

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 164

SPONSOR: Senator Scott and others

SUBJECT: Health Insurance/Autism Spectrum Disorder

DATE: March 24, 2000

REVISED: 03/28/00 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Johnson</u>	<u>Deffenbaugh</u>	<u>BI</u>	<u>Favorable</u>
2.	<u>Carter</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable</u>
3.	_____	_____	<u>FP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

Senate Bill 164 requires individual and group insurers and health maintenance organizations (HMOs) to provide coverage for autism spectrum disorder. Due to provisions of s. 627.6699, F.S., this mandate would not apply to a standard or basic policy issued in connection with a group health plan for a small employer (50 or fewer employees). However, the bill would apply to any major medical policy issued to a small employer that provided benefits different from the standard or basic policies.

Autism spectrum disorder is defined to mean a neurobiological condition that includes autism, Asperger syndrome, and Rett's syndrome. Any health insurer or HMO that issues major medical expense coverage in Florida could not exclude coverage prescribed by the referring physician for the treatment of autism spectrum disorder, including, but not limited to, coverage for therapeutic evaluations and interventions, such as speech therapy, occupational therapy, physical therapy, intensive early intervention, applied behavioral analysis, and Lovaas behavioral therapy.

Coverage for autism spectrum disorder is subject to the same terms and conditions that the insurer or HMO applies to the treatment of other disorders. An insurer or HMO is authorized to confirm a diagnosis or review the appropriateness of a specific treatment plan in order to ensure that coverage under this section is limited to diagnostic and treatment services.

The provisions of this bill do not affect the scope of licensure of any health care professional and do not impair any right to reimbursement which is otherwise guaranteed to a health care provider.

This bill creates an undesignated section of the Florida Statutes.

II. Present Situation:

Autism and Related Disorders

It is estimated that autism occurs in about 15 of every 10,000 births nationwide (or 0.15 percent). The Center for Autism and Related Disabilities in Florida notes that autism occurs by itself, with mental retardation, or with other health problems, such as epilepsy, viral infections, or changes in a person's growth rate or metabolism. According to the National Institute of Child Health and Human Development, autism is a major pediatric health issue in the United States, with associated health care costs exceeding \$13 billion per year.

Definitions

The Center for Autism and Related Disabilities (CARD) of the University of South Florida defines autism as a lifelong neurological disability that affects an individual's ability to communicate, understand language, play, and socially interact with others. Autism is classified as a developmental disability because it interferes with the typical rate and pattern of childhood development.

According to the *Diagnostic and Statistical Manual of Mental Disorders, 4th Edition (DSM-IV)*, published by the American Psychiatric Association, autism is classified as one of the pervasive developmental disorders, which is:

“...Characterized by severe and pervasive impairments in several areas of development . . . This section contains autistic disorder, Rett's Disorder, Childhood Disintegrative Disorder, Asperger's Disorder, and Pervasive Developmental Disorder Not Otherwise Specified.”

The DSM-IV provides the following diagnostic criteria for autistic disorder:

- A. A total of six (or more) items from (1), (2), and (3), with at least two from (1), and one each from (2) and (3):
 - (1) Qualitative impairment in social interaction, as manifested by at least two of the following:
 - a. Marked impairment in the use of multiple nonverbal behaviors such as eye-to-eye gaze, facial expression, body postures, and gestures to regulate social interaction;
 - b. Failure to develop peer relationships appropriate to developmental level;
 - c. A lack of spontaneous seeking to share enjoyment, interests or achievements with other people (e.g., by a lack of showing, bringing, or pointing out objects of interest); or
 - d. Lack of social or emotional reciprocity.
 - (2) Qualitative impairments in communication as manifested by at least one of the following:
 - a. Delay in, or total lack of, development of spoken language (not accompanied by an attempt to compensate through alternative modes of communication such as gesture or mime);
 - b. In individuals with adequate speech, marked impairment in the ability to initiate or sustain a conversation with others;
 - c. Stereotyped and repetitive use of language or idiosyncratic language; or
 - d. Lack of varied, spontaneous make-believe play or social initiative play appropriate to developmental level.
 - (3) Restricted repetitive and stereotyped patterns of behavior, interests, and activities, as manifested by at least one of the following:

