



COUNTY ADMINISTRATOR
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TO: Felicia Brabec, Chair
Ways & Means Committee

THROUGH: Verna J. McDaniel
County Administrator

FROM: Diane M. Heidt, Director
Human Resources / Labor Relations

DATE: March 19, 2014

SUBJECT: Implementing Autism Health Care Benefits

BOARD ACTION REQUESTED:

It is requested that the Board of Commissioners approve a resolution authorizing the implementation of the Autism Spectrum Disorder (ASD) rider to existing active and retiree benefits providing mental health parity.

BACKGROUND:

Mental health parity is the recognition of mental health conditions as equivalents to that of physical illnesses. Washtenaw County has been a champion of providing mental health parity insurance coverage, currently insuring all aspects of mental health illnesses with the exception of ASD treatment. In 2012, the Michigan Legislature required that all large fully funded employees provide insurance coverage for ASD treatment. The exemptions of ASD treatment services was provided to self-funded programs, and the decision on behalf of Washtenaw County was driven by cost considerations. The environment has changed significantly since this determination was made.

Mental health parity ensures that psychological conditions must be treated equivalently to physical illness. Traditionally most insurance companies have radically limited mental health benefits in a variety of ways:

- Limiting the number of visits per year,
- Assigning separate deductibles to mental health treatment,
- Reimbursing a smaller percentage of total treatment costs,
- Assigning higher co-pays, and/or
- Offer no coverage at all.

The Mental Health Parity & Addiction Equality Act of 2008 took effect on January 1, 2010. This Act requires group health plans that cover 50+ employees and offer both medical and

mental health benefits to ensure that the mental health and substance abuse benefits are no more restrictive than the medical and surgical benefits.

There was a further expansion of ASD benefits under Health Care Reform effective January 1, 2014 in which mental health coverage is considered an “essential health benefit” and now a mandatory part of basic care.

DISCUSSION:

ASD is a group of complex disorders of brain development, characterized, in varying degrees, by difficulties in social interaction, verbal and nonverbal communication and repetitive behaviors. Statistics show that 1 in 88 American children are diagnosed with ASD. This represents a ten-fold increase in prevalence in 40 years. Additionally, boys are 4-5 times more likely to be diagnosed with ASD than girls. Therefore, an estimated 1 out of 54 boys and 1 in 252 girls are diagnosed with autism in the United States.

As a spectrum disorder, each individual diagnosed with autism is unique. Many persons on the spectrum take deserved pride in their distinctive abilities and “atypical” ways of viewing the world. Others with autism have significant disability and are unable to live independently. About 25% of individuals with ASD are nonverbal, however can learn to communicate using other means.

The impact without coverage of ASD on employees, their families, employers and society can range from high stress, absenteeism, and higher parental medical costs, to higher taxes at the state and local level for social services, transportation, and intensive school support, to parent lost wages, bankruptcy and higher divorce rates.

Treatment for ASD is very extensive. Intervention can involve behavioral treatments (e.g., Applied Behavior Analysis), medication or both. Many persons with autism have additional medical conditions such as sleep disturbances, seizures and gastrointestinal (GI) distress. The goal with those diagnosed with ASD is to improve attention, learning and related behaviors. Early intervention is the key to long-term success. The earlier the treatments, greater the lifetime impact to the child, his/her family, and society at-large.

On average, it may cost a family \$60,000 a year to treat a child diagnosed with ASD. Beginning with the 2012/13 fiscal year, the State of Michigan established an Autism Coverage Fund that is managed through the Department of Insurance & Financial Services (DIFS). The initial investment for the 2013/14 fiscal year was \$15 million. An additional \$11 million has been allocated for the 2013/14 fiscal year. As of January 15, 2014, only \$504,836 has been expended from the overall fund since its inception.

The allowable reimbursement for covered treatment of ASD through the State of Michigan Reimbursement Fund may be limited to an insured through age 18 with the maximum annual benefits:

- \$50,000 through age 6
- \$40,000 from age 7 – age 12
- \$30,000 from age 13 – age 18

According to research provided the Autism Alliance of Michigan (AAoM), in States that have

passed legislation, early data shows experience (costs) to be less than 1%. Washtenaw County is self-funded for health care benefits. Statistics have shown that there would be an approximate 1-5% increase in medical expenses with the ASD rider added to health care coverage. For Washtenaw County this would represent a \$200K - \$1 million increase in expenses.

As it relates to Washtenaw County, there will be an approximate \$182,589 annual expense for the implementation of the ASD rider. As Washtenaw County is self-funded, any claims that were received would also be initially paid by the County, with reimbursement requested from the State of Michigan Reimbursement Fund. It is recommended that a review of claims paid and/or reimbursed be completed on an annual basis as our individual experience is not yet known. Such review would occur prior to the annual review process with Blue Cross/Blue Shield to determine if such benefit (rider) would be continued in the next year of benefits.

IMPACT ON HUMAN RESOURCES:

Internal administration of allowable reimbursements through State of Michigan Reimbursement Fund.

IMPACT ON BUDGET:

Expenses would be charged to both general fund and non-general fund departments through the medical fund reserves.

