



Missouri Consolidated Health Care Plan

TO: Helen Webster-Cox, Oversight
FROM: Richard Bowles, Executive Director of MCHCP
DATE: February 17, 2010
RE: LR#: 3679.03p; HCS for HBs 1311 & 1341

Intent of the Bill:

Provides health insurance coverage for the diagnosis and treatment of autism spectrum disorder.

Fiscal Impact of the Bill:

This legislation would require MCHCP to provide coverage for Autism Spectrum Disorders (ASD), specifically requiring coverage for Applied Behavioral Analysis (ABA) therapy for children through 18 years of age. According to the Center for Autism and Related Disorders, ABA is defined as, “The process of systematically applying interventions based upon the principles of learning theory to improve socially significant behaviors to a meaningful degree, and to demonstrate that the interventions employed are responsible for the improvement in behavior.”

The Missouri Department of Insurance, Financial Institutions and Professional Registration provided MCHCP with an Actuarial Cost Estimate conducted by Oliver Wyman in February 2009 that looks at the potential costs associated with ASD and mandating ABA therapies. Their study reported that implementing the mandate would cause health insurance premiums to increase by less than 1%. Although MCHCP has not conducted its own actuarial study, we have relied on other actuaries certifying the methodology in the Oliver Wyman study.

The Centers for Disease Control (CDC) and Harvard Medical School released joint reports in the October 5, 2009 issue of *Pediatrics* finding that the ratio of children with ASD is approximately 1 out of 91 U.S. children.

An October 29, 2007 study, “Management of Children With Autism Spectrum Disorders” published in *Pediatrics* reported “...the effectiveness of ABA-based intervention in ASD has been well documented through five decades of research...Children who receive early intensive behavioral treatment have been shown to make substantial, sustained gains in IQ, language, academic performance and adaptive behavior...” Therefore, the expenditure projected below reflects costs based on age and utilization required to fund the mandate in FY11. It is unknown how many children will actually qualify or will require ABA treatment since diagnosis, assessment and treatment standards are not in place (Missouri 2007 Blue Ribbon Panel on Autism recommendations #17 and 21).

MCHCP currently covers 24,408 children in the State plan and 152 children in the Public Entity Plan through age 18. Age categories are broken down in the chart below along with projected utilization rates by month based on the Wyman study. The utilization projection is based on: the

average age for a first time autistic diagnosis of age 3; on the level of publicity surrounding the legislation; and the rarity of insurance coverage for autism diagnoses currently. Utilization of treatment reflects 2009 actuarial studies and other states' experience. Please note that this is not an actuarial study of the cost of the autism bill but a mathematical calculator designed to show the cost to MCHCP based on the current Senate bill amounts and other actuarial studies.

State FY 11

Age in Years	# of covered children	MO-Specific Prevalence rate (Wyman) 1:158	Utilization	[Max] ABA Cost per month per child	Total Estimated ABA Cost, FY2011
3-6	5110	32.34	63%	\$3,000	\$727,924
7-9	4185	26.49	23%	\$3,000	\$223,093
10-18	15113	95.65	4%	\$3,000	\$151,640
					\$1,102,657

PE FY 11

Age in Years	# of covered children	MO-Specific Prevalence rate (Wyman) 1:158	Utilization	[Max] ABA Cost per month per child	Total Estimated ABA Cost, FY2011
3-6	25	0.16	63%	\$3,000	\$3,609
7-9	18	0.11	23%	\$3,000	\$961
10-18	109	0.69	4%	\$3,000	\$1,080
					\$5,650

MCHCP assumes the Missouri-specific prevalence ratio of 1:158 accurately predicts costs and that these costs would be passed directly to MCHCP requiring additional appropriation in FY11, FY12 and FY13 of \$1,102,657 (approximately .2% of projected total FY11 plan costs). For the Public Entity plan, premiums would need to be increased to cover the additional \$5,650.