- a. Encompassing preoccupation with one or more stereotyped and restricted patterns of interest that is abnormal either in intensity or focus;
 - b. Apparently inflexible adherence to specific, nonfunctional routines or rituals;
 - c. Stereotyped and repetitive motor mannerisms (e.g., hand or finger flapping or twisting, or complex whole-body movements); or
 - d. Persistent preoccupation with parts of objects.
- B. Delays or abnormal functioning in at least one of the following areas, with onset prior to age 3 years: (1) social interaction, (2) language, as used in social communication, or (3) symbolic or imaginative play.
- C. The disturbance is not better accounted for by Rett's Disorder or Childhood Disintegrative Disorder.

Section 393.063(2), F.S., defines autism to mean “. . . a pervasive, neurologically based developmental disability of extended duration which causes severe learning, communication, and behavior disorders with age of onset during infancy or childhood. Individuals with autism exhibit impairment in reciprocal social interaction, impairment in verbal and nonverbal communication and imaginative ability, and a markedly restricted repertoire of activities and interests.”

The cause of autism is unknown. According to the National Institute of Mental Health (NIMH), it is generally accepted that autism is caused by abnormalities in brain structures or functions. Currently, NIMH researchers are investigating genetic causes.

Several conditions can cause symptoms that resemble those of autism, such as pervasive development disorder not otherwise specified (PDD-NOS), Asperger's syndrome, and Rett's syndrome that are included in the category of autism spectrum disorder (CARD and the National Institute of Mental Health). The NIMH defines Rett's Disorder to mean a progressive brain disease that only affects females but, like autism, produces repetitive hand movements and leads to loss of language and social skills. The NIMH notes that children with Asperger's Disorder are very similar to high-functioning children with autism. Although they have repetitive behaviors, severe social problems, and clumsy movements, their language and intelligence are usually intact. Unlike autism, the symptoms of Asperger's Disorder typically appear later in childhood.

Treatment Approaches

Individuals with autism, regardless of severity of impairments and the presence of coexisting conditions, do share some common needs. Difficulties with speech and language necessitates varying degrees of speech therapy. Occupational and physical therapy may also be helpful in improving social and functional abilities. Intensive behavioral programs, varying in intensity and structure based on individual need, are universally recognized as essential in assisting people with autism to develop critical social and functional skills. Early intervention is important for children. Interventions that occur during this critical period in a child's development have been documented to significantly increase a child's skills and capacities for life-long learning (Agency for Health Care Administration).

The Center for Autism and Related Disabilities provided the following information concerning the application of speech-language therapy, occupational therapy, and physical therapy for individuals with autism:

1. **Speech-Language Therapy:** People with autism usually have delays in communication. Speech therapists look for a system of communication that will work for an individual with autism and may consider alternatives to the spoken word such as signing, typing, or a picture board with words.
2. **Occupational Therapy:** Commonly this therapy focuses on improving fine motor skills, such as brushing teeth, feeding, and writing, or sensory motor skills that include balance, awareness of body position, and touch.
3. **Physical Therapy:** This therapy specializes in developing strength, coordination, and movement.

According to NIMH, a number of treatment approaches have evolved in the decades since autism was first identified. These approaches include developmental, behaviorist, and nonstandard. Developmental approaches provide consistency and structure along with appropriate levels of stimulation.

Behaviorist training approaches are based on rewarding individuals for a certain type of behavior. Dr. Ivar Lovaas pioneered the use of behaviorist methods for children with autism more than 25 years ago. Lovaas therapy involves time-intensive, highly structured, repetitive sequences in which a child is given a command and rewarded each time he responds correctly. Using this approach for up to 40 hours a week, some children may be brought to the point of near-normal behavior. Others are much less responsive to the treatment. However, some researchers and therapists believe that less intensive treatments, particularly those begun early in a child's life, may be more efficient and just as effective. Presently, NIMH is funding several types of behaviorist treatment approaches to help determine the best time for treatment to start, the optimum treatment intensity and duration, and the most effective methods to reach both high and low functioning children.

State-funded Coverage for the Treatment of Autism

Medicaid State Plan

Physical therapy, speech-language therapy, and occupational therapy are available, subject to certain eligibility requirements and coverage limits, under Florida's Medicaid State Plan. These services are not specifically provided for the treatment of people with autism, but for people with indicators for the particular service.

