

BILL SUMMARY
2nd Session of the 55th Legislature

Bill No.: HB 2962
Version: SAHB
Request Number:
Author: Rep. Nelson and Sen. Griffin
Date: 4/27/2016
Impact:
OMES: FY-16: \$0 to the State; FY-17: \$3.6 million
All other involved agencies: \$0 to the State

Research Analysis

HB 2962 as amended by the Senate requires coverage for autism by all new private health benefit plans and the Oklahoma Employees Health Insurance Plan. Coverage would be provided up to age 9, or if the individual is diagnosed or treated at the age of 3 or later, for at least six years. Treatment would continue to be covered as long as the individual continually improves. The yearly maximum benefit allowed is \$25,000. The bill also allows for a health benefit plan experiencing a greater than 1% increase in premium costs to be exempt from these requirements.

Finally, the measure directs the Oklahoma Health Care Authority, in conjunction with the Department of Mental Health and Substance Abuse Service, the State Department of Health and the Department of Education, to examine the feasibility of amending the state Medicaid program to include treatment of autism spectrum disorders, and to draft such an amendment beginning on July 1, 2017, subject to the results of that examination.

Prepared By: Sean Webster

Fiscal Analysis

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%
			1,500,000	2,100,000
	Estimated Autism Claims Aon Hewitt	3,600,000		
		0.60%		
	Total Healthchoice Claims	600,000,000		

The Senate amendment allows any health benefit plan, at the end of its base period if it experiences greater than 1% increase in premium costs, to be exempt. This has no direct fiscal

impact to the state for FY-16 or FY-17. In FY-18 if HealthChoice premiums increase over 1%, it will be exempt, and reduce the fiscal impact initially estimated by OMES to be \$3.2 million to the state.

The Senate amendment removes any fiscal impact to the Oklahoma Health Care Authority. The bill now calls for the Authority, Dept. of Health, Dept. of Education and The Dept. of Mental Health and Substance Abuse Services to work to examine the feasibility of a state plan amendment to the Oklahoma Medicaid Program and submit a report of the President Pro Tempore, Speaker of the House and Governor.

Prepared By: Stacy Johnson and Kristina King

Other Considerations

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%

Charts Provided by Autism Speaks

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 Senate amendment allows any health benefit plan, at the end of its base period if it experiences greater than 1% increase in premium costs, to be exempt. This has no direct fiscal impact to the state for FY-16 or FY-17. In FY-18 if premiums increase over 1%, these plans will be exempt from then on, and will reduce the fiscal impact to private premium costs.

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.