

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1210 HB	<b>Title:</b> Autism disorders insurance
-----------------------------	--

## Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Washington State Health Care Authority	0	2,150,600	0	9,215,106	0	10,550,374
Department of Social and Health Services	Non-zero but indeterminate cost. Please see discussion."					
<b>Total \$</b>	<b>0</b>	<b>2,150,600</b>	<b>0</b>	<b>9,215,106</b>	<b>0</b>	<b>10,550,374</b>

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Washington State Health Care Authority	.0	806,262	2,150,600	.0	3,454,755	9,215,106	.0	3,955,348	10,550,374
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Health	1.1	182,000	182,000	1.9	324,000	324,000	1.9	324,000	324,000
<b>Total</b>	<b>1.1</b>	<b>\$988,262</b>	<b>\$2,332,600</b>	<b>1.9</b>	<b>\$3,778,755</b>	<b>\$9,539,106</b>	<b>1.9</b>	<b>\$4,279,348</b>	<b>\$10,874,374</b>

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID 26694

FNS029 Multi Agency rollup

Estimated Capital Budget Impact

Agency Name	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Health						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Washington State Health Care Authority						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0

--

Prepared by: Nick Lutes, OFM	Phone: 360-902-0570	Date Published: Final
------------------------------	------------------------	--------------------------

\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1210 HB	<b>Title:</b> Autism disorders insurance	<b>Agency:</b> 107-Wash State Health Care Authority
-----------------------------	--	---

## Part I: Estimates



No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2010	FY 2011	2009-11	2011-13	2013-15
Public Employees' and Retirees Insurance Account-Non-Appropriated 721-6		2,150,600	2,150,600	9,215,106	10,550,374
<b>Total \$</b>		2,150,600	2,150,600	9,215,106	10,550,374

### Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
<b>Account</b>					
General Fund-State 001-1	0	806,262	806,262	3,454,755	3,955,348
General Fund-Federal 001-2	0	117,305	117,305	502,638	575,470
General Fund-Private/Local 001-7	0	8,261	8,261	35,397	40,526
Public Employees' and Retirees Insurance Account-Non-Appropriated 721-6	0	1,218,772	1,218,772	5,222,316	5,979,030
<b>Total \$</b>	0	2,150,600	2,150,600	9,215,106	10,550,374

### Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Request # 10-19-1

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Dave Knutson	Phone: 360-786-7146	Date: 01/28/2010
Agency Preparation:	Kim Grindrod	Phone: 360 923-2749	Date: 02/02/2010
Agency Approval:	Tim Smolen	Phone: 360 923-2735	Date: 02/02/2010
OFM Review:	Nick Lutes	Phone: 360-902-0570	Date: 02/02/2010

Request # 10-19-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attached narrative

### II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

See attached narrative

### II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See attached narrative

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		2,150,600	2,150,600	9,215,106	10,550,374
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$0	\$2,150,600	\$2,150,600	\$9,215,106	\$10,550,374

## Part IV: Capital Budget Impact

N/A

## Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

This bill directs health plans to pay up to \$50,000 per person per year to provide care and treatment of autism spectrum disorders for children under the age of twenty one.

The mandate would apply to most health plans regulated by Title 48 RCW and self-insured medical plans<sup>1</sup> offered to Public Employees Benefits Board (PEBB) enrollees. It does not apply to Basic Health.

A new section is added to chapter 41.05 RCW. Selected excerpts follow:

Subsection 1 adds definitions including:

- (a) "Applied behavior analysis" means the design, implementation and evaluation of environmental modifications, using behavioral stimuli and consequences, to produce socially significant improvement in human behavior, including the use of direct observation, measurement and functional analysis of the relationship between environment and behavior.
- (b) "Autism services provider" means any person, entity, or group providing treatment for autism spectrum disorders pursuant to a treatment plan.
- (c) "Autism spectrum disorders" means any of the pervasive development disorders as defined by the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders including Autistic Disorder, Asperger's Disorder, and Pervasive Developmental Disorder Not Otherwise Specified.
- (e) "Medically necessary" means any care, treatment, intervention, service, or item that prescribed, provided, or ordered by a licensed physician or a licensed psychologist...
- (j) "Treatment of autism spectrum disorders" includes the following care prescribed, ordered, or provided by a licensed physician or a licensed psychologist who determines the care to be medically necessary:
  - a. Applied behavior analysis and other structured behavior programs;
  - b. Pharmacy care;
  - c. Psychiatric care;
  - d. Psychological care;
  - e. Therapeutic care;
  - f. Any care for individuals with autism spectrum disorders that is determined by the State Health Department, based upon its review of best practices or evidence-based research, may be medically necessary and is published in the Washington State Register.

