In Support of Michigan's Autism Insurance Reform Bills SB 414/SB 415/SB 981

Autism Speaks

Why Autism Insurance Reform in Michigan?

- Inequities in health insurance coverage create one of the most significant barriers to appropriate early intervention for children with autism spectrum disorders (ASD).
- No private health insurance carrier in Michigan consistently covers the diagnosis and medically necessary treatments for ASD.

Why Autism Insurance Reform?

Annual Report
to the
Missouri Legislature

Insurance Coverage for Autism Treatment & Applied Behavior Analysis

Statistics Section
Jan. 31, 2012

DIFP

Jeremiah W. (Jay) Nixon
Governor

Department of Insurance,
Financial Institutions &
Professional Registration

John M. Huff
Director

"The paucity of insurance benefits for effective treatments of ASDs very likely contributed to lasting functional impairment of individuals with autistic and related disorders. To the extent that such care cannot be funded by parents, nor provided publicly, individuals are likely to endure life-long cognitive and social deficits with enormous direct and indirect social costs."

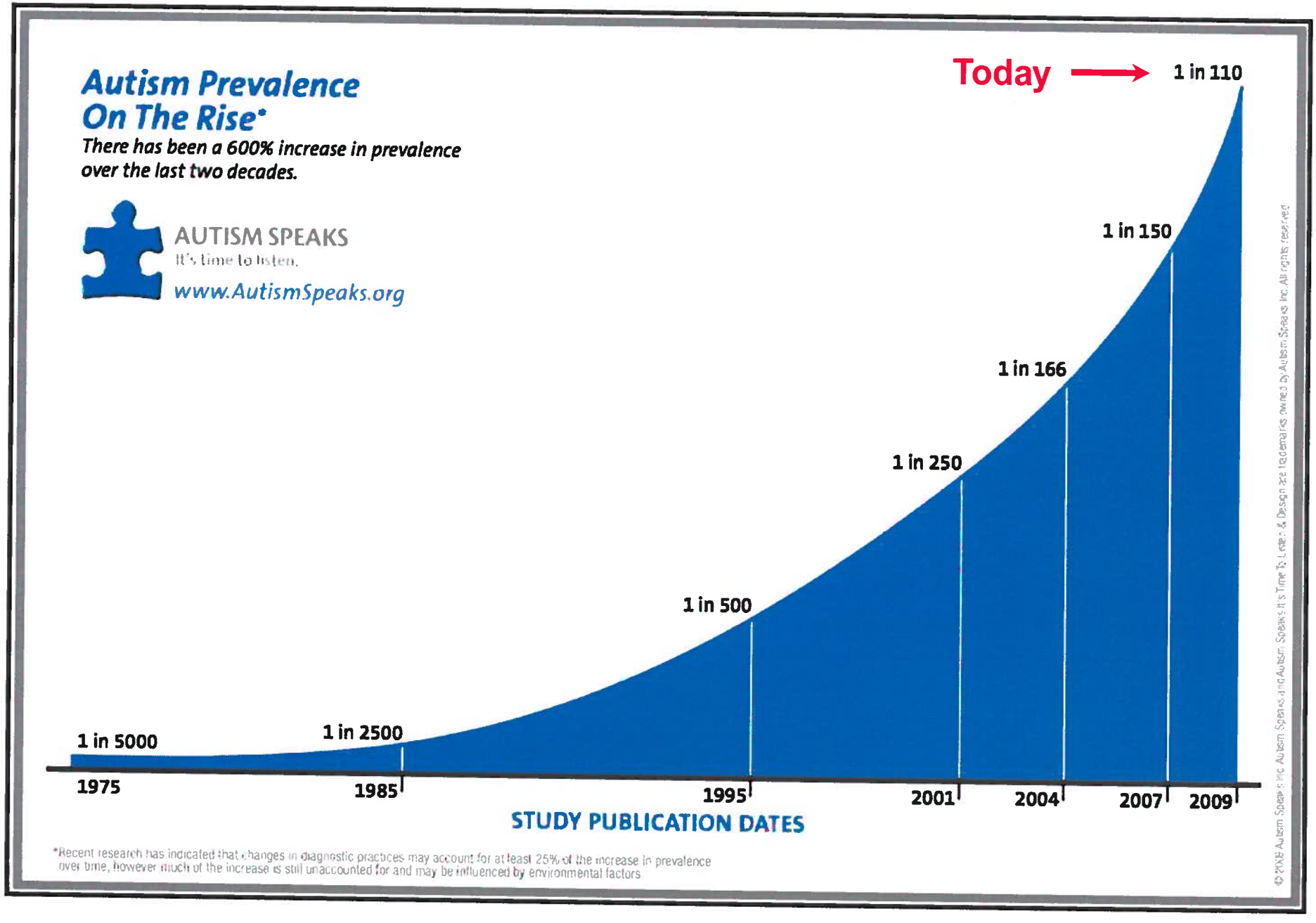
Annual Report to the Missouri Legislature, 2012

What happens when insurance companies deny coverage for the treatment of autism?