The Medicaid therapy program provides therapy services to Medicaid recipients under the age of 21 when the service is determined to be medically necessary. The behavioral health program provides services to individuals with a diagnosed mental illness. Autism and other developmental disabilities (i.e., mental retardation) are not included in the list of diagnoses covered by the Community Mental Health Program. However, if an individual is diagnosed with mental illness and autism, the individual would be eligible for behavioral interventions.

Developmental Services Home and Community-Based Waiver Program

As of November 1, 1999, the Developmental Services Program (implemented by the Department of Children and Families Services) was providing services to 1,847 individuals with a primary or secondary diagnosis of autism in Florida. Of these 1,847 individuals, 502 are enrolled in the

Medicaid Developmental Services Waiver program. Any third-party coverage, Medicaid state-plan services, or educational services must be accessed before waiver services are provided.

The Developmental Services Home and Community-Based Waiver programs (the DS waiver) provide services to eligible individuals with developmental disabilities, including autism. In order to participate, individuals must be Medicaid eligible and meet the Intermediate Care Facility for the Developmentally Disabled level of care requirements. The greatest expenditures for wavier services for individuals with autism are residential habilitation and personal care, both services that provide intensive supports for extended periods of time. The waiver programs are funded at a set level each year by the Legislature. Individuals with the most severe needs have priority for services.

Developmental Services can provide services to individuals with a developmental disability through their general revenue programs. General revenue expenditures for individuals with autism are greater for behavior services, respite care, residential habilitation, and long-term residential care. Service provision is subject to availability of funding and allocated based on severity of need.

Department of Education, Exceptional Student Program

According to the Florida Department of Education (DOE), if a student meets certain eligibility criteria under the federal Individuals with Disabilities Education Act of 1994, (including, but not limited to early onset of disorder at birth or during the first 3 years of life and evidence of severely delayed or absent speech and language skills), a student is eligible to participate in the exceptional student program for autistic children. The program provides services for children, ages 3-21.

For school year 1998-99, the total full-time equivalent cost allocation for students with autism was \$48,205,987. During school year 1998-99, DOE identified 3,762 children with autism. The autism category may include children with Rett’s syndrome and Asperger syndrome. The department serves students with a wide range of needs for services. In addition to academic instruction, students may also be receiving services for health care (administration and monitoring of medication), behavioral support, communication, and independent functioning.

The cost allocation is broken out into five cost factors, reflecting the level of intensity of services, i.e., cost factor 251 represents the less intensive level of services provided and 255 represents the most intensive level of services provided. The cost allocation and the number of weighted full-time equivalent (FTEs) students for each cost factor is provided below:

Number of Weighted FTEs/Students	Cost Factor	Total Cost Allocation
97.19	251	\$420,067
292.11	252	1,950,763
1021.25	253	10,819,327
1590.44	254	21,022,070

<u>632.91</u>	255	<u>13,993,760</u>
3,633.90*		\$48,205,987

* 3,762 children participate in the autism program, but “weighted FTE’s” are utilized for funding purposes.

The department noted that the breakout of the number of children whose primary exceptionality is autism and who are also receiving occupational therapy, physical therapy, and speech therapy is: occupational therapy 1,250, physical therapy 133, and speech therapy 529. The department indicated that this is a duplicated count, not a child count. (Students could be served in more than one program.)

Private Sector Coverage

Many insurance carriers specifically exclude autism spectrum disorder from being covered for speech and language therapy and occupational therapy, even though the defining symptoms are ones of neurologically-based communication, movement, and sensory integration problems. However, these same symptoms in an individual who has received specific traumatic injury to the brain (e.g., car accident, blow to the head, stroke) may be covered, according to information compiled by CARD of the University of South Florida.

Some carriers have indicated that coverage is provided for prescription drugs; however, other types of benefits (i.e., physical therapy, occupational therapy) may or may not be covered, contingent upon the symptoms of the patient. Other plans exclude developmental disorders (autism and mental retardation).

