

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 315 (Senator Baker)  
Finance

Health Insurers - Treatment for Autism - Coverage

This bill defines “autism” and requires that health insurers provide coverage for treatment of autism, including behavioral modification treatment.

Fiscal Summary

**State Effect:** If the State elects to include this mandated benefit in the State employee health benefit plan, expenditures could increase by \$546,000 in FY 1997. Future year expenditures grow with annualization and inflation. General fund revenues could increase by an indeterminate moderate amount.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	-----	-----	-----	-----	-----
GF Expenditures*	\$546,000	\$1,152,000	\$1,215,300	\$1,282,200	\$1,352,700
Net Effect*	(\$546,000)	(\$1,152,000)	(\$1,215,300)	\$1,282,200	(\$1,352,700)

Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds

\*assumes a mix of 60% general funds, 20% special funds, and 20% federal funds

**Local Effect:** Expenditures for local jurisdiction employee health benefits could increase by an indeterminate amount, depending upon the current type of health care coverage offered and number of enrollees. Revenues are not affected.

Fiscal Analysis

**State Revenues:** General fund revenues could increase by an indeterminate moderate amount in fiscal 1997 as a result of the State’s 2% insurance premium tax that applies to any increased health insurance premiums resulting from the bill’s requirements. The State’s premium tax is only applicable to “for-profit” insurance carriers.

In addition, general fund revenues could increase by an indeterminate moderate amount in fiscal 1997 since insurance companies (with the exception of health maintenance organizations) that do not already provide the coverage mandated by the bill's requirements will be subject to rate and form filing fees. Each insurer that amends its insurance policy must submit the proposed change to the Insurance Administration and pay a \$100 form filing fee. Further, each insurer that revises its rates must submit the proposed rate change to the Insurance Administration and pay a \$100 rate filing fee. It is not possible to reliably estimate the number of insurers who will file new forms and rates as a result of the bill's requirements, since rate and form filings often combine several rate and policy amendments at one time.

**State Expenditures:** Although the State is self-insured and not required to cover mandated health benefits, in the past the State employee health benefit plan has always included coverage for mandated health benefits. As a result, expenditures for State employee health benefits could increase by an estimated \$545,960 (assumes a mix of 60% general funds, 20% special funds and 20% federal funds) in fiscal 1997 if the State chooses to include the bill's mandated benefit. The estimate is based on the number of covered lives in fiscal 1996 and assumes: (1) that since medication management and acute care for autism is currently covered under the State's mental health third-party administrator, any expenditure increase is for behavior modification; (2) that the average annual cost of behavioral modification is \$15,000; (3) that 69 of the 230,000 lives covered under the State's plan have autism; and (4) a 90-day start-up delay from the bill's October 1, 1996 effective date. Future year expenditures reflect 5.5% annual inflation increases.

The Department of Fiscal Services advises that the bill stipulates that health insurers provide coverage for treatment of autism, but does not specifically include health maintenance organizations (HMOs) under that stipulation. As a result, there could be migration of State employees from HMOs to preferred provider organizations (PPO) or point-of-service (POS) plans, which would result in an indeterminate but possibly significant increase in State expenditures. It is not possible to reliably estimate the extent of migration at this time.

**Local Effect:** Expenditures for local jurisdiction employee health benefits could increase by an indeterminate amount, depending upon the current type of health care coverage offered and number of enrollees.

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**Information Source(s):** Department of Health and Mental Hygiene (Developmental Disabilities Administration), Insurance Administration, Department of Fiscal Services, Department of Budget and Fiscal Planning

**Fiscal Note History:** First Reader - February 1, 1996

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