

April 12, 2011



Senator Bettye Davis  
State Capitol Room 30  
Juneau, AK 99801-1182

Jack C. McRae  
Senior Vice President

Dear Senator Davis:

On behalf of Premera Blue Cross Blue Shield of Alaska, I am writing to you to express our concerns with SB 74 which mandates coverage for autism spectrum disorders (ASD) for children up to age 21.

We are concerned with the challenges faced by children with autism and want to approach this issue in a manner that is in their best interest balanced by the interests of all the members we serve. Our concerns relate to the coverage of predominantly educational therapies under health insurance and increased costs, particularly for specific segments of health insurance purchasers- individuals and small employers.

#### **Coverage for Educational and Unproven Therapies under a Medical Plan**

Health insurance is a means to pay for effective healthcare services and treatments, not educational therapies or unproven interventions. Under SB 74, applied behavior analysis (ABA) treatment would be required to be covered under the medical plan. The outcomes expected from ABA therapy more closely mirror social programs than medical coverage and may be considered investigational when applied to the treatment of autism.

Coverage for autism services should be considered in a comprehensive manner that accounts for the responsibilities of the public education system and should not shift the cost burden to purchasers of private health coverage. Provisions in the federal Individuals with Disabilities in Education Act (IDEA) which guarantees "free and appropriate public education" require school districts to conduct outreach to pre-school children who may be disabled and need special services. IDEA requires districts to establish individual education programs for disabled children ages 3-21 and provide special services to such children. Insurance coverage should not duplicate services that are provided through such programs, and any private coverage should not result in schools shifting responsibilities under federal and state laws to insurers.

#### **Increased Costs for Members**

Of serious concern to us is the cost impact of this benefit mandate on employers and families who are struggling to afford coverage. Our analysis of this mandate projects a premium increase of at least 3% to Alaska consumers. Excluded from this are children of employees in a self-funded plan as these plans are exempt from state mandates.

A very similar bill to mandate autism benefits was before the Washington State Legislature this session. The fiscal impact to the state as prepared by the Office of Financial Management was estimated at over \$140 million for the biennium, growing to over \$200 million in subsequent years. The bill has not advanced this session.

Every benefit mandate adds to the overall cost of healthcare and insurance premiums. We believe employers should have the flexibility to choose their own benefit plans without the burden of additional state mandates. An increasing load of mandates may force employers to drop health insurance altogether. We urge you to strongly consider the financial impacts for this benefit mandate proposal, especially given the current economic conditions, and in light of additional benefit requirements resulting from federal healthcare reform.

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While this proposed mandate would provide some financial relief to families impacted by ASD, whose employers can continue to afford coverage, there will be an unfortunate tradeoff for those families who would no longer be able to afford medical coverage at all, including families with ASD affected children.

Children with a diagnosis of autism spectrum disorder receive the same comprehensive medical coverage under Premera plans available to any other member. This proposal will add to the overall cost of healthcare and would be borne by insured members.

Thank you for considering our concerns on this issue.

Sincerely,



Jack C. McRae  
Senior Vice President