Florida State Employees’ Group Health Insurance

The Florida State Employees’ Preferred Provider Organization (PPO) and the Health Maintenance Organization (HMO) provide coverage for the diagnosis and limited medical treatment (including prescription drugs), for autism, Asperger syndrome, Rett’s syndrome, and pervasive developmental disorder. However, the PPO specifically excludes coverage for speech and occupational therapies and the HMO excludes occupational therapy, except as part of a preapproved home health treatment plan. Also, the PPO and the HMO generally exclude coverage for experimental or investigational treatments, custodial care, non-prescription drugs, and training and educational services (except for diabetes self-management training and educational services, pursuant to s. 627.6408, F.S.).

PPO Plan

According to the Division of State Group Insurance, the PPO Plan provides treatment for mental and nervous disorders, subject to the following limitations:

- a. Inpatient services provided by a network specialty institution, residential facility, or any other facility is limited to 31 days per calendar year;
- b. Inpatient services provided by a non-network facility are only available to the active employee (if such services are requested by the employing agency and approved by the

- Division of State Group Insurance) and are limited to the same 31 days per calendar year described above;
- c. Services rendered by a licensed psychologist or a licensed mental health professional, as defined in s. 490.003, F.S., are covered when providing medically necessary covered services; and
 - d. Outpatient services provided by a specialty institution are only available for substance abuse.

Physical therapy coverage is limited to four modalities per treatment day and 21 treatment days during any 6-month period.

HMO Plan

For the State Employees HMO contract, treatment for mental and nervous disorders are considered covered benefits, if provided to the covered person by a licensed mental health provider, subject to the following limitations:

- a. Inpatient confinement in a hospital, specialty institution, or residential facility for the treatment of a mental or nervous disorder, if authorized by the HMO. Coverage includes visits from licensed mental health providers during confinement. Coverage is limited to up to 31 days per calendar year; and
- b. Outpatient treatment rendered by a licensed mental health provider and medical doctors licensed under chapter 458, F.S., and doctors of osteopathy licensed under chapter 459, F.S., for a mental and nervous disorder, including diagnostic evaluation and psychiatric treatment, individual therapy, and group therapy. Coverage is limited to 26 visits per calendar year.
- c. Mental and nervous disorders treatment is not a covered benefit if rendered in connection with a condition not classified in the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association or if the treatment is extended beyond the period necessary for evaluation and diagnosis of learning and behavioral disabilities or for mental retardation.

Also, under the State Employees HMO contract, rehabilitative services (including physical and speech therapy) are covered with limitations. The covered person's primary care physician or the HMO must specifically approve a written plan of treatment and agree that the covered person's condition should improve significantly within 60 days of the date therapy begins. Coverage includes services for the purpose of aiding in the restoration of normal physical function. Rehabilitative services provided while the covered person is hospital confined shall be covered for the duration of the hospital confinement. Outpatient rehabilitative services are limited to 60 visits per injury. Rehabilitative services do not include:

- a. Services or supplies provided to a covered person as an inpatient in a hospital or other facility, where the admission is primarily to provide rehabilitative services;
- b. Services or supplies that maintain rather than improve a level of physical function, or where it has been determined that the services shall not result in significant improvement in the covered person's condition within a 60-day period; or
- c. Other therapy types including recreational, educational, marital, or sleep therapy.

Health Insurance Mandates for Autism in Other States

Some states require coverage for autism through specific mandates or through inclusion of coverage through mental health parity laws. Effective July 15, 1998, the Kentucky Legislature mandated coverage for the treatment of autism for children, 2-21 years of age, covered under a health benefit plan. The legislation specifically required coverage for therapeutic respite and rehabilitative care. Coverage for autism is subject to a \$500 maximum benefit per month, per covered child. This limit does not apply to other health conditions of the child and services for the child not related to the treatment of autism. The definition of autism tracks the DSM-IV definition of autism.

