083	\$390,724	\$0.09
Arizona	1	130,000	\$473,818	\$0.30
Kentucky	1	240,000	\$278,922	\$0.10
	Average first year cost			\$0.15

Table 2. Year Two Costs

	Year of coverage	Number of Covered Lives	Total Claims	PMPM cost
South Carolina	2	397,757	\$2,042,394	\$0.43
Illinois	2	170,790	\$197,290	\$0.10
Louisiana	2	149,477	\$722,828	\$0.40
Florida	2	386,203	\$1,748,849	\$0.38
Arizona	2	130,000	\$388,662	\$0.25
	Average second year cost			\$0.31

Table 3. Projected versus Actual Costs

	Year of coverage	Total Claims	Fiscal Note from State Legislature	Difference in projected versus actual cost
South Carolina	1	\$856,369	\$10,590,000	1,237%
	2	\$2,042,394	\$10,590,000	519%
Louisiana	2	\$722,828	\$2,118,307	293%
	2	\$722,828	\$2,686,796	372%
Arizona	1	\$473,818	\$2,500,000	528%
	1	\$473,818	\$4,900,000	1,034%
	2	\$388,662	\$2,500,000	643%
	2	\$388,662	\$4,900,000	1,261%

Claim Costs for ASD Treatment Per Member Per Month for Policies with ASD Coverage in 2015					
Market Segment	Member Months of Policies With Autism Coverage	All Autism Related Claims	ABA Claims	All Autism-Related Claims, PMPM	ABA-Related Claims, PMPM
Individual	3,355,142	\$2,551,771	\$1,793,424	\$0.76	\$0.53
Small Group	4,214,887	\$1,806,244	\$764,155	\$0.43	\$0.18
Large Group	9,683,091	\$5,921,692	\$2,617,356	\$0.61	\$0.27
Total	17,253,119	\$10,279,708	\$5,174,935	\$0.60	\$0.30

Chart Provided by Missouri Dept. of Insurance

The precise fiscal impact is difficult to estimate, given the unknown amount of persons who will take advantage of these benefits. As you can see above, estimated fiscal impacts can differ greatly from actual claim numbers.

Prepared By: Kristina King and Stacy Johnson

Other Considerations

None.