



# Testimony In Support of Oregon SB 365 Coverage for Autism Spectrum Disorder



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Government Affairs  
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# What is Autism?

- Autism is a medical condition, brought on through no fault of the individual or family.
- Autism affects a person's **communication** abilities and **social skills**, and often causes **repetitive patterns of behavior** and a narrow range of interests.
- Its symptoms range from mild to severe.



# “Autism”

- The term “autism” is often used imprecisely:
  - some people use it interchangeably with “**autism spectrum disorder**” (ASD)
  - others use it to mean one of the autism spectrum disorders.
- In fact, there are 3 distinct diagnoses within the family of autism spectrum disorders.
- Across the spectrum, people vary greatly in terms of type and severity of deficits.



# Pervasive Developmental Disorders

(the umbrella category in the DSM-IV)

**DSM-IV** Diagnostic and Statistical Manual of Mental Disorders

**DSM-III** Diagnostic and Statistical Manual of Mental Disorders

**DSM-II** Diagnostic and Statistical Manual of Mental Disorders

**DSM-I** Diagnostic and Statistical Manual of Mental Disorders

Childhood Disintegrative

Rett's Syndrome

Autistic Disorder

(classic autism)  
a/k/a "autism"

1/3 of all ASDs

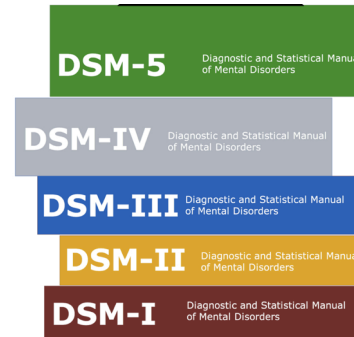
Asperger's Syndrome

Less than 1/6 of all ASDs

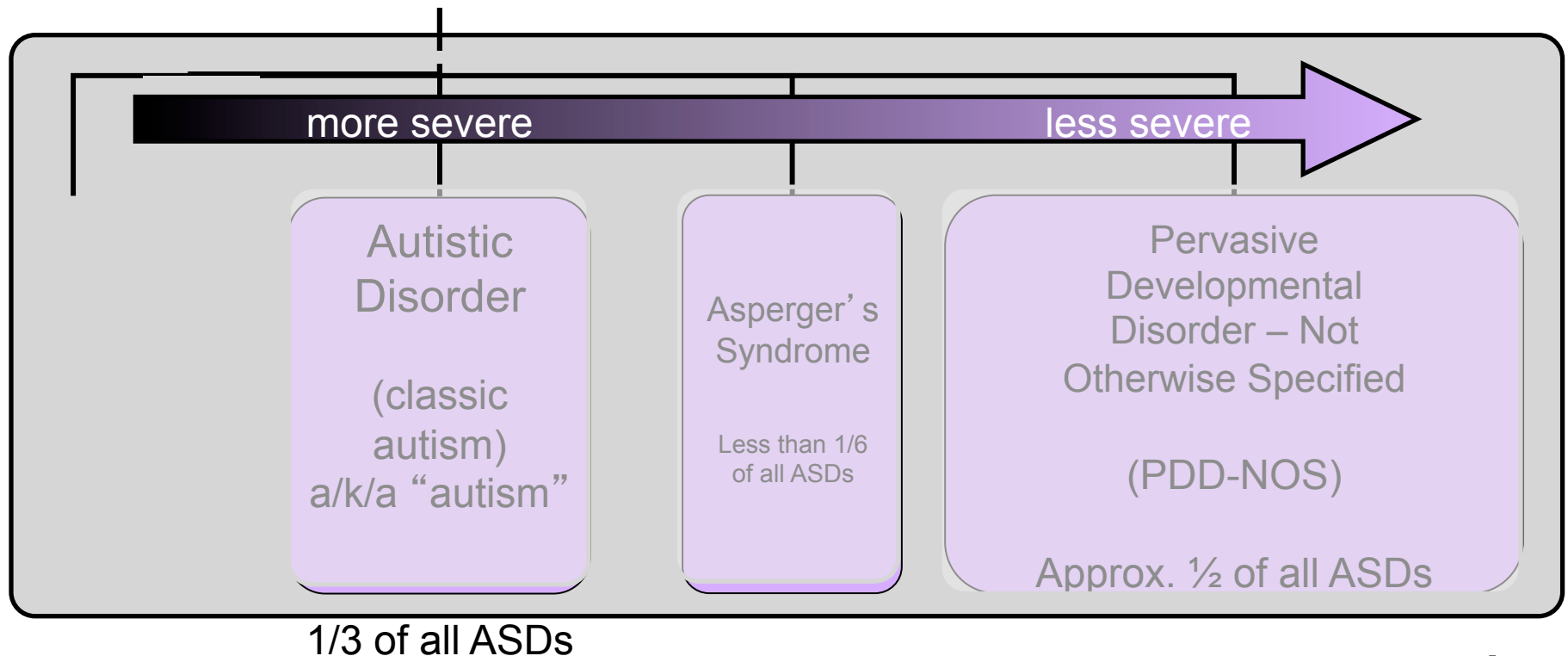
Pervasive Developmental Disorder – Not Otherwise Specified  
(PDD-NOS)

Approx. 1/2 of all ASDs

The DSM-5  
is expected to be  
published Spring 2013



# Autism Spectrum Disorder



# Autism is Treatable

- Although there is no known cure for autism, it can be treated so that the symptoms are not disabling
  - A non-verbal child can gain the ability to communicate
  - A non-social child can gain interaction skills.
- With treatment, children with autism are not cured but can overcome the disabling aspects of the condition.