- The out of pocket cost of treatment often exceed $50,000 per year
- Financially devastating to families - most go without or receive a fraction of prescribed treatment
- **Without appropriate treatment**, the lifetime cost to the state has been estimated to be **$3.2 million*** per child with ASD (Ganz 2007)

*$3.7 million with inflation

→ Tomorrow??


Autism Prevalence
On The Rise*
There has been a 600% increase in prevalence over the last two decades.
AUTISM SPEAKS
It's time to listen.
www.AutismSpeaks.org
Today →
1 in 110
1 in 150
1 in 166
1 in 250
1 in 500
1 in 2500
1 in 5000
1975
1985
1995
2001
2004
2007
2009
STUDY PUBLICATION DATES
*Recent research has indicated that changes in diagnostic practices may account for at least 25% of the increase in prevalence over time, however much of the increase is still unaccounted for and may be influenced by environmental factors.
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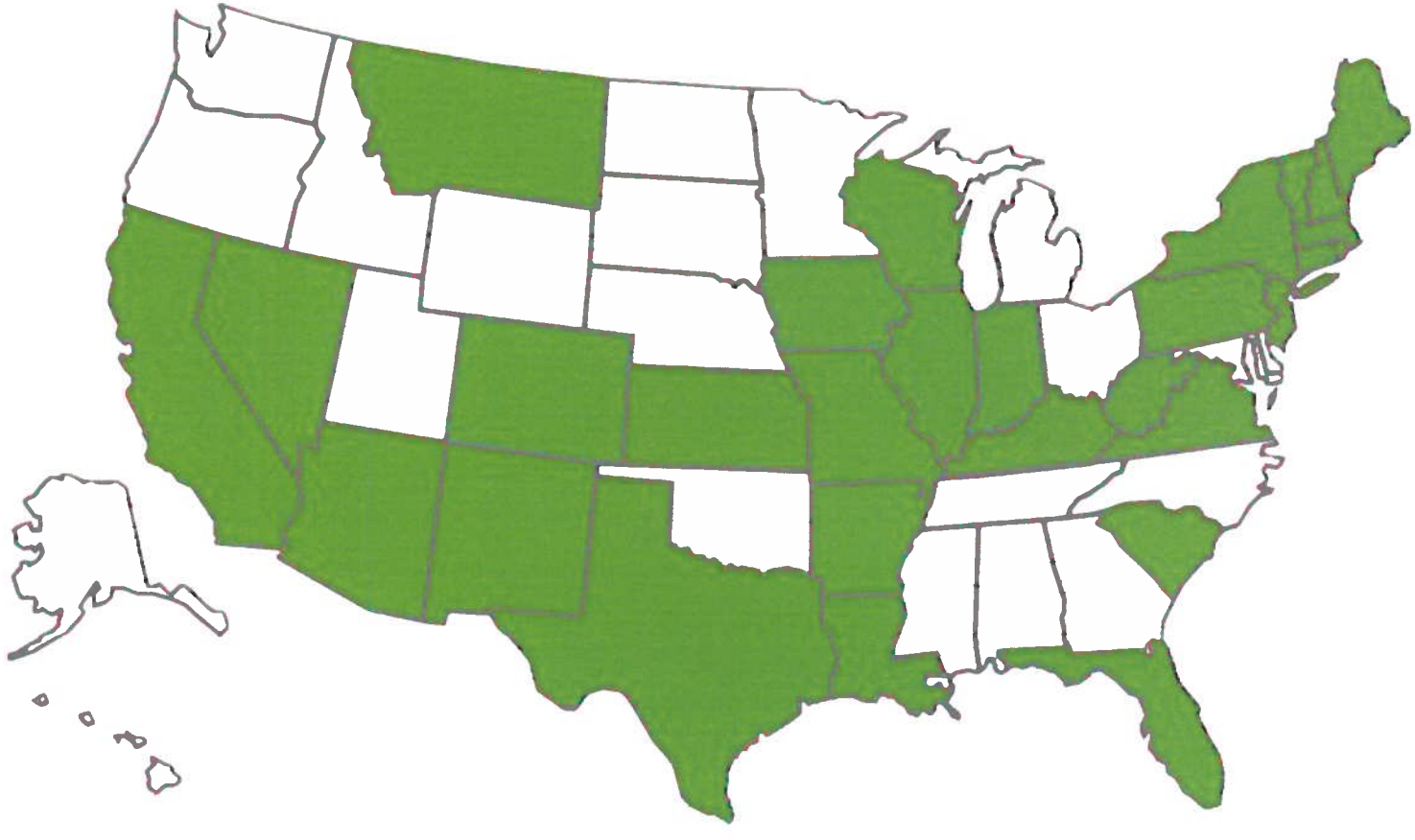
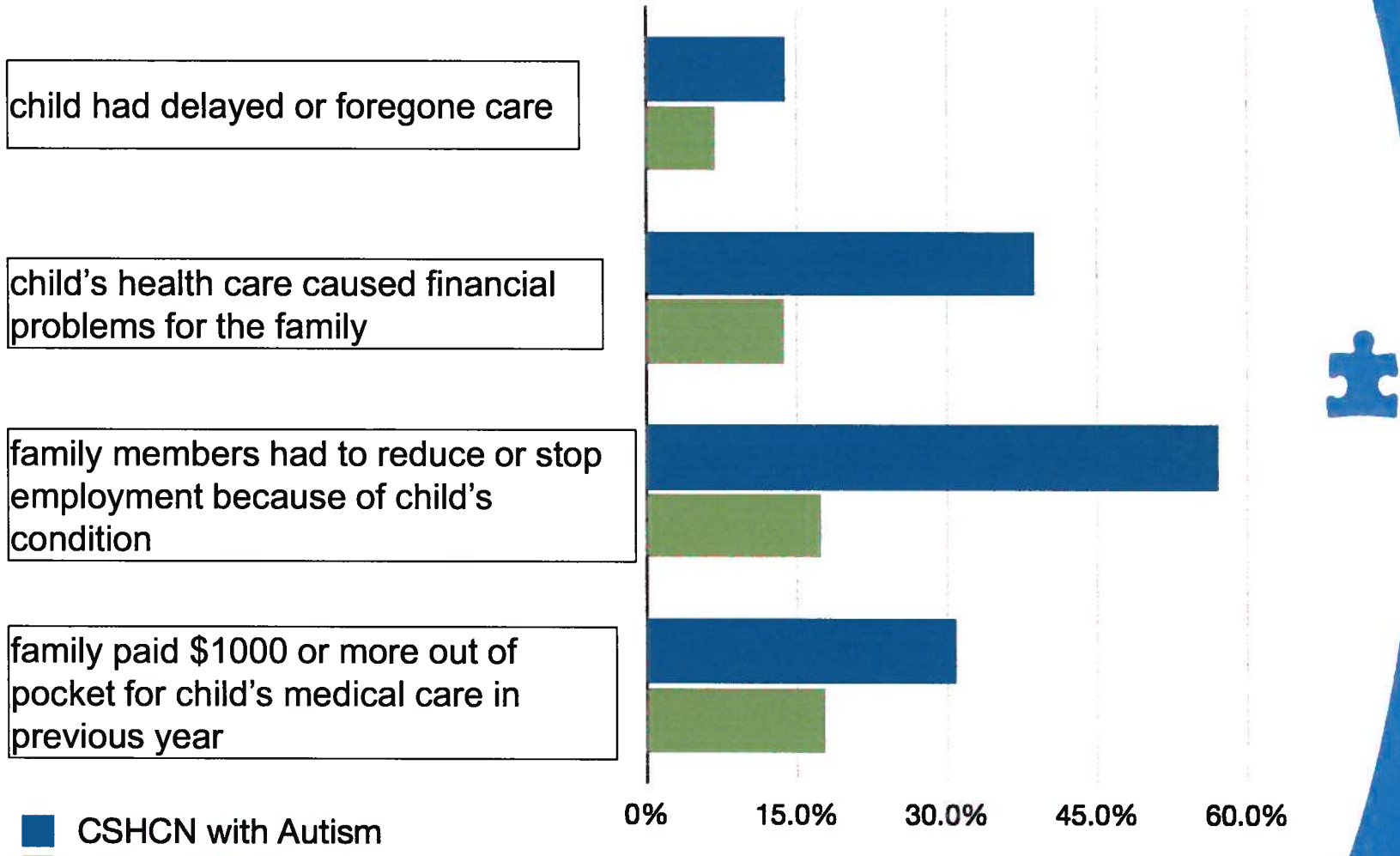
2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

Autism Insurance Reform



29 states

Why single out autism?