Subsection 6 is added to state that coverage under this section will be subject to a maximum benefit of fifty thousand dollars per year. [It will be adjusted annually by the Office of the Insurance Commissioner using the medical care component of the United States Department of Labor Consumer Price Index for all urban consumers].

Subsection 7 directs, except for inpatient services, if an individual is receiving treatment for autism spectrum disorders, an insurer will have the right to request a review of that treatment not more than once every six months unless the insurer and the individual's licensed physician

---

<sup>1</sup> Currently, PEBB offers two self-insured plans; the Uniform Medical Plan (UMP) and the Aetna Public Employees Plan (Aetna).

## HCA Fiscal Note

Bill Number: HB 1412 v2

HCA Request #: 10-19-01

of licensed psychologist agrees that a more frequent review is necessary. The cost of obtaining any review will be borne by the insurer.

Subsection 8 directs the Department of Health to adopt rules establishing standards for qualified autism services providers.

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.

### **Fiscal Impact and Consideration for the PEBB program**

- Currently PEBB plans establish a set of evidence-based criteria for determining a standard of care based on peer-reviewed literature, effectiveness, quality outcomes, safety, and cost. The bill as drafted includes numerous provisions that limit the ability for health plans to establish and utilize such criteria.
- Specific benefits are set out in statute and are to be further determined by the Department of Health (DOH). There is no distinction between medical and educational services which could require health benefit plans to include benefits for educational services. Generally, applied behavior analysis is targeted to behavior outcomes and falls in the educational domain.
- Standards for credentialing of autism services providers will be developed by DOH. Once the standards are adopted, plans may pay only providers who meet the standards.
- Autism spectrum disorders are included in the Diagnostic and Statistical Manual of Mental Disorders and the mental health parity law will provide parity in coverage for many of the proposed services not later than 2011. However, there appear to be services mandated in the bill that would require a greater scope of coverage than parity. For example, some health plans include visit and age limits on some services such as speech, physical, occupational and neurodevelopmental therapy. Under this proposal visit limits will not be allowed. PEBB plans do not cover educational services but this bill may require them to be covered.
- The bill permits a \$50,000 per year maximum (subject to an annual inflation adjustment) for autism diagnosis and treatment, but the bill also states that “this section will not be construed as limiting benefits that are otherwise available to an individual under a health insurance policy ...”. Thus, we assume this means that PEBB plans would need to provide up to \$50,000 above what is available under the Mental Health Parity law. This includes the services provided in excess of mental health coverage (visit) limits and the additional services such as the applied behavior analysis services not otherwise covered as a benefit.

### **Cost Approach**

The fiscal impact of this proposal on the PEBB health plans is quantified based on the cost of medical claims or benefit costs. This occurs as a result of expanding the definition to include applied behavior analysis to the definition of neurodevelopmental therapies. We have applied the cost ratios identified in the PEBB self-insured plans to the contracted insured plans which

## HCA Fiscal Note

Bill Number: HB 1412 v2

HCA Request #: 10-19-01

include Group Health and Kaiser. HCA assumes this proposal would not increase PEBB administrative costs related to credentialing.

### Assumptions

The ages for coverage are now the same under Section 2 and Section 3. For purposes of this fiscal analysis, we have assumed the expanded coverage applies to covered individuals under the age of twenty-one.

