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Potential Cost Benefits under HB 3809

Background

House Bill 3809, An Act Relative to Insurance Coverage for Autism (ARICA), was introduced by Representative Barbara L'Italien and Senator Fred Berry in January 2009. It requires Private Insurers to fund medically necessary treatments for Autism, a spectrum of neurobiologically based disorders estimated to affect approximately 1 in 110 individualsⁱ. This memo discusses how ARICA will enhance access to treatment for individuals affected by Autism, produce substantial long and short term cost savings to the Commonwealth, with a minimal impact on insurance premiums.

Introduction

Currently most health insurance policies explicitly exclude, or severely limit, treatment for autism, under practices established decades ago, when autism was believed to be a mental disorder caused by poor parentingⁱⁱ. Despite tremendous advances in research which have shown that autism has a neurological basis and many symptoms can be effectively treated, the practice of excluding coverage has persisted. In an effort to address this, many states have passed mandates requiring health insurance to cover treatments. Currently, twenty one states have passed mandates, including all the New England States except Massachusetts and Rhode Island.

The exclusion of autism coverage from health insurance policies results in significant costs to the Commonwealth. Passage of ARICA will produce long and short term cost savings in several categories:

- Early Intervention – The Department of Public Health is spending over \$11Million on Specialty Services for Children (0-3) with autism. With ARICA, it is estimated by the DHCFP that private insurance would be required to cover \$2.8Million of these costs.ⁱⁱⁱ Self-insured plans are not required to comply with ERICA, but in practice, many do so. This would result in an additional \$1.6Million of reimbursement, (based on data from Maryland, which tracks self-insured plans' coverage of mandated benefits), bringing the total savings to \$4.4MM. (Note: despite the recent changes to EI legislation increasing insurance reimbursement limits for EI, Specialty Services are not covered and continue to remain obligations of the State).

The projected loss of FMAP funds (\$1.6Million) for EI is likely to result in elimination of services for many at-risk children. Reimbursements for autism treatment required under ARICA would mitigate this gap.

- Educational Costs – Most families are currently only able to access treatments through Early Intervention and School Districts. While ARICA does not impact a School District's obligations under IDEA, the DHCFP report notes that "the potential for shifting costs of ABA from the schools to insurers exists", and calculates five year savings ranging from \$10 Million to \$50 Million.^{iv}

In addition, ARICA will indirectly reduce Educational costs in several ways. Children with Autism who receive appropriate treatments will enter school much better prepared to learn. While School Districts will still be responsible for accommodating and educating students with Autism, the levels of supports, special services, private placements, and residential placements will be reduced, with the potential for substantial savings in Special Education Costs.

- Lifetime supports – A 2006 Harvard School of Public Health Study calculated the direct and indirect costs of taking care of an individual with autism over a lifetime can be \$3.2MM, a majority of which are funded by public supports. With the prevalence rate of 1/110, and the conclusions of the DHCFP study that "significant evidence exists for treatment efficacy"^v, a compelling, (and urgent), case exists for the Commonwealth to mandate coverage of these treatments

- Systemic and Infrastructure Costs – Above and beyond the direct quantifiable costs discussed above, numerous studies^{vi} have shown that families affected by autism experience significantly higher levels of emotional and financial stress. This chronic stress can result in crises that require emergency medical, social service, and law enforcement interventions, costs which accrue to the Commonwealth. With the passage of ARICA and broader access to treatments for families, some of these stresses will be mitigated, and the resulting costs to the state reduced.

Costs

The DHCFP actuarial analysis^{vii} derived cost estimates for ARICA of \$1.22, \$1.84 and \$2.45 Per Member Per Month (PMPM) . These are based on 5 year impacts in low, medium and high scenarios, and correspond to .24%, .36%, and .49% PMPM of premiums. Impact on the Commonwealth's GIC premiums (5 year) are estimated to run between \$2.4MM and \$5.8MM.

The Actuarial Analysis states:

Annual medical care cost estimates should be considered in the context of potential societal savings outside the medical care system, including those realized in education, social security payments and workplace productivity. (Executive Summary, p.v)

As detailed above, these societal savings accrue almost exclusively to the Commonwealth. And without ARICA, the State is the payer of last, or in many cases, only, resort for Autism supports and services. In light of the savings which would accrue to Massachusetts, we view the GIC costs as relatively immaterial.

Job Creation

The supply of qualified professionals to treat individuals with autism has expanded significantly in the last several years. Several colleges and universities have developed undergraduate and graduate programs. However the supply has increased at a much lower rate than the prevalence. With the systemic changes that ARICA bring in how autism treatment is funded and reimbursed, we expect there will be a corresponding increase in the numbers of people entering the field and finding employment.

Summary

We believe that ARICA does not only serve to provide access to effective treatments for Autism, it results in substantial cost savings for the Commonwealth. the State will save millions of dollars per year, while at the same time substantially improving the lives of individuals and families affected by Autism.

For the most current information on this initiative visit <http://autismvotesl.org/massachusetts> or <http://afamaction.org>

ⁱ Center for Disease Control, (CDC), 2007

ⁱⁱ Introduction to Refrigerator Mothers (A Film), by Simpson, Hanley and Quinn, Kartemquin Films, ISBN 1-57295-346-2

ⁱⁱⁱ Review and Evaluation of Proposed Legislation Entitled: An Act Relative to Insurance Coverage for Autism

House Bill 3809 Provided forThe Joint Committee on Financial Services, March 2010 http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/10/mb_autism.pdf

^{iv}:ibid

^v ibid

^{vi} Parenting Stress, Child Behavior Problems and Dysphoria in Parents of Children with Autism, Down Syndrome Behavior Disorders, and Normal DevelopmentJournal article by Jean E. Dumas, Lucille C. Wolf, Sandra N. Fisman, Annie Culligan; Exceptionality, Vol. 2, 1991

^{vii} Review and Evaluation of Proposed Legislation Entitled: An Act Relative to Insurance Coverage for Autism

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