

SESSION OF 2022

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2110

As Amended by House Committee on Insurance
and Pensions

Brief*

HB 2110, as amended, would require, for the next State Employee Health Plan (SEHP) coverage year (Plan Year 2023), the State Employees Health Care Commission to provide coverage for the diagnosis and prescribed treatment for pediatric acute-onset neuropsychiatric syndrome (PANS) and pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS), for the purposes of studying the utilization and cost of such coverage.

The bill would also require the Commission, pursuant to the “test track” or pilot program requirements in the Insurance Code (KSA 40-2249a), to submit a report to the President of the Senate and the Speaker of the House of Representatives on or before March 1, 2024, which includes the following information pertaining to the mandated coverage for PANS and PANDAS provided during the 2023 Plan Year:

- The impact that the mandated coverage for PANS and PANDAS required by the bill has had on the SEHP;
- Data on the utilization of coverage for PANS and PANDAS by covered individuals and the cost of providing such coverage; and
- A recommendation whether such mandated coverage should continue in the SEHP or whether additional utilization and cost data is required.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

At the next legislative session following receipt of the report, the bill would authorize the Legislature to consider whether to require coverage for PANS and PANDAS in any individual or group health insurance policy, medical service plan, contract, hospital service corporation contract, hospital and medical service corporation contract, fraternal benefit society, or health maintenance organization that provides coverage for accident and health services and that is delivered, issued for delivery, amended, or renewed in this state on or after July 1, 2025.

Background

The bill was introduced by the House Committee on Insurance and Pensions at the request of Representative Eplee.

[*Note:* During the 2020 Interim, the House Committee on Health and Human Services was authorized to meet and study the topic of PANS/PANDAS. The Committee’s report noted testimony presented and commented on the challenges of enacting state insurance mandates. The Committee recommended the 2021 Legislature review the insurance implications of any proposed payment mandate on both the public and private payer communities.]

House Committee on Insurance and Pensions

In the House Committee hearing on February 10, 2021, Representative Eplee, a clinical professor with the UCLA School of Medicine, a psychiatrist and parent of a child with PANS/PANDAS, and a social worker and parent of a child who has recovered from PANS provided **proponent** testimony. The proponents addressed the efforts to bring awareness to the symptoms and treatment of PANS/PANDAS, as the disorders and presenting symptoms are often misunderstood and the definitive treatment is expensive. PANS is characterized, for example, as an abrupt

onset of obsessive-compulsive disorders or a severe or restrictive eating disorder, and may also present with neurological disorder (e.g., tics), with at least two of seven symptoms presenting (e.g., anxiety, behavioral regression, and sensory or motor abnormalities). Proponents discussed the range of treatment options and the benefits of treatment regimens that use IVIG (a typical infusion costs between \$3,000 and \$5,000 per infusion). A parent addressed her child's diagnosis, from sudden onset at age 9 and the challenges in securing diagnosis and treatment, to the recovery afforded by intravenous immunoglobulin (IVIg) treatments. Proponents indicated the use of the test track for this proposed mandated coverage would allow children and families to access medical treatments, as well as aid in cost benefit analysis for consideration of expansion of the mandate statewide.

A representative of Blue Cross Blue Shield of Kansas (BCBSKS) provided neutral testimony indicating appreciation for consideration of the proposed health insurance mandate as a pilot project. The representative noted the requirements of KSA 40-2248 and 40-2249 for information on the impact of a mandate have not been fulfilled and it is necessary for the Committee to have access to an impact report, which would assess the social and fiscal effect of the new mandate. Such report would provide additional information on the public benefits of the mandate and the associated costs. The representative highlighted treatments BCBSKS covers for PANS/PANDAS treatments, including antibiotics, prednisone, and autism applied behavioral analysis therapy. The representative stated BCBSKS and many insurers, however, consider IVIg to be investigational or experimental as a treatment for PANS/PANDAS.

In March 2021, the Committee submitted a request to the Director of the State Employee Health Plan seeking input regarding the information presented in the fiscal note for the bill and requesting further information regarding both the financial and social impact factors, as outlined in Kansas law,

associated with the diagnosis and prescribed treatment of PANS/PANDAS.

On February 7, 2022, the House Committee held an informational update on the topic of HB 2110. An analyst with the Kansas Legislative Research Department provided background information on the bill, the test track requirements in law for proposed mandated benefit and provider coverages, and the Committee request to the SEHP. A representative of the Segal Company provided a review of the report submitted to the Committee pursuant to its March 2021 request (annual cost estimates are noted below). The Committee also received updates from representative conferees to the bill. Representative Eplee and a parent spoke about bringing awareness to PANS/PANDAS in Kansas and the need to provide access to timely, but often expensive, treatment that is often not covered by insurance. The representative for health insurer Cigna supported the bill's conformation with the state health insurance mandates' test track process. The representative noted the proposed mandate for coverage of PANS/PANDAS treatment would exceed the Kansas Essential Health Benefits, and these costs for enrollees in the Exchange would need to be determined and paid annually by the State.

The House Committee amendments update the plan year and reporting dates specified in the bill.

Fiscal Information (2021)

According to the February 2021 fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Administration estimates enactment of the bill would increase costs to the SEHP by \$242,236 from special revenue funds in FY 2022. The estimate assumes a first-year cost increase of \$484,471. However, because the bill's provisions would not go into effect until January 1, 2022, only half the annual cost would apply to FY 2022. The Department estimates the cost would increase to \$511,117 in FY 2023

which assumes a cost and usage increase of \$26,646 or 5.50 percent. [Note: The bill, as amended by House Committee, would apply to the plan year beginning on January 1, 2023.]

The Kansas Insurance Department indicates enactment of the bill would not have a fiscal effect on Department operations. Any fiscal effect associated with the bill is not reflected in *The FY 2022 Governor’s Budget Report*.

Fiscal Information (2022, Segal Company Report)

The Segal Company report indicated the impact to claims cost and administrative expenses for the SEHP is estimated to be minimal. The report provided updated treatment estimates, which included a narrower count of enrolled children (11,904 enrolled children, from ages 3 to 14) on a range of prevalence estimates (from 0.15 percent to 0.50 percent) based on a combination of treatments according to condition severity.

The estimated annual cost range for PANS/PANDAS treatment, using this treatment cost model, is \$211,150 to \$704,500, or 0.06 percent to 0.19 percent of total projected plan costs.

Estimated Costs of Providing PANS/PANDAS Coverage

Prevalence Percentage	Enrollment, Ages 3 to 14	Prevalence Count	Avg. Cost of Treatment	Estimated Annual Treatment Costs	Percentage of Total Projected Plan Cost
0.50% (1 in 200 rate)	11,904	60 (11,904*0.50%)	\$11,835	\$704,500	0.19%
0.15%	11,904	18 (11,904*0.15%)	\$11,835	\$211,150	0.06%

Source: Segal Consulting report, on behalf of the State Employees Health Care Commission, to the House Committee (January 2022)

Insurance; State Employee Health Plan, pediatric acute-onset neuropsychiatric syndrome; PANS; pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections; PANDAS