In consultation with our contracted actuary (Milliman) in 2009, we have made the following assumptions:

- The scope of the fiscal analysis is limited to HCA's PEBB program and health plans.
- The expanded definition to include applied behavior analysis is effective January 2011 for the PEBB plans.
- The anticipated cost increase for PEBB self-insured plans is related to the addition of applied behavior analysis associated with treatment of autism spectrum disorders as a covered neurodevelopmental therapy.
- The definition of neurodevelopmental therapies includes applied behavior analysis for all PEBB health plans and the upper age limit is increased to 21 in PEBB health plans provided by contracted carriers.
- Incidence rates have been determined by HCA's contracted actuary (Milliman) using PEBB's self-insured claims data related to ICD-9 diagnosis code 299.0 (infantile autism) and consideration was given to a review of the current literature relating to autism. We have assumed that the cost related to this bill is for the high needs children.
- HCA assumes an incidence rate of 1 per 300 children in the age group 3 through 7. We assume the number of high needs children in this age group would be 51. We assume each high needs child will receive an annual present value of \$40,000<sup>2</sup> in increased services trended at 7 percent annually. This means the value of the services in CY 2011 will be \$42,800.
- HCA assumes an incidence rate of 1 per 1,000 children in the age group 8 through 17. We assume the number of high needs children in this age group would be 51. We assume each high needs child will receive an annual present value of \$40,000 in increased services trended at 7 percent annually. This means the value of the services in CY 2011 will be \$42,800.
- Increased costs impact the PEBB non-Medicare risk pool but do not impact the Medicare risk pool.

---

<sup>2</sup> "The Lifetime Distribution of the Incremental Societal Costs of Autism" Michael L. Ganz MS, PhD, [www.archpediatrics.com](http://www.archpediatrics.com), Reprinted ARCH PEDIATR ADOLESC MED/VOL 161, April 2007. Milliman set assumptions using data from the above study less current direct medical claims and trended forward medical costs at 7%.



## HCA Fiscal Note

Bill Number: HB 1412 v2

HCA Request #: 10-19-01

- We assume plans have the ability to manage health care services provided under this provision using medical necessity criteria.
- We assume this bill will not increase PEBB administrative costs.

Different assumptions would result in different costs projections.

### Operational Impacts

We identified the following operational impacts:

- Benefit language will need to be developed and approved by the PEB Board to reflect the intent of the statute. This can be accomplished within current resources.
- Certificates of coverage will need to incorporate the new benefit and any other clarifying instructions or exclusions. This can be accomplished within current resources.
- Plans may see an increase in appeals on this coverage. We believe this activity can be managed within current resources.

Attachment 1 shows the calculations used to estimate the costs in this fiscal note. Please note: the benefit costs in FY 2011 reflect six months of the benefits cost effective January 2011. Thereafter, twelve months costs are reflected.

## II. B – Cash Receipts Impact

### Cash Receipts Impact

The mandated autism benefits proposal will increase the overall cost of providing PEBB benefits.

The following chart shows the expected increased revenues from FY 2010 through FY 2015.

Cash Receipts	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
721 Benefits	\$ -	\$ 2,150,600	\$ 4,451,742	\$ 4,763,364	\$ 5,096,799	\$ 5,453,575
418 Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 2,150,600	\$ 4,451,742	\$ 4,763,364	\$ 5,096,799	\$ 5,453,575

## II. C - Expenditures

### Expenditures Impact

The table below shows the estimate of the increased cost for each group that participates in the PEBB non-Medicare risk pool. FY 2011 shows the six months of increased costs beginning January 2011. Thereafter, full fiscal year expenditures are shown.

## HCA Fiscal Note

Bill Number: HB 1412 v2

HCA Request #: 10-19-01

Source of Revenue	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
State Share	\$ -	\$ 1,652,177	\$ 3,420,006	\$ 3,659,407	\$ 3,915,565	\$ 4,189,654
Employee Share (1)	\$ -	\$ 225,297	\$ 466,365	\$ 499,010	\$ 533,941	\$ 571,317
Other Enrollment	\$ -	\$ 167,747	\$ 347,236	\$ 371,542	\$ 397,550	\$ 425,379
Non Medicare Retirees	\$ -	\$ 105,379	\$ 218,135	\$ 233,405	\$ 249,743	\$ 267,225
Medicare Retirees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 2,150,600	\$ 4,451,742	\$ 4,763,364	\$ 5,096,799	\$ 5,453,575

The next table shows the source of funding for the state share of the increased expenditures.

