

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **H.B. 170** DATE: **October 30, 2007**
STATUS: **As Introduced** SPONSOR: **Reps. Celeste and Peterson**
LOCAL IMPACT STATEMENT REQUIRED: **Yes**
CONTENTS: **Would prohibit health insurers from excluding coverage for autism**

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
General Revenue Fund – Medicaid managed care			
Revenues	- 0 -	Possible increase of approximately 60% of the increase in expenditures	Possible increase of approximately 60% of the increase in expenditures
Expenditures	- 0 -	Increase, potentially in the tens of millions	Increase, potentially in the tens of millions
General Revenue Fund – health insurance for employees and dependents			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase	Increase, potentially in the millions	Increase, potentially in the millions
Other State Funds – health insurance for employees and dependents			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase	Increase, potentially in the millions	Increase, potentially in the millions

Note: The state fiscal year is July 1 through June 30. For example, FY 2007 is July 1, 2006 – June 30, 2007.

- The bill would increase costs to Medicaid managed care of providing coverage for an estimated 1,141 autistic children. The cost per child cannot be estimated due to lack of detail about what is required of health insuring corporations, but one illustration of potential cost per child puts the cost at \$50,000 per year. The federal government would match approximately 60% of any increase in Medicaid spending if federal rules allow the federal matching rate to apply.
- The bill would increase costs to the state of providing health benefits to an estimated 37 dependents of state employees. The cost per child cannot be estimated due to a lack of detail about what is required of public employee benefit plans, but one illustration of potential cost per child puts it at \$50,000 per year. The GRF would pay the cost of coverage for approximately half the children, with various state funds providing the rest.



Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
Counties, municipalities, townships			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase, potentially in the millions	Increase, potentially in the millions	Increase, potentially in the millions
School districts			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase, potentially in the millions	Increase, potentially in the millions	Increase, potentially in the millions

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill would increase costs to counties, municipalities, and townships statewide of providing health benefits to an estimated 120 dependents of employees. The cost per child cannot be estimated due to a lack of detail about what is required of public employee benefit plans, but one illustration of potential cost per child puts it at \$50,000 per year.
- The bill would increase costs to school districts statewide of providing health benefits to an estimated 152 dependents of employees. The cost per child cannot be estimated due to a lack of detail about what is required of public employee benefit plans, but one illustration of potential cost per child puts it at \$50,000 per year.

Detailed Fiscal Analysis

H.B. 170 would prohibit health insuring corporation (HIC) contracts, certain policies of sickness and accident insurance, public employee benefit plans, and multiple employer welfare arrangements from excluding coverage for the diagnosis and treatment of autism. And it defines any violation of this prohibition to be an unfair and deceptive practice in the business of insurance. The bill defines autism to be "autistic disorder" as defined by the *Diagnostic and Statistical Manual of Mental Disorders*, 4th edition, published by the American Psychiatric Association. The bill does not specify who may diagnose or treat the condition.

Background

LSC staff have not been able to obtain a precise count of the number of children in Ohio with autism. Some authorities, for example Dr. James Mulick, professor of pediatrics and psychology at The Ohio State University, cite a national figure of approximately one child in 166 having autism.¹ A U.S. Government Accountability Office (GAO) report entitled *Federal Autism Activities* dated July 2006 cites various estimates of prevalence of the condition (that are generally consistent with Dr. Mulick's figure). Among those estimates are two national surveys cited by the U.S. Centers for Disease Control and Prevention from 2006 that found figures of 5.5 per 1,000 children to 5.7 per 1,000 children (page seven of the GAO report). The estimates below assume that 5.7 per 1,000 Ohio children have the condition.

Ohio Department of Health data indicate that there were 741,215 live births in Ohio between 2002 and 2006. The web site statehealthfacts.org, an affiliate of the Kaiser Family Foundation, reports that 62% of Ohio children between the ages of 0 and 18 are insured through an employer-based health plan, and that another 27% are insured through Medicaid. The estimates below assume that the children insured through an employer are covered by governmental plans in proportion to the overall employment of Ohioans reported by the U.S. Bureau of Labor Statistics (BLS). That is, BLS data for May 2007 indicate that 1.4% of the Ohio nonfarm workforce was employed by state government (not including those employed by an educational institution), 4.6% were employed by local government (not including those employed by an educational institution), and 5.8% were employed in local government education. Using the figures above, the number of children with autism that are covered by a state health plan are estimated to be approximately 37, the number that are covered by a health plan sponsored by a county, municipality, or township is estimated to be approximately 120, and the number covered by a school district-sponsored health plan is estimated to be approximately 152. The statehealthfact.org data indicate more directly that Medicaid covers approximately 1,141 children with autism.

¹ This figure is cited in a press release issued by the Research Communications office of The Ohio State University. The press release is dated August 20, 2007.

Fiscal effects

The bill may increase the costs to state and local governments to provide health benefits to employees and their dependents. Diagnosis and treatment of autism may already be fully or partially covered in some governmental health plans. To the extent that they are provided currently, the cost estimates below should be reduced.

The fact that the bill does not specify who may diagnose or treat a child with autism makes estimating the cost per child impossible. We might assume that the condition must be diagnosed and treated by a qualified professional, but the bill does not specify that coverage must be provided only in such cases.

Regarding treatment of autism, Dr. Mulick (in the press release cited above) states that there is no cure for autism. He reports that the only therapy that has been shown to have a long-term positive effect on autism is Early Intensive Behavioral Intervention, a labor-intensive process. It involves one-on-one behavioral treatment with a child for up to 40 hours per week for several years. If we assume that treatment is provided by a qualified professional charging an hourly rate of \$100, and that treatment averages 500 hours per year per child, the cost per child would be \$50,000 annually.

It should be emphasized that LSC cannot estimate the cost of the bill due to lack of detail about what is required of insurers and public employee benefit plans. But the following may provide some indication of the possible magnitude of costs, given the illustrated cost per child of \$50,000 per year. Given all the assumptions made above, the cost to the state to cover 37 autistic children² would be \$1.8 million per year. The cost to the Medicaid program's managed care program to cover 1,141 children would be roughly \$57 million, of which the federal government would pay approximately 60%. Because the cost would depend on increases in managed care rates, which are currently being finalized for calendar year 2008, the cost would be delayed until FY 2009. The cost to counties, municipalities, and townships statewide would be approximately \$6 million, and the cost to school districts would be approximately \$7.6 million.

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² This is based on the 741,215 live births in Ohio during the five years from 2002 to 2006. This implicitly assumes that treatment lasts five years for the average child.