

# OVERVIEW

## ***Study of the Social and Financial Impacts of Mandatory Health Insurance Coverage for the Diagnosis and Treatment of Autism Spectrum Disorders***

Report No. 09-09, July 2009

### Summary

In Senate Concurrent Resolution No. 196, Senate Draft 1, the 2008 Legislature requested the Auditor to conduct an impact assessment of mandating health insurance coverage for the diagnosis and treatment of autism spectrum disorders (ASD), as provided in Senate Bill 2532, Senate Draft 1 (SB 2532, SD 1). We assessed the social and financial effects of mandating health insurance for ASD for individuals under age 21 by applying the criteria set forth in Sections 23-51 and 23-52, Hawai'i Revised Statutes (HRS).

The federal *Individuals with Disabilities Education Act* (IDEA), defines autism as a “developmental disability significantly affecting verbal and nonverbal communication and social interaction, generally evident before age three, that adversely affects a child’s educational performance.” The IDEA assures a free and appropriate public education for children with diagnosed learning deficits attributable to developmental disorders, including autism. In Hawai'i, the Departments of Health (DOH) and Education (DOE) share responsibility for administering the IDEA through the DOH Early Intervention Services, DOE Special Education Program, and the DOE Private School Participation Project. Currently, there are 1,308 children with autism in public school, one of 20 enrolled in a private school, and an estimated 132 children from birth to age three in the DOH Early Intervention Services program, receiving treatments and utilizing health care services through federal- and state-funded programs under the IDEA.

The Hawai'i population of children between the ages of zero to 21 diagnosed with ASD is estimated to be 1,460. A majority of this population is receiving treatment and utilizing health care services available under the DOH and DOE programs. The level of public demand for treatment coincides with the population utilizing services available through the DOH and DOE and not the public at large. According to the four health care insurers who responded to our survey, the level of public demand for individual or group insurance coverage for ASD from its membership base is low. The level of interest of collective bargaining organizations in negotiating privately for coverage seems low based on a survey from the state Employer-Union Trust Fund.

Applied behavior analysis (ABA) is one of the more common treatments used not only for increasing useful behaviors but also for reducing behaviors that may be harmful or interfere with learning. While shown to improve social and educational outcomes in ASD children, it is not a covered family health benefit for insurance purposes in Hawai'i, but mandated under SB 2532, SD 1. Both the DOH and DOE report that ABA, in addition to other treatment and services, is available to



children under their care. None of the four health care insurers surveyed offer coverage for ABA. Of the 11 states that have enacted legislation to require health insurance coverage for ASD, five mandate coverage for ABA.

SB 2532, SD 1, amends Chapters 431 and 432, HRS, to require insurance coverage for the diagnosis and treatment of ASD with a maximum benefit of \$75,000 per year and unlimited visits to providers. The bill is problematic in defining the standard of care broadly so long as the care is prescribed, provided, or ordered by a licensed physician, psychologist, or registered nurse and determined to be “medically necessary.” Under *medical necessity* as defined in Chapter 432E, HRS, health care insurers have the discretion to decide whether or not a treatment qualifies as a covered benefit within its health plans even though the treatment is deemed medically indicated. As a result, health care insurers may continue to deny coverage for educational interventions such as ABA, based on the statutory definition under Chapter 432E, HRS.

We found the social impacts appear minimal in Hawai‘i, since both educational interventions and health services, including ABA, are generally available through the DOE and DOH programs. In addition health care insurers provide partial coverage for the diagnosis of and treatment for symptoms related to ASD through statutory mandates and provisions in health care insurance contracts. However, an increase in demand for service providers and significant financial impacts to insurance carriers would result as families would have the option of increasing the frequency of educational interventions such as ABA and health services, if the bill is enacted. Moreover, costs could potentially and unintentionally pass to health care insurers and ultimately consumers for treatments and services. We estimated that mandated insurance coverage could initially cost health insurers over \$100 million per year to reimburse policy holders. Without inflation, payments for mandated services could exceed \$1 billion up to the age of 21.

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## Recommendations and Response

Enactment of Senate Bill No. 2532, Senate Draft 1, is not recommended. The DOE declined to comment on the provision of medical services and the Department of Commerce and Consumer Affairs opted not to respond. The DOH does not dispute our findings and conclusion, but opposes our recommendation based on its contention that the services available are not “comprehensive” and do not “meet all the needs of children with autism.” We stand by our assessment based on criteria required under Section 23-52, HRS.

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