State Share Source of Revenue	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
GF-State	\$ -	\$ 806,262	\$ 1,668,964	\$ 1,785,791	\$ 1,910,796	\$ 2,044,552
GF-Federal	\$ -	\$ 117,305	\$ 242,820	\$ 259,818	\$ 278,005	\$ 297,465
GF-Local	\$ -	\$ 8,261	\$ 17,100	\$ 18,297	\$ 19,578	\$ 20,948
Other Appropriated	\$ -	\$ 325,479	\$ 673,741	\$ 720,903	\$ 771,366	\$ 825,362
Non Appropriated	\$ -	\$ 394,870	\$ 817,381	\$ 874,598	\$ 935,820	\$ 1,001,327
Total Active revenue	\$ -	\$ 1,652,177	\$ 3,420,006	\$ 3,659,407	\$ 3,915,565	\$ 4,189,654

The last table shows the expected increase to the employer funding rate as a result of the increased expenditures.

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Employer Funding Rate Impact	\$ -	\$ 1.17	\$ 2.43	\$ 2.60	\$ 2.78	\$ 2.97

### Part IV: Capital Budget Impact

None

### Part V: New Rule Making Required

No

**Neurodevelopmental Mandated Benefit Fiscal Impact****Age 3 through age 7**

1 per 300 will use additional \$40,000 in services

Plan Name	Members age 3 < 8 as of Oct 2008	Percent with Condition electing ABA Therapist	Member Count Age 3 thru 7	Per Member Annual Fiscal Impact	Member x Annual Fiscal Impact	Increased Plan Costs for Credentialing	Total Increased Benefit Cost CY 2010	Total Increased Benefit Cost CY 2011 increased 7% To \$42,800	Total Increased Benefit Cost CY 2012 increased 7% To \$45,796	Total Increased Benefit Cost CY 2013 increased 7% To \$49,002	Total Increased Benefit Cost CY 2013 increased 7% To \$52,432	Total Increased Benefit Cost CY 2013 increased 7% To \$56,102
Uniform Medical Plan	8,348	0.33%	28	\$ 40,000	\$ 1,120,000		\$ 1,120,000	\$ 1,198,400	\$ 1,282,288	\$ 1,372,048	\$ 1,468,092	\$ 1,570,858
Aetna Public Health	1,093	0.33%	4	\$ 40,000	\$ 160,000		\$ 160,000	\$ 160,000	\$ 171,200	\$ 183,184	\$ 196,007	\$ 209,727
Group Health Classic	1,971	0.33%	7	\$ 40,000	\$ 280,000		\$ 280,000	\$ 280,000	\$ 299,600	\$ 320,572	\$ 343,012	\$ 367,023
Group Health Value	3,421	0.33%	11	\$ 40,000	\$ 440,000		\$ 440,000	\$ 440,000	\$ 470,800	\$ 503,756	\$ 539,019	\$ 576,750
Kaiser Permanente Classic	244	0.33%	1	\$ 40,000	\$ 40,000		\$ 40,000	\$ 40,000	\$ 42,800	\$ 45,796	\$ 49,002	\$ 52,432
Kaiser Permanente Value	38	0.33%	0	\$ 40,000	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
No Plan Selected	0	0.33%	0	\$ 40,000	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	15,115		51		\$ 2,040,000	\$ -	\$ 2,040,000	\$ 2,118,400	\$ 2,266,688	\$ 2,425,356	\$ 2,595,131	\$ 2,776,790