Connecticut, Maine, Missouri, New Hampshire, and Texas provide coverage for autism through their mental health parity laws. Effective January 1, 1995, New Hampshire required coverage for autism that is no less extensive than coverage for physical illnesses and the mandate applies to group policies and HMOs, regardless of size. Maine enacted legislation in 1995 that included coverage for autism in group contracts that is no less extensive than medical treatment for physical illnesses and excludes groups of 20 or fewer employees. In 1997, Connecticut enacted a mental illness parity law that specifically included coverage for autism that would be equal to coverage provided for medical or surgical conditions. As of September 1, 1997, Missouri requires managed care plans to provide coverage for all disorders defined in the *DSM-IV* manual equal to physical illness. Effective January 1, 1998, Texas requires coverage for pervasive developmental disorder for up to 50 outpatient visits and 45 inpatient days annually.

III. Effect of Proposed Changes:

Section 1. Creates a new, undesignated section which mandates health insurance coverage for autism spectrum disorder. The term, "Autism Spectrum Disorder," is defined to mean a neurobiological condition that includes autism, Asperger syndrome, and Rett's syndrome.

Any health insurer or HMO that issues major medical expense coverage in Florida may not exclude coverage prescribed by the referring physician for the treatment of autism spectrum disorder, including, but not limited to, coverage for therapeutic evaluations and interventions, such as speech therapy, occupational therapy, physical therapy, intensive early intervention, applied behavioral analysis, and Lovaas behavioral therapy.

The section also provides that coverage for autism spectrum disorder is subject to the same terms and conditions that the insurer or HMO applies to the treatment of other disorders. An insurer or HMO is authorized to confirm a diagnosis or review the appropriateness of a specific treatment plan in order to ensure that coverage under this section is limited to diagnostic and treatment services.

The provisions of this bill do not affect the scope of licensure of any health care professional and do not impair any right to reimbursement which is otherwise guaranteed to a health care provider.

Section 2. The section provides that the provisions of the bill fulfill an important state interest. This effectively applies the bill's requirements to local government health plans. (See, Constitutional Issues, below.)

Section 3. Provides that the act takes effect July 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Since this bill requires the state and local governments to incur expenses, i.e., to pay additional health insurance costs, the bill falls within the purview of Article VII, Section 18 of the Florida Constitution, which provides that cities and counties are not bound by general laws requiring them to spend funds or to take an action which requires the expenditure of funds unless certain specified exemptions or exceptions are met. One of the specified constitutional exemptions is for bills that fulfill an important state interest. The bill includes an express legislative finding to this effect.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, Subsections 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

D. Other Constitutional Issues:

The bill provides for an effective date of July 1, 2000; however, this provision may be an unconstitutional impairment of contract to apply the bill's provisions to policies that are already in effect. Therefore, the bill may be interpreted as applying only to policies issued or renewed on or after the effective date.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The implementation of the bill would expand and improve the treatment of persons with autism spectrum disorder. According to the National Alliance for Autism Research, “. . . The cost of a residential school or institution, such as a developmental center, is approximately \$80,000 to \$100,000 or more per individual per year and the cost of appropriate educational programs for school-age children with autism is often \$30,000 per year or more.”

Since the bill would place an additional mandate on employer-sponsored health insurance plans, it may increase the number of employers who will opt out of insurance and establish

self-insurance plans (ERISA plans) that are exempt from state mandates. According to the U.S. General Accounting Office, approximately 44 percent of the U.S. population is covered by ERISA plans (*Employer-Based Health Plans, July 1995*).

The following calculation is the estimated number of insured individuals impacted by the bill in Florida:

Estimated Insured Population Impacted

Estimated Incidence Rate in Florida, ages 0-21 (using Dept. of Education numbers)	3,762
ages 22+ (based on incidence rate of 15:10,000 and est. population of 11,073,576 in this age group)	<u>16,605</u>
Total Estimated Number of Individuals In Florida With Autism	20,367
less 26.7 percent of the U.S. population participating in any government plan, such as military, Medicare, or Medicaid (U.S. Census Bureau, Current Population Survey, March 1999)	-5,438
less ERISA population (44 percent of estimated U.S. population)	-8,961
less uninsured (estimated 17.5 percent of Florida's 1998 population, U.S. Census Bureau)	<u>-3,564</u>
Total estimated insured population impacted in Florida	2,404

Estimated Costs for Services

The Medicaid Office of the Agency for Health Care Administration provided the following cost model for a 4-year-old child, who is primarily nonverbal and is residing at home and spending much of his day engaged in ritualistic and self-stimulatory activities. The child is assumed to have no active medical problems and no physical limitations. The child attends pre-Kindergarten program in an Exceptional Student program. Costs are calculated based on standard Medicaid rates or current known charges for services not currently covered by Medicaid.

