

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0426
Prime Sponsor(s): Sen. Kefalas
 Rep. Primavera

Date: January 20, 2015
Bill Status: Senate Health & Human Services
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BILL TOPIC: MENTAL HEALTH PARITY FOR AUTISM SPECTRUM DISORDERS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	\$0	
State Diversions		
General Fund	(151,224)	
Cash Funds	151,224	
State Expenditures	\$151,224	
Cash Funds	141,361	
Centrally Appropriated Costs**	9,863	
FTE Position Change	0.5 FTE	
Appropriation Required: \$141,361 - Department of Regulatory Agencies (FY 2015-16)		

* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

The bill includes autism spectrum disorders in the state's mental health parity law and repeals a provision that specifies that autism is not treated as a mental illness for the purposes of health care coverage. The bill also removes statutory references to caps on the number of visits or services concerning the assessment, diagnosis, and treatment of autism spectrum disorders under a health insurance plan. The bill specifies that a nationally registered behavior technician may provide direct services to a person with autism spectrum disorder under the supervision of another autism services provider.

Background

Several state and federal laws interact concerning coverage for autism spectrum disorders and mental health disorders. The federal and state mental health parity laws generally require that health insurance plans offer mental health and substance use disorder treatment coverage that have financial requirements (such as co-pays or deductibles) and treatment limitations (such as visit limits) that are no more restrictive than the requirements applied for physical health coverage. Under current law, autism spectrum disorders are specifically excluded from the definition of mental illness under the state mental health parity law. Colorado enacted House Bill 09-244, which required that health insurance plans in the state offer coverage for autism spectrum disorders up to certain limits.

Under the federal Affordable Care Act (ACA), coverage for autism spectrum disorders was classified as an essential health benefit, given that there was a state mandate for this coverage. However, the state mandate included annual dollar limits on treatment, which is prohibited under the ACA. In response to the ACA, the state passed HB 13-1266, which aligned state insurance law with the ACA. Among other things, HB 13-1266 specified that the commissioner of insurance must promulgate rules concerning coverage for children with autism spectrum disorder, including setting the actuarial value of mandatory coverage for autism spectrum disorders as equal to the caps imposed in statute by HB 09-244.

State Revenue

While the bill does not affect net revenue to the state, it does result in a one-time diversion of General Fund, as discussed below.

State Diversions. This bill diverts **\$151,224 from the General Fund in FY 2015-16**. This revenue diversion occurs because the bill increases costs in the Department of Regulatory Agencies (DORA), Division of Insurance (DOI), which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill results in a one-time cost of **\$151,224** in FY 2015-16, paid from the Division of Insurance Cash Fund. The bill also may impact all state agencies by affecting insurance premiums for certain state employee health plans. These costs and impacts are discussed below.

Assumptions. While the bill takes effect and applies to plans issued after January 1, 2016, the fiscal note assumes that the bill will impact the workload in the DOI prior to this date given the regulatory cycle for the review of health insurance plans, which extends up to a year and a half before the plans are to be in effect. The fiscal note assumes that, if passed, the bill will be signed by the Governor in May 2015.

Division of Insurance costs. Based on the assumptions above, the bill increases costs in the DOI for plan, rate, and actuarial review of health insurance plans outside of the usual review cycle. This is a one-time cost of \$151,224. When the bill is signed into law, insurance companies will be required to modify and resubmit their previously filed health plans for 2016. This out-of-cycle review will require \$29,718 and 0.5 FTE for DOI to review the plans and work with insurance carriers resubmitting plans. In addition, to ensure that the requirements of the bill are met, 300 hours of both actuarial and rate consultant time is required. At a rate of \$176.72 and 186.00 per hour, respectively, these consultants will cost a total of \$108,816. These costs, as well as other standard operating and capital expenditure costs are shown in Table 1.

Table 1. Expenditures Under SB 15-015		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$29,718	
FTE	0.5 FTE	
Actuarial and Rate Consultants	108,816	
Operating Expenses and Capital Outlay Costs	2,827	
Centrally Appropriated Costs*	9,863	
TOTAL	\$151,224	

* Centrally appropriated costs are not included in the bill's appropriation.

State employee insurance costs. One state employee health plan (the fully insured Kaiser plan) does not currently comply with the coverage requirements of the bill and premium costs could increase for state employees on this plan. Because state employee health insurance contributions are based upon prevailing market rates, with costs shared between the employer and employee, this bill is not expected to affect state employee premiums until after January 1, 2016. Because insurance rates are influenced by a number of variables, the exact effect of this bill cannot be determined. Any increase caused by the bill will be addressed through the total compensation analysis included in the annual budget process.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under SB 15-015*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,023	
Supplemental Employee Retirement Payments	2,303	
Indirect Costs	3,537	
TOTAL	\$9,863	

*More information is available at: <http://colorado.gov/fiscalnotes>

Local Government Impact

Local governments that provide health insurance to their employees that do not have the required level of coverage for autism spectrum disorders may experience an increase in premiums beginning in January 1, 2016.

Effective Date

The bill takes effect on January 1, 2016, and applies to health insurance plans issued on or after this date.

State Appropriations

For FY 2015-16, the bill requires an appropriation of \$141,361 to DORA from the Division of Insurance Cash Fund.

State and Local Government Contacts

Regulatory Agencies
Health Care Policy and Financing
Corrections

Personnel and Administration
Human Services
Law