**Age 8 through Age 21**

1 per 1000 will use additional \$40,000 services

Plan Name	Members age = 8 < 21 as of Oct 2008	Percent with Condition electing ABA Therapist	Member Count Age 8 thru 17	Per Member Annual Fiscal Impact	Member x Annual Fiscal Impact	Increased Plan Costs for Credentialing	Total Increased Benefit Cost CY 2010	Total Increased Benefit Cost CY 2011 increased 7%	Total Increased Benefit Cost CY 2012 increased 7%	Total Increased Benefit Cost CY 2013 increased 7%	Total Increased Benefit Cost CY 2014 increased 7%	Total Increased Benefit Cost CY 2015 increased 7%
Uniform Medical Plan	27,673	0.10%	28	\$ 40,000	\$ 1,120,000		\$ 1,120,000	\$ 1,198,400	\$ 1,282,288	\$ 1,372,048	\$ 1,468,092	\$ 1,570,858
Aetna Public Health	3,739	0.10%	4	\$ 40,000	\$ 160,000		\$ 160,000	\$ 171,200	\$ 183,184	\$ 196,007	\$ 209,727	\$ 224,408
Group Health Classic	8,033	0.10%	8	\$ 40,000	\$ 320,000		\$ 320,000	\$ 342,400	\$ 366,368	\$ 392,014	\$ 419,455	\$ 448,817
Group Health Value	10,186	0.10%	10	\$ 40,000	\$ 400,000		\$ 400,000	\$ 428,000	\$ 457,960	\$ 490,017	\$ 524,318	\$ 561,021
Kaiser Permanente Classic	967	0.10%	1	\$ 40,000	\$ 40,000		\$ 40,000	\$ 42,800	\$ 45,796	\$ 49,002	\$ 52,432	\$ 56,102
Kaiser Permanente Value	99	0.10%	0	\$ 40,000	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
No Plan Selected	2	0.10%	0	\$ 40,000	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	50,699		51		\$ 2,040,000	\$ -	\$ 2,040,000	\$ 2,182,800	\$ 2,335,596	\$ 2,499,088	\$ 2,674,024	\$ 2,861,206

**Total**

Plan Name	Total Members Under Age 21	Percent with Condition electing ABA Therapist	Member Count Under Age 17	Per Member Annual Fiscal Impact	Member x Annual Fiscal Impact	Increased Plan Costs for Credentialing	Total Increased Benefit Cost CY 2010	Total Increased Benefit Cost CY 2011	Total Increased Benefit Cost CY 2012	Total Increased Benefit Cost CY 2013	Total Increased Benefit Cost CY 2014	Total Increased Benefit Cost CY 2015
Uniform Medical Plan	36,021	0.17%	56		\$ 2,240,000	\$ -	\$ 2,240,000	\$ 2,396,800	\$ 2,564,576	\$ 2,744,096	\$ 2,936,183	\$ 3,141,716
Aetna Public Health	4,832	0.17%	8		\$ 320,000	\$ -	\$ 320,000	\$ 331,200	\$ 354,384	\$ 379,191	\$ 405,734	\$ 434,136
Group Health Classic	10,004	0.17%	15		\$ 600,000	\$ -	\$ 600,000	\$ 622,400	\$ 665,968	\$ 712,586	\$ 762,467	\$ 815,839
Group Health Value	13,607	0.17%	21		\$ 840,000	\$ -	\$ 840,000	\$ 868,000	\$ 928,760	\$ 993,773	\$ 1,063,337	\$ 1,137,771
Kaiser Permanente Classic	1,211	0.17%	2		\$ 80,000	\$ -	\$ 80,000	\$ 82,800	\$ 88,596	\$ 94,798	\$ 101,434	\$ 108,534
Kaiser Permanente Value	137	0.17%	0		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
No Plan Selected	2	0.17%	0		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	65,814		102		\$ 4,080,000	\$ -	\$ 4,080,000	\$ 4,301,200	\$ 4,602,284	\$ 4,924,444	\$ 5,269,155	\$ 5,637,996

**Assumptions**

Enrollment as of Jan. 2010 remains constant

Mandated Benefit Change effective January 1, 2011

The worksheet is developed with an assumption of \$40K increased costs effective CY 2010 and then trended at 7% increase per

Convert Autism Disorders Insurance Benefits to a Fiscal Year Basis		
FY 2010		
Fund 721 Benefits Costs		
Fund 418 Admin Costs	\$	-
FY 2010 Total	\$	-
FY 2011		
Fund 721 Benefits Costs	\$	2,150,600
Fund 418 Admin Costs	\$	-
FY 2011 Total	\$	2,150,600
09-11 Biennium Total	\$	2,150,600
FY 2012		
Fund 721 Benefits Costs	\$	4,451,742
Fund 418 Admin Costs	\$	-
FY 2012 Total	\$	4,451,742
FY 2013		
Fund 721 Benefits Costs	\$	4,763,364
Fund 418 Admin Costs	\$	-
FY 2013 Total	\$	4,763,364
11-13 Biennium Total	\$	9,215,106
FY 2014		
Fund 721 Benefits Costs	\$	5,096,799
Fund 418 Admin Costs	\$	-
FY 2014 Total	\$	5,096,799
FY 2015		
Fund 721 Benefits Costs	\$	5,453,575
Fund 418 Admin Costs	\$	-
FY 2015 Total	\$	5,453,575
11-13 Biennium Total	\$	10,550,375