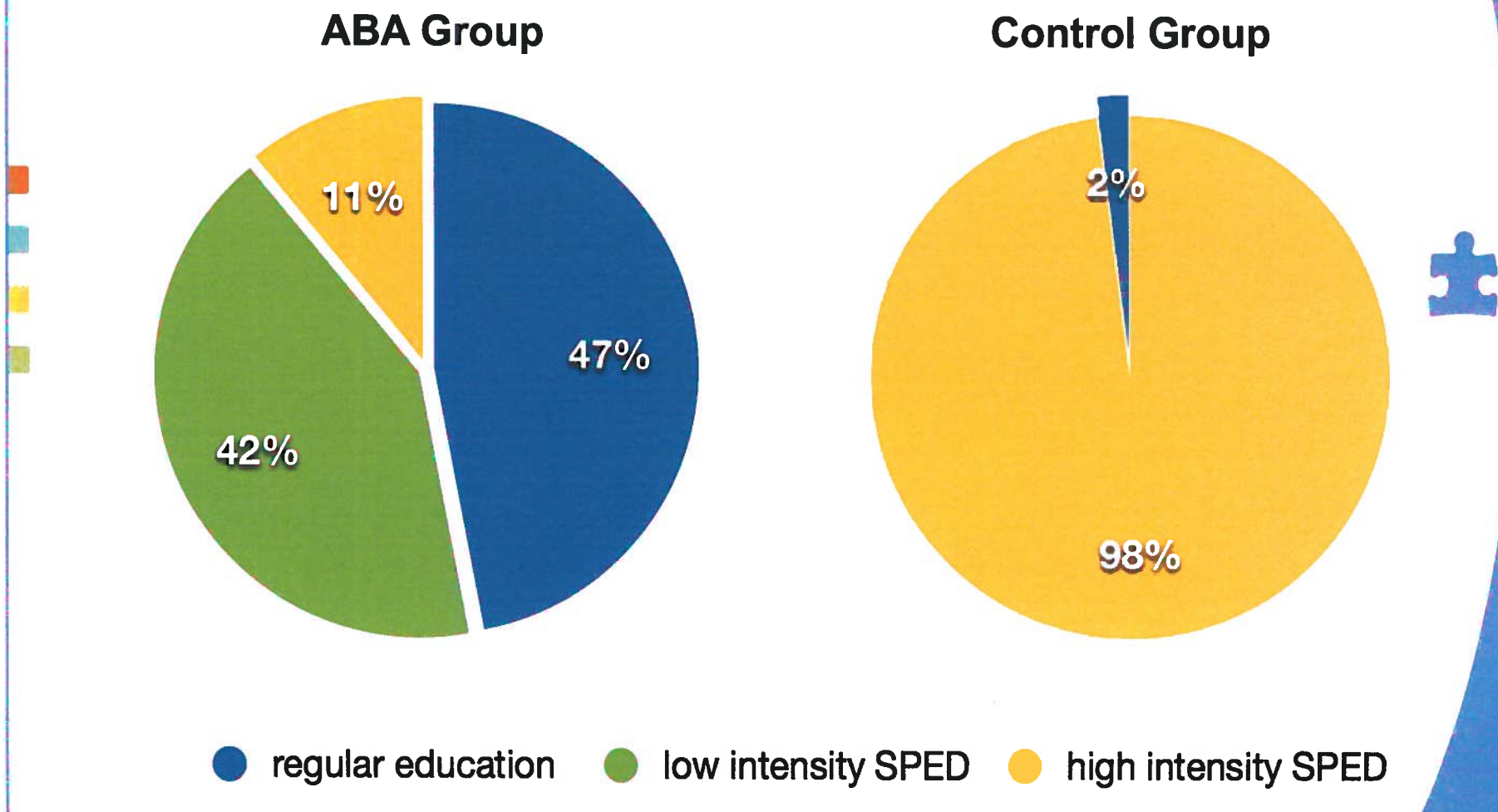


CSHCN = Children with Special Health Care Needs

A National Profile of the Health Care Experiences and Family Impact of Autism Spectrum Disorder Among Children in the United States, 2005 –2006. Michael D. Kogan, Bonnie B. Strickland, Stephen J. Blumberg, Gopal K. Singh, James M. Perrin and Peter C. van Dyck *Pediatrics* 2008;122;e1149

