

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 3095 - HB 3317**

March 1, 2010

**SUMMARY OF BILL:** Defines autism spectrum disorder by limiting it to autistic disorder, Asperger's syndrome, and pervasive developmental disorder. Requires health insurance plans to cover treatment for children who were diagnosed with an autism spectrum disorder prior to the age of eight and are not yet 16 years old as prescribed by a child's medical doctor as part of a treatment plan. Prohibits an insurer from placing higher dollar limits on this type of treatment than on general physical illnesses. Requires a maximum benefit of \$50,000 per year on behavioral therapy services.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$2,602,600**

**Increase Local Expenditures – Exceeds \$100,000\***

**Increase Federal Expenditures - \$3,157,400**

**Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111):** Such legislation would result in an increase in the cost of health insurance premiums which exceeds \$100,000 for plans that do not currently offer autism spectrum disorder treatment within the provisions of the proposed legislation.

Assumptions:

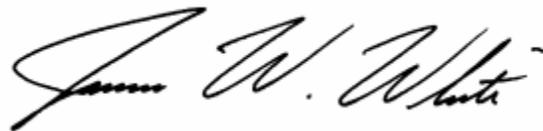
- According to the Centers for Disease Control, the prevalence of autism spectrum disorder is one in 150 children under the age of 16. According to the Bureau of TennCare, there are 417,354 children ages 3 to 15 enrolled in TennCare as of December 31, 2008. TennCare assumes that 2,782 enrollees may suffer from an autism spectrum disorder.
- Based on claims data from 2009, there are currently 1,987 TennCare enrollees who are receiving treatment for autism. It is estimated that potential population for coverage under the provisions of the proposed legislation.
- Of the 2,000 enrollees, TennCare estimates that 20 percent, or 400 children currently receiving in-home therapy for challenging behaviors will receive 10 hours of treatment for 24 weeks instead of the current level of treatment which is 10 hours of treatment for 12 weeks.

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- According to the Bureau of TennCare, services are provided at a rate of \$100 per hour resulting in an increase in expenditures of \$4,800,000 (400 enrollees x 10 hours x 12 weeks x \$100).
- Of the \$4,800,000, \$1,642,560 will be state funds at a rate of 34.22 percent and \$3,157,440 in federal funds at a rate of 65.78 percent.
- According to the Department of Finance and Administration, the State Health Plan will have approximately 50 enrollees who will receive the mandated benefits. Using the estimates by the Bureau of TennCare, there will be an increase in costs of \$1,200,000 (50 enrollees x 10 hours x 24 weeks x \$100). The state will cover 80 percent of the premium resulting in an increase in state expenditures of \$960,000.
- According to the Department of Finance and Administration, the Local Government and Local Education Health Plan options are not required to meet the provisions of the bill.
- Any local government health plans that are not part of the state plan will incur an estimated increase in expenditures which will exceed \$100,000 for covering the mandated benefits.
- The Department of Commerce and Insurance is responsible for the implementation and regulation of the provisions of this bill. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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