

March 24, 2014

The Honorable Scott Schwab, Chairperson
House Committee on Insurance
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Schwab:

SUBJECT: Fiscal Note for HB 2759 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2759 is respectfully submitted to your committee.

HB 2759 would require health insurance coverage for treatment of autism spectrum disorder for individuals up to 19 years of age. The bill would not apply to the individual health insurance market or the small group health insurance market. The maximum amount of coverage would not exceed \$36,000 per year for individuals between birth and seven years of age. For individuals between seven years of age and 19, the maximum amount of coverage would not exceed \$27,000 per year. The mandated coverage would become effective on January 1, 2015. Coverage could be subject to the plan's deductible, copays and coinsurance requirements for other covered services. Based on actual expenditures for 2015, the Commissioner of Insurance would be responsible for setting the autism spectrum disorder premium rate. If the rate exceeds \$0.31 per person per month, required benefits would be reduced. Rules and regulations would be developed and implemented by the Commissioner of Insurance.

Under current law, treatment for autism disorder is not an essential health benefit. However, the law also requires a review and possible revision of essential health benefits for the 2016 plan year. Currently a large group health plan is defined as one offered by an employer with 51 or more employees. Beginning in 2016, the Affordable Care Act (ACA) changes the definition of a large group health plan to one that is offered by an employer with 101 or more employees. If autism disorder treatment is not added as an essential health benefit for 2016 at the federal level, the cost of this state mandate for plans with 51 to 100 employees would have to be paid by the state. The cost of the mandate would depend on actual utilization of the benefit and the number of plans affected. Therefore a fiscal effect cannot be estimated at this point.

The Honorable Scott Schwab, Chairperson

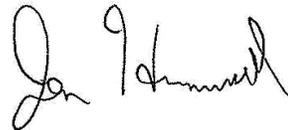
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The Department of Health and Environment indicates that HB 2759 would expand the coverage provided for autism spectrum disorder currently offered in the State Employee Health Plan (SEHP) by increasing the current annual dollar limit on services and potentially increasing the plan expenditures for these services. Depending on the utilization that results from removing the annual benefit cap, it could have an impact on the State's and other covered public employers cost for covering employees under the plan.

The Kansas Insurance Department would be required to obtain the total cost of all premiums paid in the state for autism spectrum disorder to determine an average premium rate. The agency states that in order to complete this analysis, it would require \$15,000 from the State General Fund each year beginning in FY 2016. Of that amount, \$10,000 would be required to collect data and \$5,000 would be needed to contract with a health care actuary. Any fiscal effect associated with HB 2759 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Zac Anshutz, Insurance Department
Aaron Dunkel, KDHE