- Early diagnosis and treatment are critical to a positive outcome for individuals with an autism spectrum disorder (ASD)
- **With Applied Behavior Analysis (ABA)**
  - 47% will mainstream in regular education without an aid (vs 2% without ABA)
  - 42% will require low level intensity SPED
  - 11% will require high intensity SPED

Outcome of 1987 UCLA Study



Disability Category	Spending Ratio[17]
Autism (AUT)	2.9
Emotional Disturbance (ED)	2.2
Hearing Impairment/Deafness (HI/D)	2.4
Mental Retardation (MR)	2.3
Multiple Disabilities (MD)	3.1
Orthopedic Impairment (OI)	2.3
Other Health Impairment (OHI)	2.0
Specific Learning Disability (SLD)	1.6
Speech/Language Impairment (SLI)	1.7
Traumatic Brain Injury (TBI)	2.5
Visual Impairment/Blindness (VI/B)	2.9
Preschool (PRE)	2.0
Students Placed in Non-public Schools (NPS)	3.9
Average Special Education Student	1.9

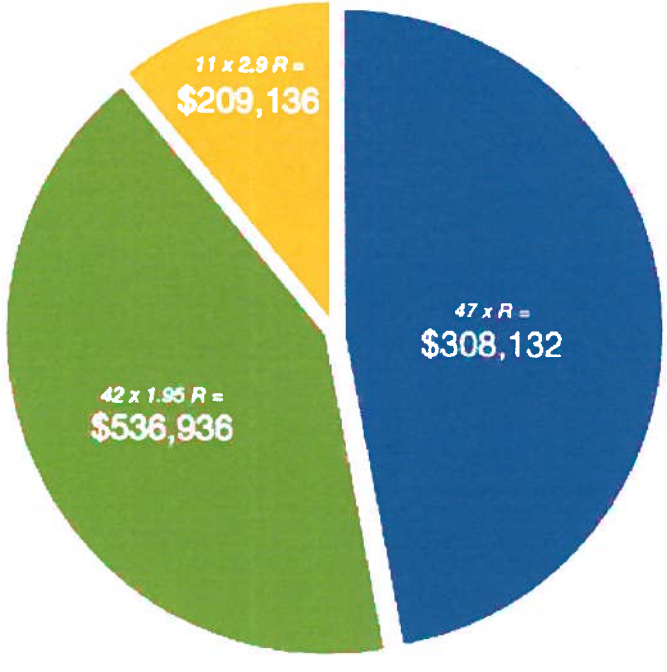
The Cost of Special Education

- The annual cost of special education for a child with ASD is **2.9 times** that of a non-disabled child in regular education (R)
- R = $6,556

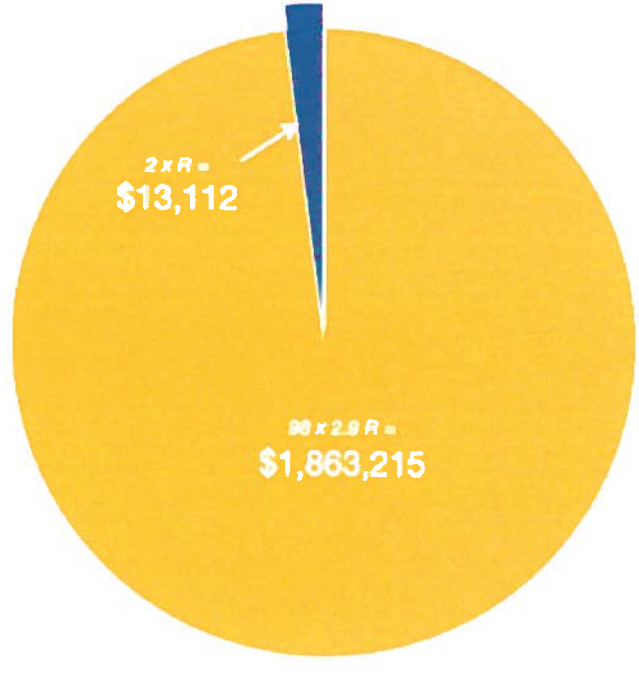
Chambers, et. al, Total Expenditures for Students with Disabilities, 1999-2000: Spending Variation by Disability. Special Education Expenditure Project, Report 5, June 2003

Annual Educational Costs per 100 Children with Autism

SB 414/SB 415/SB 981 Enacted $1,054,205



SB 414/SB 415/SB 981 Not Enacted $1,876,327



For every 100 Michigan children with autism who are treated with ABA, the estimated annual savings in educational costs alone would be **$822,122**

What is the cost of autism insurance reform?