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1210 HB	<b>Title:</b> Autism disorders insurance	<b>Agency:</b> 160-Office of Insurance Commissioner
-----------------------------	--	---

## Part I: Estimates

☒ No Fiscal Impact

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Dave Knutson	Phone: 360-786-7146	Date: 01/28/2010
Agency Preparation: Donna Dorris	Phone: (360) 725-7040	Date: 01/29/2010
Agency Approval: Donna Dorris	Phone: (360) 725-7040	Date: 01/29/2010
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 01/31/2010

Request # FN 31-1

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

## **Part IV: Capital Budget Impact**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1210 HB	<b>Title:</b> Autism disorders insurance	<b>Agency:</b> 300-Dept of Social and Health Services
-----------------------------	--	---

## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.
---

### Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
---

### Estimated Capital Budget Impact:

<b>Total \$</b>						

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Dave Knutson	Phone: 360-786-7146	Date: 01/28/2010
Agency Preparation: Marcia Wendling	Phone: 360-902-7769	Date: 02/25/2010
Agency Approval: Dan Winkley	Phone: 360-902-8179	Date: 02/25/2010
OFM Review: Nick Lutes	Phone: 360-902-0570	Date: 02/25/2010

Request # 10HB1210.1-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 1 adds new language to RCW 42.015 that requires each health plan offered to public employees and their covered dependents to include coverage for the diagnosis and treatment of Autism Spectrum Disorders (ASD) in individuals less than twenty-one years of age. Coverage is to be provided after July 31, 2010.

Section 2 adds language to RCW 48.43 that requires each health plan offered to the public under RCW chapters 48.21, 48.44, or 48.46 to include coverage for the diagnosis and treatment of ASD in individuals less than twenty-one years of age. Coverage is to be provided after July 31, 2010.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

HB 1210 requires that health plans offered to public employees and other health plans offered to the public provide coverage for those with ASD after July 31, 2010.

Impacts to the department are indeterminate.

The department may incur increased cost for the coordination of benefits and services provided to clients.

The department may experience a reduction in costs or an increase in cost recovery as people currently receiving services may now have insurance coverage for ASD.

Sections 1 (8) and 2 (8) require the Department of Health to adopt rules establishing standards for qualified autism services providers. Payments for the treatment of ASD will be made only to providers who meet these standards. It is possible that some of the services provided by DSHS will not be covered, if they do not meet the standards.

There are approximately 20,000 children receiving services through the Developmental Disabilities Division (DDD). According to the Centers for Disease Control (CDC), the prevalence of autism is 1 in 110. Using this rate, there are approximately 182 children in DDD that are possibly impacted. The majority of services provided to this age group are for personal care or family support services. Annual costs can range from a several hundred to several thousand per child. In a few cases, the cost may exceed the \$50,000 covered by insurance.

If we assume that seventy-five percent needs minimal support, twenty-four percent needs more extensive support, and one percent needs maximum support, the impact could be in the range of \$.8 million in total funds.

$182 \times .75 = 136 \times \$500 = \$68,000$



$$182 \times .24 = 44 \times \$15,000 = \$660,000$$

$$182 \times .01 = 2 \times \$50,000 = \$100,000$$

There are approximately 684,000 children under 19 on Medical Assistance. Of these, approximately seven percent, or roughly 48,000 have third party coverage. According to the CDC, the prevalence of autism is 1 in 110. Using this rate, there are approximately 440 children that are possibly impacted. Annual costs can range from a few hundred to several thousand per child. In a few cases, the cost may exceed the \$50,000 covered by insurance.

