Subsection 3 states, "Coverage under this section is not subject to any limits on the number of visits an individual may make to an autism services provider."

Subsection 4 states, "Coverage under this section may not be denied on the basis that the treatment is nonrestorative, educational, or custodial in nature."

A new section is added to chapter 48.43 RCW that sets out the same criteria as described above for health plans regulated under chapter 48.21 RCW, 48.44 RCW and 48.46 RCW.

**Assumptions**

**Agency Administrative Impacts**

- Benefit language will need to be updated to reflect the intent of the statute. This can be accomplished within current resources.
- Vendor contracts will need to be updated to reflect the intent of the statute. This can be accomplished within current resources.

**Benefits Impact**

- The bill mandates coverage of applied behavior analysis for the treatment of autism spectrum disorders. The Health Care Authority (HCA) assumes "autism spectrum disorders" includes all of the pervasive developmental disorders in the ICD9 code range 299.
- Coverage under this bill would not be subject to any limits, including maximum dollar amounts or frequency limitations. Care would continue to be subject to any applicable deductibles, copays, or coinsurance.
- A new definition for "medically necessary" is proposed which includes any care that might reasonably be expected to do any of the following:
  - Prevent the onset of an illness, condition, injury, or disability;
  - Reduce or ameliorate the physical, mental, or developmental effects of an illness, condition, injury, or disability; or
  - Assist to achieve or maintain maximum functional capacity in performing daily activities, taking into account both the functional capacity of the individual and the functional capacities that are appropriate for individuals of the same age.
- The bill requires the care be provided by a licensed or certified person, entity, or group that provides treatment for autism spectrum disorders. The bill does not offer any other information about necessary licensure or certification, including what body would be responsible for providing such licensure or certification, or how negligence or liability would be managed.
- There is no age limitation. Although autism is typically thought of as a disorder of childhood, it is a lifelong condition. Adult care has the largest lifetime cost of all direct medical costs for individuals with ASD. Behavioral therapies rank second in overall lifetime costs. Source: Alemayehu B, Warner KE. The lifetime distribution of health care costs. *Health Serv Res.* 2004;39:627-642
- Some of the services mandated by the bill are already covered by the PEB plans, including pharmacy, psychiatric, and psychological care. Therapeutic care (such as physical,

occupational, and speech therapies) is also covered, but is subject to plan limitations. This bill would eliminate all current plan limitations.

- Some of the services mandated by the bill are not covered, including assistance with performing daily activities and other nonrestorative care. The new definition of "medically necessary" would also result in coverage of care that is not currently a covered benefit.

- Although the bill allows health plans to conduct annual reviews of the treatment plan and outcomes, the plan is prohibited from taking any meaningful action in response to the findings. This is because the bill shifts the tasks of defining "medical necessity" and evaluating the usefulness of the care from the health plan to the care provider. In other words, the health plan would be required to authorize coverage if the care provider believed the care to be "medically necessary" and useful.

**Assumptions used to Measure the Fiscal Impact**

**Assumption 1**: The developmental disabilities described in the bill are limited to the pervasive developmental disorders within the ICD9 code range 299. There are a number of developmental disabilities that are not included in this diagnosis range, such as cerebral palsy. The inclusion of additional diagnoses would result in different cost assumptions.

**Assumption 2:** The average lifetime cost to treat autism spectrum disorder is assumed to be $1,213,840[1] (2003 dollars) per individual. We have trended this amount forward annually at a cost of 7.5% consistent with the HCA's cost projection model to determine the lifetime cost to be $2,327,152 in 2012 dollars. This figure assumes a life expectancy rate of 66 years. The total lifetime cost is divided by 66 years to get an annual cost of $35,260 per diagnosed member.

As of 2009 claims data, we estimated we paid $4,853 per member for services provided for the autism spectrum disorder. Trended at 7.5% to 2012, the estimated annual cost provided under the current covered services plan design is $6,029. We subtracted $6,029 from $35,260 to get a net annual cost increase of $29,231 per impacted member effective 2012.

[1] Source: "The Lifetime Distribution of Societal Costs of Autism," Michael L. Ganz, MS, PhD, Archives of Pediatric and Adolescent Medicine, 2007;161(4):343-349

The following table shows the cost breakdown:

| Lifetime Autsim Specturm Disorder Costs | | |
|---|---|---|
| i. | Physician/dental | $ 42,259 |
| ii. | Drugs | $ 6,180 |
| iii. | Complementary and alternative medicine therapies | $ 2,704 |
| iv. | Behaviorial therapies | $ 206,337 |
| v. | ER/Hospital | $ 36,235 |
| vi. | Home health | $ 9,738 |
| vii. | Travel | $ 2,503 |
| viii. | child care | $ 74,963 |
| ix. | adult care | $ 662,192 |
| x. | Respite care | $ 17,858 |
| xi | Home improvements | $ 2,388 |
| xii | Special education | $ 150,483 |
| | Total Lifetime Cost (2003 dollars) | $ 1,213,840 |
| | Trended forward to 2012 dollars @ 7.5% per year | $ 2,327,152 |
| | Divided by 66 Years equals 2012 annual cost per diagnosed member | $ 35,260 |
| | Less current services provided | $ (6,029) |
| | Net increased cost per impacted member | $ 29,231 |

The net increased cost of $29,231 is trend forward at 7.5% per year

**Assumption 3:** Prevalence rates. HCA assumes a prevalence rate of 1 per 110 members[2]. Although the Center for Disease Control (CDC) indicates this rate is for children only and has not published an overall prevalence rate, HCA assumes this rate will apply to our entire population. This is because autism is a lifelong condition; these children will still be autistic when they reach adulthood and will continue to require care for their condition. Furthermore, the CDC study reports sharp annual increases in prevalence rates, as well as valid concerns that the CDC figures may underestimate actual autism prevalence rates. We have applied this prevalence rate to the entire PEBB member population of 335,844 to get an assumption of 3,056 members annually will cost $29,231 in 2012.