Needs

- Speech-language therapy: 3 hours per week
- Occupational therapy: 2 hours per week
- Discrete Trial Therapy (Lovaas method): 40 hours per week

Resources

Pre-Kindergarten provides 1 hour per week of speech therapy and occupational therapy. Parents are available and willing to learn the Lovaas method. For children receiving services in a school-based setting, 40 hours will not be available after subtracting hours for the school day, sleep, etc. Parent training and implementation are an integral part of the Lovaas method.

Projected Services

Service	Units	Unit Cost*	Annual Cost
Speech Therapy			
Initial evaluation	1 annually	\$48.50	\$48.50
Reevaluation	Every 6 months	48.50	97.00
Ongoing Speech Therapy	2 hours per week (8 sessions per week)	16.97/session	7,060
Occupational Therapy			
Initial Evaluation	1 annually	48.50	48.50
Reevaluation	Every 6 months	48.50	97.00
Ongoing Occupational Therapy	1 hour per week (4 sessions per week)	16.97/session	3,530
Discrete Trial Therapy			
Evaluation/Reevaluation*	1 hour monthly	130.00	1,560
Ongoing Discrete Trial Therapy	20 hours per week	37.50/hour	39,000
Total Estimated Annual Cost			\$51,441

*Therapy rates based on maximum allowable Medicaid fee. Discrete trail therapy rates are based on fees reported by a parent of a child receiving services at the Dan Marino Center.

An estimated 444 insured children, ages 0-21, would be provided coverage for autism. This represents an annual estimated cost of \$22,839,804. (The number of children was derived by using the DOE number of children presently being provided services, less the estimated number of individuals provided services through governmental plans, less the estimated uninsured, and less the estimated population in ERISA plans).

During calendar year 1997, claims payments for indemnity and HMOs totaled approximately \$9.1 billion. The estimated increase in costs for covering children (ages 0-21), \$22.8 million represents approximately 0.25 percent of the total claims paid for 1997.

Due to uncertainty in the types and intensity of treatments for adults, committee staff was unable to estimate the cost impact for providing coverage for the adult population with autism.

A mandate study was provided by Susan Goldstein (Nova Southeastern University). The following assumptions were used by Ms. Goldstein in determining the fiscal impact of mandating coverage for autism.

Needs

Occupational Therapy:

2.5 hours per week for ages 0-6

ages 8-10, 1.5 hours per week

after age 10, services may vary (assume 1.5 hours per week)

Speech Therapy:

2.5 hours per week for ages 0-6
 for ages 6-10, 1.5 hours per week
 after age 10, services may vary (assume 1.5 hours per week)

Physical Therapy:

Only 1 out of 12 children with autism needs physical therapy for 1 hour per week, ages 0-6 for ages 6-10, 1 out of 20 children may require .75 hours per week after age 10, services are often not needed.

Intensive Early Intervention

20 hours per week for ages 0-6

Projected Services

Assuming Cost of Services:

Evaluation \$225

Treatment Costs: \$85 per hour

Breakout of Estimated Number of Individuals Receiving Services (totaling 3,483):

0-5 years of age: 912

6-21 years of age: 2,354

22 years of age and above: 217

Fiscal Impact:

Total Cost: \$53,300,936 (The study estimates that this total is reduced from \$77,039,098, after reductions for Medicaid and other public sector funding)

Average Cost per individual: \$22,119

Average Cost for children ages 0-21: \$23,132

Average Cost for individuals age 22 and above: \$6,854

C. Government Sector Impact:

The Division of State Group Insurance PPO and HMOs would be required to add coverage for additional therapies for participants diagnosed with autism and related disorders as well as modify current limitations applicable to rehabilitation and mental health therapies. The PPO would need to add coverage for speech and occupational therapy and the HMOs would need to add coverage for occupational therapy. Both benefit plans would be required to modify the limitations for physical therapy to accommodate intensive therapies.