If we assume that seventy-five percent needs minimal support, twenty-four percent needs more extensive support, and one percent needs maximum support, the impact could be in the range of \$2 million in total funds.

$$440 \times .75 = 330 \times \$500 = \$165,000$$

$$440 \times .24 = 106 \times \$15,000 = \$1,590,000$$

$$440 \times .01 = 4 \times \$50,000 = \$200,000$$

### **Part III: Expenditure Detail**

### **Part IV: Capital Budget Impact**

### **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1210 HB	<b>Title:</b> Autism disorders insurance	<b>Agency:</b> 303-Department of Health
-----------------------------	--	---

## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.0	2.1	1.1	1.9	1.9
<b>Account</b>					
General Fund-State 001-1	0	182,000	182,000	324,000	324,000
<b>Total \$</b>	0	182,000	182,000	324,000	324,000

### Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	\$0	\$0	\$0	\$0	\$0	\$0

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Dave Knutson	Phone: 360-786-7146	Date: 01/28/2010
Agency Preparation: Stacy May	Phone: 360-236-3927	Date: 02/04/2010
Agency Approval: Catherine Suter	Phone: 360-236-4544	Date: 02/04/2010
OFM Review: Nick Lutes	Phone: 360-902-0570	Date: 02/05/2010

Request # 10-082-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Sections 1 & 2: The bill requires the Department of Health (DOH) to adopt rules establishing standards for qualified autism service providers. DOH must determine the care medically necessary for individuals with autism spectrum disorders based on its review of best practices and evidence-based research. Carriers, regulated by the Health Care Authority, will only pay for autism treatment by providers who meet these standards.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

None.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Assumptions: To be able to establish standards for qualified autism service providers, DOH, Division of Health Systems Quality Assurance (HSQA) will need to research best practices in other states and available evidence on effectiveness of autism treatments. Review and updates to the standards will be conducted on an ongoing basis. This bill does not identify an implementation date; therefore HSQA is assuming a start date of July 1, 2011. This will allow adequate time for rulemaking and research on best practices.

Sections 1 & 2: In fiscal year (FY) 2011, there will be one-time rulemaking costs to establish standards for qualified autism service providers. There will be two stakeholder meetings and one formal hearing. Due to the complexity and the variety of licensed health care providers that provide autism services, HSQA will conduct one meeting in Spokane and one in the Seattle area. The formal hearing will be held in Tumwater. Other one-time costs will be for researching best practices in other states, gathering evidence on effectiveness of autism treatments and compiling the initial list of treatments to publish in the Washington State Register (WSR). Costs will include staff and associated costs, Board/Commission member time, Attorney General time and travel. Total staff required will be 1.6 FTE. Total costs equal \$182,000.

Starting in FY 2012, ongoing costs will be to conduct a complete review of the treatment standards already published in the WSR, review best practices and any new evidence-based research available, add new treatments to the WSR, and update rules accordingly. This will include staff and associated costs, Board/Commission member time, Attorney General time and travel. Total ongoing staff will be 1.6 FTE and \$162,000 each year.

In FY 2011 and ongoing, estimated expenditures also include salary, benefits and related staff costs for a 0.1 FTE Health Services Consultant (HSC) 1 and a 0.2 FTE Fiscal Analyst 2 to assist with the increased workload.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		2.1	1.1	1.9	1.9
A-Salaries and Wages		110,000	110,000	218,000	218,000
B-Employee Benefits		29,000	29,000	58,000	58,000
C-Personal Service Contracts					
E-Goods and Services		22,000	22,000	42,000	42,000
G-Travel		7,000	7,000	2,000	2,000
J-Capital Outlays		12,000	12,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		2,000	2,000	4,000	4,000
9-					
<b>Total:</b>	\$0	\$182,000	\$182,000	\$324,000	\$324,000

### III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
Board Member FTE @ 250 per day			0.1	0.1		
Board Member FTE @ 50 per day			0.3	0.2	0.2	0.2
Fiscal Analyst 2	44,928		0.2	0.1	0.2	0.2
Health Svcs Conslt 1	43,836		0.1	0.1	0.1	0.1
HEALTH SVCS CONSLT 3	61,632		1.1	0.6	1.2	1.2
OFFICE ASSISTANT 3	33,468		0.1	0.1		
WMS03	87,096		0.2	0.1	0.2	0.2
<b>Total FTE's</b>	270,960		2.1	1.1	1.9	1.9

## Part IV: Capital Budget Impact

None.

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Sections 1& 2: Requires DOH to establish standards for qualified autism service providers.