

March 25, 2011

The Honorable Ruth Teichman, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Teichman:

SUBJECT: Fiscal Note for SB 226 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 226 is respectfully submitted to your committee.

SB 226 would require all health benefit plans issued on or after January 1, 2012, to provide coverage for the diagnosis and treatment of autism spectrum disorders. The bill would prohibit health benefit plans from denying or refusing to issue coverage based on an individual's diagnosis of autism spectrum disorder or imposing any dollar limits, deductibles, or coinsurance provisions that are less favorable than those applicable to physical illness. Coverage would be limited to medically necessary treatment ordered by a licensed physician or a licensed psychologist.

The bill would allow a health benefit plan to request a treatment plan that includes all elements necessary for the plan to pay claims and permits an insurance provider to review the treatment plan once a year. SB 226 would prohibit the imposition of any limit on the number of visits an individual may make to an autism service provider.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$2,421,891
FTE Pos.	--	--	--	--

The Kansas Insurance Department indicates that the passage of SB 226 would have an effect on its operations. The Department states that its workload would increase because the Department would be required to prepare an annual report for the Legislature and must calculate the current value of the maximum benefit limitation for applied behavior analysis services as prescribed in the bill. However, the additional workload could be handled within existing resources.

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The Kansas Health Policy Authority (KHPA) indicates that a pilot program for autism coverage began on January 1, 2011. Actual data on the cost of providing autism coverage in the State Employee Health Plan are not yet available. Therefore, KHPA has used statistical data on the pervasiveness of autism in the population and an estimated cost to provide autism coverage as required by this bill in its analysis of the fiscal effect of SB 226. KHPA estimates that the passage of SB 226 would increase expenditures for the State Employee Health Plan by \$2.4 million in FY 2012, \$5.3 million in FY 2013, and \$5.8 million in FY 2014. The estimate for FY 2012 is based on expenditures for one half of the fiscal year since the bill requires coverage starting January 1, 2012. KHPA states that actual costs could vary significantly from this estimate due to factors such as: (1) improvements in the diagnosis of autism spectrum disorders; (2) evolution of accepted treatments and technology; (3) patient treatment and care provided; (4) possible provider price increases in response to coverage availability; and (5) actual prevalence that is different from the population-based estimate.

SB 226 would have a fiscal effect on local governments and school districts that provide health insurance to their employees, whether by an insured health plan or a self-funded health plan. The precise fiscal effect on local governments would depend on the existing level of coverage for autism services and the number of individuals who would utilize the covered services. Finally, because this bill would require all health insurance plans to provide coverage for the treatment of autism spectrum disorders, there would be a fiscal effect to all health insurance providers and/or purchasers of health insurance plans. Any fiscal effect associated with SB 226 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Zac Anshutz, Insurance
Scott Brunner, Health Policy Authority