



Coverage for Treatment of Autism Spectrum Disorder

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Background/Overview

- On April 6th the Health and Human Services Committee considered information on Applied Behavior Analysis from the community, Human Resources Department staff and the Employee Benefits plan consultant from Towers Watson.
- The committee requested staff provide additional information on:
 - ✓ Benchmarks of State and local Self-Funded Plans
 - ✓ Cost Assumptions Cost of Applied Behavior Analysis Treatment and the Excise Tax
 - ✓ Cost Projections

Benchmark: State Mandates to Cover ABA

State	Dollar Limits	Other Conditions
Alabama	None	Under 9
Alaska	None	Under 21
Arizona	\$50,000	Under 16
Arkansas	\$50,000	Under 18
California*	None	None
Colorado	\$34,000 \$12,000	Under 9 9 – 18
Delaware	\$36,000	Under 21
Florida	\$36,000	Lifetime \$200,000
Illinois	\$36,000	Under 21
Louisiana	\$36,000	Under 21
Massachusetts	None	Lifetime \$15,000
Missouri	\$40,000	Under 18
Nevada	\$36,000	Up to 18 (21 if in high school)
New York	\$45,000	None
Rhode Island	\$32,000	None
South Carolina	\$50,000	Under 16 if diagnosed by 8
Texas**	\$36,000	10-18
West Virginia	\$30,000 \$24,000	Under 4 4 and up

*SB946 requires all plans to cover,

** Texas Insurance Code 1355 as amended by SB1484 requires all fully insured plans to cover

Source: State of the States of Services and Supports for People with ASD, L&M Policy Research for the Centers for Medicare & Medicaid Services

Benchmark: Self-Insured Entities Electing to Cover ABA

Entity	Annual Limits	Limits
AlSD	None	35 visits annually for 10 or over
City of McKinney	None	No coverage over 10
Texas A & M	None	None
Travis County	None	Exception basis only
City of Garland	None	No dollar or age limit
TRS Active Care	None	None
City of Phoenix	None	No coverage over 16

Benchmark: Self-Insured Entities Not Covering ABA

- **Cities**
 - Amarillo
 - Arlington
 - Fort Worth
 - Houston
 - Richardson
 - San Antonio
- **Colleges**
 - Austin Community College
- **State of Texas (ERS)**
- **Medicaid**
 - Each state has the ability to determine coverage
- **Medicare**
 - Claim would rarely be approved

Considerations Regarding Adding ABA Coverage

Covering ABA	<ul style="list-style-type: none">• Enables affected employees to access affordable therapy for their children• Increases cost to medical plan and participants.• Pursue strategy to limit cost impact
Covering Without a Cap	<ul style="list-style-type: none">• Research shows the reported cost of covering ABA varies widely between plans• Member demographics contribute to the variance.• Adding new coverages increases the amount used to reach the threshold of paying the new Excise Tax effective in 2018
Covering With a Cap	<ul style="list-style-type: none">• Research shows that many states and plans place dollar caps or limits on the number of visits• To place a cap or limit on this benefit would require an application exemption to the Mental Health Parity and Equity Act with the Centers for Medicare and Medicaid Services

Benchmarks: Cost Assumptions

- Aetna: Costs vary significantly across groups \$10,000 - \$55,000 per year
- Cigna: ABA therapy can range from \$30,000 - \$70,000 per year, depending on frequency and intensity of service
- UnitedHealthcare: Averages: \$50 per hour (Average between paraprofessional and Board Certified Behavior Analyst), 16 hours per week, 30 weeks per year - results in annual cost of \$24,000
- Centers for Disease Control: ABA cost \$40,000 to \$60,000 per child per year <http://www.cdc.gov/ncbddd/autism/data.html>
- Austin Independent School District : ABA cost between \$3,976 to \$10,658 per child per year
- Travis County: ABA cost \$62,658 per child per year

Benchmarks: Cost Assumptions (Number Accessing)

- National data
 - 1 in 68 children diagnosed with autism
 - Translates to 169 cases among City population
 - Suggesting that reported data may be understated
- UnitedHealthcare data
 - Based on national norms
 - City demographics
 - Estimated 16 cases

City of Austin Cost Projection (Total)

- Towers Watson Projection Assumptions: **13 cases \$50,000 per case**
 - City data – 48 autism cases
 - 18 are age 9 or below; an additional 11 are age 10-13
 - 26 plan members with primary diagnosis, 13 with secondary and 9 with 3-5 level
- Cost Assumptions **without** a cap:
 - Average cost of \$50,000 x 13 cases
 - Total projected annual cost: \$650,000 or \$1.66 PMPM for total population
- Cost Assumptions **with** a \$36,000 cap for ages 10 and over:
 - Assumes 50% of those 9 and under plus additional 4 cases 10 and over
 - Average cost of \$50,000 x 9 cases = \$450,000
 - Assumed \$25,000 for children over 10 \$25,000 x 4 cases = \$100,000
 - Total projected annual cost: \$550,000 or \$1.41 PMPM for total population

Cost estimates reflect mature costs – plans can have lower cost in 1st and 2nd year

Potential for Emergency Room Cost Analysis

Claims information for Children with Autism Diagnosis

	Enrollment	ER Claimants	% of Enrollment with ER Claim	ER Claims Cost
Ages 0 - 9	18	7	38%	
Ages 10 - 19	30	8	26%	
Total	48	15	31%	
Average Cost per enrollee				\$27,062
				\$563

Claims information for Children without Autism Diagnosis

Ages 0 - 9	4,012	657	16%	
Ages 10 - 19	7,349	1,149	15%	
Total	11,361	1,806	15%	
Average Cost per enrollee				\$3,738,831
				\$329

ABA Benchmarking Cost Information

	Total Claims Paid	Per Member Per Month Cost
3rd Year Cost		
S. Carolina	\$2,065,777	\$0.40
Illinois	\$416,741	\$0.17
Kansas	\$326,907	\$0.27
Missouri	\$8,289,917	\$0.48
New Jersey	\$4,482,066	\$0.63
Maine	\$67,384	\$0.19
Average		\$0.46
<i>Source: Autism Speaks – Missouri and Kansas 2012 all other data 2011</i>		

				Annual Cost Per Claim	Number of Claims
Local Public Employers					
Travis County	\$161,866	31 months ending 4/2015	\$0.54	\$62,658	1
AISD: 2012	\$107,364		\$0.67	\$3,976	27
AISD: 2013	\$332,816		\$2.08	\$9,789	34
AISD: 2014	\$362,370		\$2.26	\$10,658	34
<i>Source: Travis County and AISD – 2015</i>					

Projected: City of Austin					
Without Cap	\$650,000		\$1.66	\$50,000	13
With Cap	\$550,000		\$1.41	\$42,307	13
<i>Source: Towers Watson – 2015</i>					

Excise Tax Information

- Final guidance has not yet been released on Excise Tax thresholds
- Below is the information that is currently available:
 - The tax will be 40% for premiums in excess of \$10,200 for Employee Only and \$27,500 for Employee and Family coverage, public safety jobs have a higher threshold
- The PPO and HMO premiums are projected to exceed this threshold in 2018
 - The cost to the City is projected to be \$1.1million
- The IRS has not provided guidance on calculations, however has indicated:
 - Thresholds may rise if cumulative medical inflation between exceeds 55% between 2010 – 2018

Next Steps

- Evaluate adding Applied Behavior Analysis as part of the FY16 budget process along with other plan considerations
 - Coverage for temporary employees
 - Coverage for contract workers
 - Coverage for transgender reassignment surgery
- Consider other options such as a pilot program to acquire actual plans costs to compare to projected costs