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## FISCAL IMPACT REPORT

**ORIGINAL DATE**  
**LAST UPDATED** 02/11/12    **HB** 148

**SPONSOR** O'Neill

**SHORT TITLE** Group Health Coverage to Include Autism    **SB**

**ANALYST** Esquibel

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	None		

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	See Narrative					

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission (PRC)  
 University of New Mexico (UNM)  
 General Services Department (GSD)  
 Department of Health (DOH)  
 Public School Insurance Authority (PSIA)

### SUMMARY

#### Synopsis of Bill

House Bill 148 (HB148) would amend the Health Care Purchasing Act by adding a new section relating to “Coverage for Autism Spectrum Disorder Diagnosis and Treatment – Permissible Limitations.”

The new section would require group health coverage, including any form of self-insurance,

offered, issued or renewed under the Health Care Purchasing Act to provide the following coverage for an individual 19 years of age or younger (or 22 years of age or younger if the eligible individual is in high school):

- (1) Well-baby and well-child screening for diagnosing the presence of autism spectrum disorder; and
- (2) Treatment of autism spectrum disorders through speech therapy, occupational therapy, physical therapy and applied behavioral analysis.

The bill also:

- (1) limits the coverage requirement to treatment that is prescribed by the insured's treating physician in accordance with a treatment plan;
- (2) prohibits denying coverage on the basis that the services are habilitative or rehabilitative;
- (3) allows for other general exclusions of the group health coverage, including coordination of benefits, participating provider requirements, restrictions on services provided by the family or household and utilization review including medical necessity; and
- (4) allows coverage to exclude services received under the federal Individuals with Disabilities Education Improvement Act (IDEA) of 2004 and state laws that place the responsibilities with the schools.

HB148 specifies that deductible and coinsurance provisions cannot be less favorable than for other physical illnesses and prevents an insurer from refusing to insure the individual because of an autism spectrum disorder diagnosis.

The bill defines the appropriate components of a treatment plan, and includes definitions for terms used in the new section.

## **FISCAL IMPLICATIONS**

The bill contains no appropriation.

The General Services Department's Risk Management Division (GSD/RMD) indicates the State's health insurance is self-funded and cost estimates could be as high as \$3 million per year (based on current enrollment figures). The State of New Mexico has 18,767 employees on medical coverage along with 13,514 local public body employees. To help absorb the above costs, an additional premium charge would equal \$92.94 per employee or \$7.75 per month.

The PSIA indicates medical plans currently exclude treatment for chronic conditions which include, but are not limited to, childhood autism. The PSIA covers approximately 12,500 children under age 22. Assuming an autism diagnosis rate of 6 per 1,000, the PSIA potentially could have 75 children with autism. In 2009, when HB155 included a \$50,000 annual limit, the

impact was estimated to be as high as \$3,750,000 annually. HB148 contains no annual maximum and consequently, the costs could exceed the previous estimate. This expansion of coverage without an appropriation would increase claim costs and, consequently, premiums would increase.

### **SIGNIFICANT ISSUES**

The Human Services Department indicates the Patient Protection and Affordable Care Act provision (Section 1302) related to state health insurance exchanges calls for rulemaking to create a set of essential health benefits for qualified health plans offered on the state exchange. The secretary of the federal Department of Health and Human Services has not yet proposed the rule for essential health benefits. The final essential health benefits rule will therefore not be promulgated until sometime in 2012. Since the essential health benefits rule has not been promulgated, it is not possible to determine the full fiscal impact of a state-mandated benefit that might not be included in the federally mandated essential health benefits. While this bill proposes changes to group health, state-mandated benefits may have a future fiscal impact for New Mexico on plans offered on the state exchange, for example for the Small Business Health Options Plan.

The Human Services Department's Medicaid program offers autism spectrum disorders services to eligible Medicaid recipients that is age-limited (from birth up to the child's fifth birthday) and time-restricted (up to 36 months of Applied Behavior Analysis). Beyond this age, the Medicaid program continues to cover physical, occupational and speech therapy through its early periodic screening, diagnosis, and treatment (EPSDT) services.

### **TECHNICAL ISSUES**

The PRC indicates the provisions of HB148 is similar to the existing statutory requirement of coverage for autism spectrum disorder in the Insurance Code, NMSA 1978 §59A-22-49, §59A-23-7.9, §59A-46-50, and §59A-47-45. However, House Bill 148 does not impose an annual and total lifetime financial limitation as do the statutes cited above.

The current law allows limitations in coverage to be set at \$36,000 annually, and \$200,000 in total life-time benefits, updated annually using the Consumer Price Index.

### **OTHER SUBSTANTIVE ISSUES**

The University of New Mexico indicates the incidence of Autism Spectrum Disorder (ASD) has increased 20 fold since the 1980's. Research has shown that early diagnosis and intensive early behavioral and therapeutic intervention positively impacts long term outcomes for these individuals. NM has been slowly building a diagnostic and service system but the state continues to have an insufficient number of adequately trained providers, such as speech, occupational and physical therapy as well as a lack of Board Certified Behavior Analysts (BCBA) to provide ABA services. Some areas of the state have more significant shortages than others. NM has not set standards for BCBA's nor is there a mechanism for licensing them. Long waiting lists for diagnostic and many intervention services exist. Without adequate, evidence-based service available in communities, NM may see an increase in the need for more costly residential services.