Average First Year Cost of Autism Insurance Reform

	Year of coverage	Number of Covered Lives	Total Claims	PMPM cost
South Carolina	1	371,384	$856,369	$0.19
Illinois	1	171,979	$187,684	$0.09
Florida	1	382,083	$390,724	$0.09
Arizona	1	130,000	$473,818	$0.30
Kentucky	1	240,000	$278,922	$0.10
	Average first year cost			$0.15

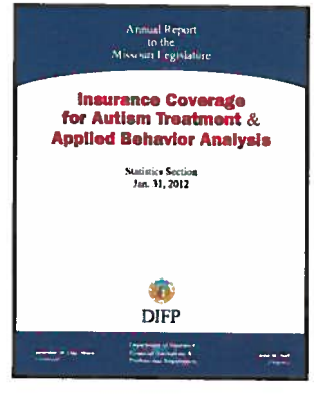
Source: Data collected from State agencies responsible for administering State Employee Health Benefits Programs

Actual Claims Data
Missouri

- Implemented Jan 2011

- Terms
- $40,000/yr (cap only applies to ABA)*
- until age 18*

- Total claims paid = $4,309,828
- Total covered lives = 17,332,763
- Unique claimants = 3,805
- PMPM cost = **25 ¢**



* Caps can be exceeded if deemed medically necessary
Source: Missouri Department of Insurance, Financial Institutions and Professional Registration

- Average monthly cost of ABA per individual with ASD = $35
- 6 cents PMPM
- 0.02% of total claims

"The costs associated with the autism and ABA coverage mandate has thus far been minimal, even as the mandate has led to dramatically expanded coverage and the delivery of medically beneficial services."

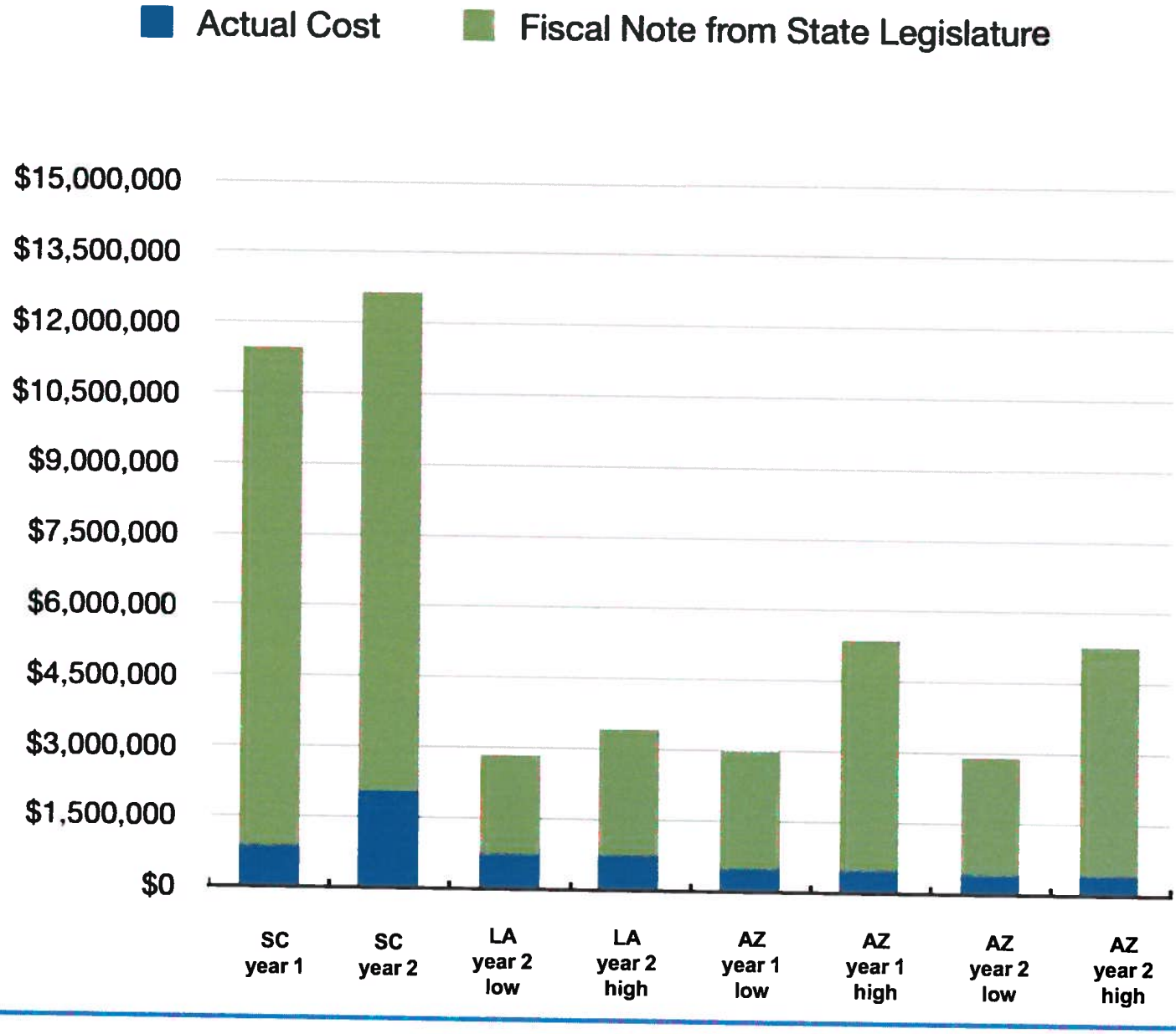
Average Second Year Cost of Autism Insurance Reform