**Assumption 4:** The definition of "medically necessary" included in the bill will apply only to care for members who have a diagnosis in the ICD9 code range of 299. This means that our current definition would continue to apply for all other members.

**Assumption 5:** HCA assumes our health insurance administration vendors will charge an additional $1.00 per subscriber per month plus 6 nurse case managers at the rate of $16,000 per nurse, per month to administer this complex benefit. This figure is based on past HCA experience administering another complex mandated benefit. Types of additional services to be

[2] Source: The Centers for Disease Control and Prevention, "Prevalence of Autism Spectrum Disorders", Autism and Developmental Disabilities Monitoring Network, United States, 2006

performed include provider recruitment efforts, provider and member outreach, claims, customer service, and other administrative costs.

**Assumption 6:** New coverage requirements begin 1/1/2012.

**Assumption 7:** HCA assumes the requirements of this bill can be managed by our current vendors, and that a new procurement or vendor contract would not be necessary.

## II. B – Cash Receipts Impact

The above assumptions are provided on a calendar year basis. The cash receipts in the following tables convert the calendar year impacts to fiscal years (FY). FY 2012 shows the revenues for 6 months. Every fiscal year thereafter is for 12 months.

| Cash Receipts | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 |
|---|---|---|---|---|---|---|
| 721 Benefits | $ 45,335,228 | $ 94,020,329 | $ 100,971,314 | $ 108,443,624 | $ 116,476,357 | $ 125,111,544 |
| 418 Administration | - | - | - | - | - | - |
| 438 UDP TPA | - | - | - | - | - | - |
| 439 UMP TPA | 980,424 | 1,960,848 | 1,960,848 | 1,960,848 | 1,960,848 | 1,960,848 |
| 12V PEBB Co-Pay TPA | - | - | - | - | - | - |
| Total | $ 46,315,652 | $ 95,981,177 | $ 102,932,162 | $ 110,404,472 | $ 118,437,205 | $ 127,072,392 |

## II. C - Expenditures

The expenditures for FY 2012 are shown for 6 months due to the effective date of January 1, 2012; thereafter expenditures are shown for 12 months.

| Expenditures | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 |
|---|---|---|---|---|---|---|
| State Share | $ 24,638,769 | $ 50,174,160 | $ 53,807,788 | $ 57,713,938 | $ 61,913,050 | $ 66,427,093 |
| Employee Share | $ 3,845,357 | $ 8,854,264 | $ 9,495,492 | $ 10,184,812 | $ 10,925,832 | $ 11,722,428 |
| Other Enrollment | $ 3,890,515 | $ 8,062,419 | $ 8,646,302 | $ 9,273,976 | $ 9,948,725 | $ 10,674,081 |
| Non Medicare Retirees | $ 2,130,520 | $ 4,415,134 | $ 4,734,879 | $ 5,078,606 | $ 5,448,111 | $ 5,845,330 |
| Medicare Retirees | $ 11,810,491 | $ 24,475,200 | $ 26,247,701 | $ 28,153,140 | $ 30,201,487 | $ 32,403,460 |
| Total | $ 46,315,652 | $ 95,981,177 | $ 102,932,162 | $ 110,404,472 | $ 118,437,205 | $ 127,072,392 |

Of the state share shown in the table above, we estimate 47.5% of the revenue comes from the General Fund-State account and the remaining revenue source comes from other funds as follows:

| Source of State Share | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 |
|---|---|---|---|---|---|---|
| GF-State | $ 11,703,416 | $ 23,832,726 | $ 25,558,699 | $ 27,414,119 | $ 29,408,700 | $ 31,552,869 |
| GF-Federal | $ 1,675,436 | $ 3,411,843 | $ 3,658,930 | $ 3,924,548 | $ 4,210,087 | $ 4,517,042 |
| GF-Local | $ 172,471 | $ 351,219 | $ 376,655 | $ 403,998 | $ 433,391 | $ 464,990 |
| Other Appropriated | $ 4,952,393 | $ 10,085,006 | $ 10,815,365 | $ 11,600,502 | $ 12,444,523 | $ 13,351,846 |
| Non Appropriated | $ 6,135,053 | $ 12,493,366 | $ 13,398,139 | $ 14,370,771 | $ 15,416,349 | $ 16,540,346 |
| Total State Share | $ 24,638,769 | $ 50,174,160 | $ 53,807,788 | $ 57,713,938 | $ 61,913,050 | $ 66,427,093 |