The Division of State Group Insurance estimates that the fiscal impact may range from \$371,800 to \$1.1 million for the PPO plan and \$431,600 to \$1.2 million for the HMO plans. The division also commented that the mandated autism coverage may require the State PPO and HMOs to cover possible experimental, investigational, or custodial services. The Division of State Group Insurance estimates that between 47-141 children of state employees, age birth to 18 years, may be affected by the proposed benefit changes to require coverage for autism. (The division did not provide an estimate of the number of adult dependents of state employees who would be covered.)

The impact on state funds and the state group health insurance program for providing expanded coverage for persons with autism and related disorders is difficult to assess. There are no standard treatment plans from which to determine utilization or to price services. The fiscal impact on state funds is estimated based on the following assumptions:

1. Autism incidence rate: 5-20 children per 10,000 births (provided by the National Information Center for Children and Youth with Disabilities);
2. Current dependent children enrollment: PPO 44,762 and HMO 49,431;
3. Number of services needed:
 15 hours of therapy per week for children age 4 or less;
 4 hours per week for children age 5 or greater;
4. Cost per hour of therapy: \$50 (average of speech and occupational therapy; exact mix indeterminate)

According to the division, the common therapies recommended for autism include early intervention for preschool age children and speech therapy and occupational therapy for older children. The Lovaas therapy, a form of applied behavioral analysis intervention, commonly includes 40 hours per week, for extended periods of time, of one-on-one therapy. The division estimated the following number of dependents covered under the state’s group insurance plan that may be diagnosed with autism:

PLAN:	Estimated Annual Fiscal Impact Low - High	
<u>PPO PLAN</u>		
5 children per 10,000 births (low estimate)	24	\$364,000
20 children per 10,000 births (high estimate)	95	1,445,600
<u>HMO PLAN</u>		
5 children per 10,000 births (low estimate)	26	\$442,000
20 children per 10,000 births (high estimate)	104	1,749,800

The bill provides for a July 1, 2000, implementation date. This date would not allow the option of notifying plan participants during the regular annual open enrollment period which generally occurs from mid-September to mid-October. Any benefit changes occurring other than at the beginning of the plan year (January 1) requires the division to issue special notification to plan participants. The division would incur additional administrative costs that are not budgeted. The division recommends that any changes to the State Employees' PPO Plan and to State-contracted HMOs have a January 1, 2001, implementation date.

The division estimates it would incur an additional \$48,620 in costs associated with the additional member notification to enrollees of benefit changes. This non-recurring expenditure is based on current health insurance enrollment of 162,066 and a production and bulk rate mailing cost of \$0.30 per piece of mail. If new benefits are effective January 1, 2001, then, notification can occur during the regular open enrollment period at no additional costs.

VI. Technical Deficiencies:

The bill does not define autism spectrum disorder or the other disorders listed, in terms of their respective elemental characteristics. A definition of "autism," and the other disorders, is provided in medical diagnosis manuals, such as the Diagnostic and Statistical Manual of Mental Disorders, 4th Edition.

VII. Related Issues:

Pursuant to s. 624.215, F.S., every person or organization seeking consideration of a legislative proposal which would mandate a health coverage or the offering of a health coverage by an insurance carrier, health care service contractor, or health maintenance organization as a component of individual or group policies, must submit to the Agency for Health Care Administration and the legislative committee having jurisdiction a report which assesses the social and financial impacts of the proposed coverage. A report was filed with the Committee on Banking and Insurance.

The bill would not apply to out-of-state policies covering Florida residents. Currently, group policies issued to a group (typically an association) outside the State of Florida, but which covers Florida residents, are exempt from some, but not all, of the mandated benefits that apply to policies issued in Florida.

The bill would not apply to "standard" or "basic" group policies issued to small employers with 50 or fewer employees. Presently, all insurers in the small group market are required to offer the standard and basic health plan to any small employer seeking coverage. These plans must provide certain statutorily-mandated benefits and such other benefits as are determined by a benefit plan committee and approved by the Department of Insurance. Section 627.6699(15)(a), F.S., provides, "Except as expressly provided in this section, a law requiring coverage for a specific health care service or benefit . . . does not apply to a standard or basic health benefit plan policy or contract or a limited benefit policy or contract offered or delivered to a small employer, unless that law is made expressly applicable to such policies or contracts."

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