	Year of coverage	Number of Covered Lives	Total Claims	PMPM cost
South Carolina	2	397,757	$2,042,394	$0.43
Illinois	2	170,790	$197,290	$0.10
Louisiana	2	149,477	$722,828	$0.40
Florida	2	386,203	$1,748,849	$0.38
Arizona	2	130,000	$388,662	$0.25
	Average second year cost			$0.31

Source: Data collected from State agencies responsible for administering State Employee Health Benefits Programs

- Claims incurred for treatment of ASD represent **0.1% of total claims**
- "While claims costs are expected to grow somewhat in the future, it seems very unlikely that costs for autism treatment will have an appreciable impact on insurance premiums."

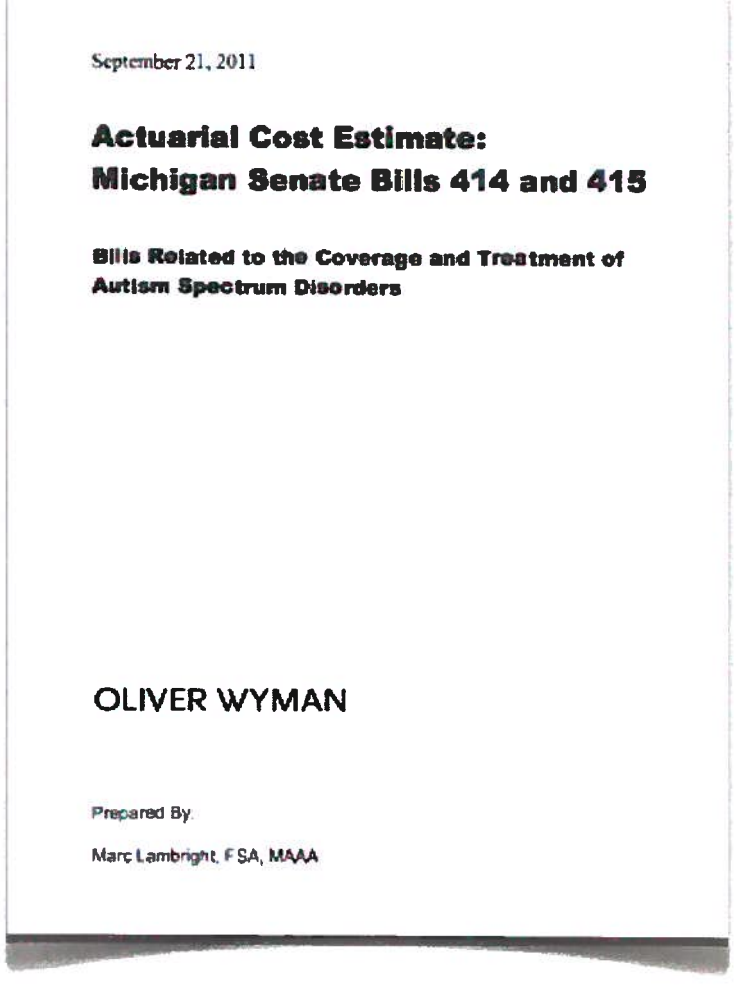
Projected vs Actual Costs



Projected vs Actual Costs

	Year of coverage	Total Claims	Fiscal Note from State Legislature	Difference in projected versus actual cost
South Carolina	1	$856,369	$10,590,000	1,237%
	2	$2,042,394	$10,590,000	519%
Louisiana	2	$722,828	$2,118,307	293%
	2	$722,828	$2,686,796	372%
Arizona	1	$473,818	$2,500,000	528%
	1	$473,818	$4,900,000	1,034%
	2	$388,662	$2,500,000	643%
	2	$388,662	$4,900,000	1,261%

