


Colorado Legislative Council Staff Fiscal Note
STATE and LOCAL
FISCAL IMPACT

Drafting Number: LLS 09-0894
Prime Sponsor(s): Sen. Shaffer B.
 Rep. Primavera

Date: March 18, 2009
Bill Status: Senate Health and Human Services
Fiscal Analyst: Amy Larsen (303-866-3488)

TITLE: CONCERNING HEALTH INSURANCE BENEFITS FOR THE TREATMENT OF AUTISM SPECTRUM DISORDERS.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue		
State Expenditures		
General Fund Appropriation to the CBHP* Trust	\$0	\$660,685
Cash Funds		
Health Care Expansion Fund	0	325,117
Federal Funds	0	1,830,775
Multiple Funding Sources - Health Insurance Premiums		
General Fund, Cash Funds, and Federal Funds	0	up to 5.5 million
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: July 1, 2010, unless a referendum petition is filed.		
Appropriation Summary for FY 2009-2010: None.		
Local Government Impact: See Local Government Impact section of the fiscal note.		

* *Children's Basic Health Plan (CBHP).*

Summary of Legislation

Effective July 1, 2010, the bill requires all health insurance policies, subject to state regulation, to provide coverage to assess, diagnose, and treat autism spectrum disorders (ASD). Failure to include this coverage is considered an unfair or deceptive practice in the business of insurance. The bill includes definitions of terms including: ASD, applied behavior analysis, autism services provider, and medically necessary.

Insurance carriers cannot deny coverage for applied behavior analysis or for physical, speech or occupational therapy for the treatment of ASD on the grounds that it is not medically necessary, unless a treatment review has been completed in the prior 60 days. The bill specifies that early intervention services, currently a mandatory coverage, shall supplement the services required under SB09-244.

State Expenditures

For FY 2009-10, the bill is assessed at no fiscal impact because the bill is not effective until July 1, 2010.

For FY 2010-11, state expenditures are expected to increase by at least \$2.8 million and up to \$8.3 million. Expenditures increase based on increased health benefits in the CBHP and in the state employee health plans as described below.

Department of Health Care Policy and Financing. Expenditures for the department are expected to increase by \$2.8 million in FY 2010-11 and subsequent years. The CBHP services are based on private insurance coverage in the state and include most mandatory coverages. Currently, the CBHP provides outpatient benefits for physical, speech, and occupational therapy, but it does not include specific treatment for ASD, such as evaluation and assessment services as defined in the bill.

Coverages outlined in SB09-244 are expected to cost about \$25,000 per client with ASD and increase the per member, per month rate for CBHP by \$2.93, as provided by the department's actuary. After accounting for inflation, an annual increase per client of \$41.43 is anticipated in FY 2010-11 ($\$41.43 \times 67,984$ clients = \$2,816,577). Based on traditional cost sharing for the CBHP, expenses are shared between a General Fund appropriation to the CBHP Trust (\$660,685), the Health Care Expansion Fund (\$325,117), and federal funds (\$1,830,775).

Department of Personnel and Administration. This bill has no direct impact on state expenditures, but it may influence future decisions of the General Assembly in funding state employee benefits. *Any increase in state funding for employee benefits is conditional upon future action by the General Assembly.*

State Employer/Employee Health Plan Contributions. The bill applies to the health insurance plans offered to state employees under the state's employee benefit program. Each health plan was requested to estimate costs associated with this bill. Total health plan cost increases are expected to translate into increased annual premiums of approximately \$2.7 million spread across state employees and dependents enrolled in the self-funded plan (\$1.9 million), the San Luis Valley HMO (\$106,000), and the Kaiser Permanente HMO (\$765,000). The anticipated increases per policy range from \$3.43 per month for employee-only coverage in the Kaiser Permanente plan, to \$40.45 per month for employee and family coverage in the San Luis Valley HMO. Additional information from the state health plans is available in the Legislative Council Staff, Fiscal Notes Section.

This bill may influence the General Assembly to increase the state's contribution to funding state employee benefits in order to meet the statutory requirement of providing benefits comparable to private sector employers. Over time, increased health insurance premiums would be incorporated into the Total Compensation Survey, and any increases to the state's contribution to maintain parity with the private sector will increase state expenditures.

Department of Higher Education. The information included under State Employer/Employee Health Plan Contributions does not include health plans offered by state institutions of higher education. However, health plans offered by all these institutions are also expected to comply with SB09-244 beginning in FY 2010-11. Based on information provided by the health plans, costs are expected to increase between 2 and 5 percent, up to \$2.8 million. Presently, it is not known who will pay these costs, the institutions or the employees.

Department of Regulatory Agencies, Division of Insurance. The division is expected to respond to a small number of inquiries and complaints related to SB09-244. This activity is not expected to significantly impact the workload of the department, and no additional appropriation is required.

Local Government Impact

Health plans are expected to pass on increased costs to comply with the bill to their clients, including local governments. The size of the increase, and who will bear the expense, cannot be determined.

Departments Contacted

Health Care Policy and Financing
Personnel and Administration
Judicial Branch

Human Services
Higher Education

Regulatory Agencies
Education