IMPACT ON INDIRECT COSTS:

None

CONFORMITY TO COUNTY POLICIES:

None

ATTACHMENTS/APPENDICES

- Resolution

A RESOLUTION AUTHORIZING THE IMPLEMENTATION OF THE AUTISM SPECTRUM DISORDER (ASD) RIDER TO EXISTING ACTIVE AND RETIREE BENEFITS PROVIDING MENTAL HEALTH PARITY

WASHTENAW COUNTY BOARD OF COMMISSIONERS

March 2, 2014

WHEREAS, mental health parity is the recognition of mental health conditions as equivalents to that of physical illnesses. Washtenaw County has been a champion of providing mental health parity insurance coverage, currently insuring all aspects of mental health illnesses with the exception of ASD treatment; and

WHEREAS, in 2012, the Michigan Legislature required that all large fully funded employees provide insurance coverage for ASD treatment. The exemptions of ASD treatment services was provided to self-funded programs, and the decision on behalf of Washtenaw County was driven by cost considerations. The environment has changed significantly since this determination was made; and

WHEREAS, mental health parity ensures that psychological conditions must be treated equivalently to physical illness. Traditionally most insurance companies have radically limited mental health benefits in a variety of ways:

- Limiting the number of visits per year,
- Assigning separate deductibles to mental health treatment,
- Reimbursing a smaller percentage of total treatment costs,
- Assigning higher co-pays, and/or
- Offer no coverage at all; and

WHEREAS, the Mental Health Parity & Addiction Equality Act of 2008 took effect on January 1, 2010. This Act requires group health plans that cover 50+ employees and offer both medical and mental health benefits to ensure that the mental health and substance abuse benefits are no more restrictive than the medical and surgical benefits; and

WHEREAS, there was a further expansion of ASD benefits under Health Care Reform effective January 1, 2014 in which mental health coverage is considered an “essential health benefit” and now a mandatory part of basic care; and

WHEREAS, ASD is a group of complex disorders of brain development, characterized, in varying degrees, by difficulties in social interaction, verbal and nonverbal communication and repetitive behaviors. Statistics show that 1 in 88 American children are diagnosed with ASD. This represents a ten-fold increase in prevalence in 40 years. Additionally, boys are 4-5 times more likely to be diagnosed with ASD than girls. Therefore, an estimated 1 out of 54 boys and 1 in 252 girls are diagnosed with autism in the United States; and

WHEREAS, as a spectrum disorder, each individual diagnosed with autism is unique. Many persons on the spectrum take deserved pride in their distinctive abilities and “atypical” ways of viewing the world. Others with autism have significant disability and are unable to live independently. About 25% of individuals with ASD are nonverbal, however can learn to

communicate using other means; and

WHEREAS, the impact without coverage of ASD on employees, their families, employers and society can range from high stress, absenteeism, and higher parental medical costs, to higher taxes at the state and local level for social services, transportation, and intensive school support, to parent lost wages, bankruptcy and higher divorce rates; and

WHEREAS, treatment for ASD is very extensive. Intervention can involve behavioral treatments (e.g., Applied Behavior Analysis), medication or both. Many persons with autism have additional medical conditions such as sleep disturbances, seizures and gastrointestinal (GI) distress. The goal with those diagnosed with ASD is to improve attention, learning and related behaviors. Early intervention is the key to long-term success. The earlier the treatments, greater the lifetime impact to the child, his/her family, and society at-large; and

WHEREAS, on average, it may cost a family \$60,000 a year to treat a child diagnosed with ASD. Beginning with the 2012/13 fiscal year, the State of Michigan established an Autism Coverage Fund that is managed through the Department of Insurance & Financial Services (DIFS). The initial investment for the 2013/14 fiscal year was \$15 million. An additional \$11 million has been allocated for the 2013/14 fiscal year. As of January 15, 2014, only \$504,836 has been expended from the overall fund since its inception; and

WHEREAS, the allowable reimbursement for covered treatment of ASD through the State of Michigan Reimbursement Fund may be limited to an insured through age 18 with the maximum annual benefits:

- \$50,000 through age 6
- \$40,000 from age 7 – age 12
- \$30,000 from age 13 – age 18, and

WHEREAS, according to research provided the Autism Alliance of Michigan (AAoM), in States that have passed legislation, early data shows experience (costs) to be less than 1%. Washtenaw County is self-funded for health care benefits. Statistics have shown that there would be an approximate 1-5% increase in medical expenses with the ASD rider added to health care coverage. For Washtenaw County this would represent a \$200K - \$1 million increase in expenses, and

WHEREAS, as it relates to Washtenaw County, there is anticipated an approximate \$182,589 annual expense for the implementation of the ASD rider; and

WHEREAS, as Washtenaw County is self-funded, any claims that were received would also be initial paid by the County, with reimbursement requested from the State of Michigan Reimbursement Fund; and

WHEREAS, it is recommended that a review of claims paid and/or reimbursed be completed on an annual basis as our individual experience is not yet known. Such review would occur prior to the annual review process with Blue Cross/Blue Shield to determine if such benefit (rider) would be continued in the next year of benefits

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of

Commissioners authorizes the implementation of the Autism Spectrum Disorder (ADS) rider to existing active and retiree as soon as feasibly possible through Blue Cross / Blue Shield of Michigan, providing mental health and physical health parity.

BE IT FURTHER RESOLVED that Washtenaw County commits to a review of claims paid and/or reimbursed on an annual basis as our individual experience is not yet known. Such review would occur prior to the annual review process with Blue Cross/Blue Shield to determine if such benefit (rider) would be continued in the next year of benefits.