Actuarial Cost Estimate: Michigan SB 414 & SB 415


September 21, 2011

Actuarial Cost Estimate:
Michigan Senate Bills 414 and 415

Bills Related to the Coverage and Treatment of Autism Spectrum Disorders

OLIVER WYMAN

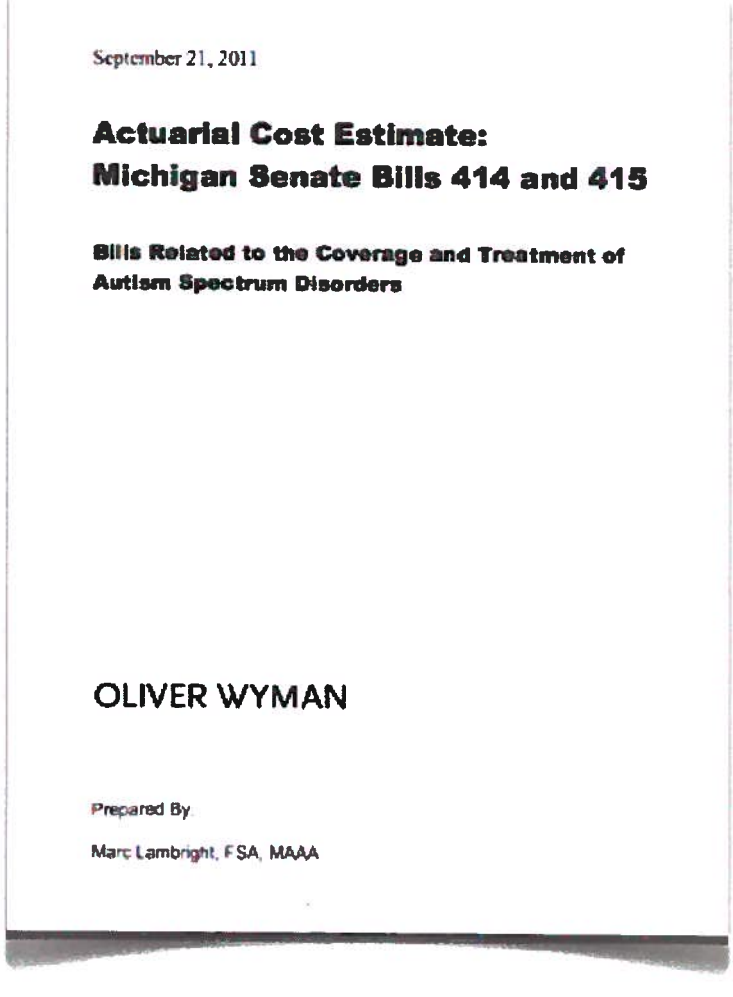
Prepared By:

Marc Lambright, FSA, MAAA

FACTORS CONSIDERED

- Likely behavior of consumers, providers and insurers
- Michigan demographics and insurance market information
- Treated prevalence of ASD
- Age of diagnosis
- Treatment utilization and cost by age and type of ASD

Actuarial Cost Estimate: Michigan SB 414 & SB 415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Long Term "Middle" Scenario

- Annual claim cost per covered person = $11.80 or **$0.98 PMPM**
- Estimated premium increase as a percent of premium = **0.36%**

"Applied behavior therapies have been shown to dramatically reduce long-term costs for a significant proportion of individuals diagnosed with an ASD, and to significantly improve their quality of life. The costs associated with the autism and ABA coverage mandate has thus far been minimal, even as the mandate has led to dramatically expanded coverage and the delivery of medically beneficial services. The law has achieved its purposes in an unqualified way for every measurable metric."

Annual Report to the Missouri Legislature, 2012

Contact Information

Autism Speaks, the world's largest autism advocacy organization, is dedicated to increasing awareness of autism spectrum disorders, to funding research into autism, and to advocating for the needs of affected families.

For more information, please visit
autismvotes.org/michigan