# Treatment

- Early diagnosis and treatment are critical to a positive outcome for individuals with an autism spectrum disorder (ASD)
- Treatment is prescribed by a licensed physician or licensed psychologist:
  - **Applied Behavior Analysis (ABA) Therapy**
  - Speech, Occupational and Physical Therapy
  - Psychological, Psychiatric, and Pharmaceutical Care



# ABA is the Standard of Care

**United States Surgeon General**

**(1999)**

*“**Thirty years of research** demonstrated the efficacy of applied behavioral methods in reducing inappropriate behavior and in increasing communication, learning, and appropriate social behavior.”*

**Centers for Medicare and Medicaid**

**(2011)**

*“...**controlled trials have shown both the efficacy** of programs based in the principles of ABA and that certain individual characteristics (age, IQ, and functional impairments) are associated with positive outcomes.”*

**National Institute of Mental Health**

**(2011)**

*“One type of a **widely accepted treatment** is applied behavior analysis (ABA). The goals of ABA are to shape and reinforce new behaviors, such as learning to speak and play, and reduce undesirable ones.”*





# ABA is the Standard of Care

## Centers for Disease Control and Prevention (2012)

*“A notable treatment approach for people with an ASD is called applied behavior analysis (ABA). ABA has become **widely accepted** among health care professionals...”*

## NATIONAL INSTITUTE OF NEUROLOGICAL DISORDERS AND STROKE (2012)

*“Therapies and behavioral interventions are designed to remedy specific symptoms and **can bring about substantial improvement**... Therapists use highly structured and intensive skill-oriented training sessions to help children develop social and language skills, such as Applied Behavioral Analysis”*



# ABA is the Standard of Care

## AMERICAN PSYCHOLOGICAL ASSOCIATION (2012)

*“The field of applied behavior analysis has grown substantially in the past decade, enabling more children with autism and their families to obtain needed services. This growth appears to be related to an increase in the number of children diagnosed with an autism spectrum disorder and to the **recognition of the effectiveness of behavior analytic services.**”*

## The U.S. Office of Personnel Management (2012)

*“The OPM Benefit Review Panel recently evaluated the status of Applied Behavior Analysis (ABA) for children with autism. Previously, ABA was considered to be an educational intervention and not covered under the FEHB Program. The Panel concluded that there is now **sufficient evidence to categorize ABA as medical therapy.** Accordingly, plans may propose benefit packages which include ABA.”*





June 20, 2012

Testimony of  
Vera F. Tait MD, FAAP

On behalf of the  
American Academy of Pediatrics

Before the  
Subcommittee on Personnel,  
Senate Armed Services Committee

● **“An example of a demonstrated, effective treatment for ASD is Applied Behavior Analysis, or ABA.** ABA uses behavioral health principles to increase and maintain positive adaptive behavior and reduce negative behaviors or narrow the conditions under which they occur. ABA can teach new skills, and generalize them to new environments or situations. ABA focuses on the measurement and objective evaluation of observed behavior in the home, school, and community. “



# Cost Savings - *long term*

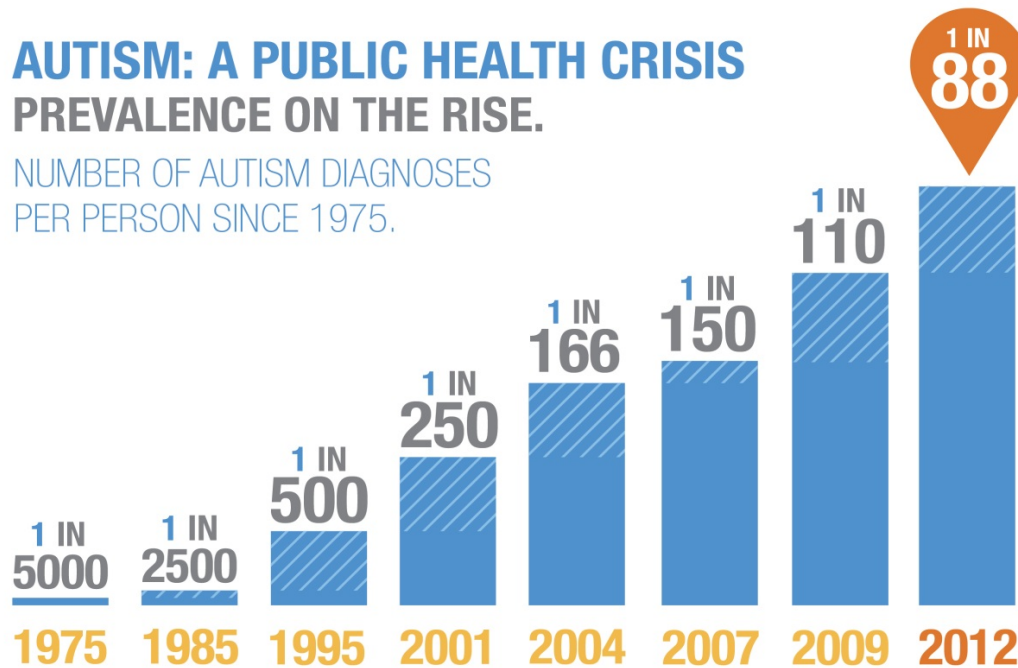
- **Without appropriate treatment**, the lifetime societal cost has been estimated to be **\$3.2 million per child** with ASD (Ganz, 2007)
  - special education
  - adult services
  - decreased productivity
- State estimated lifetime cost **savings** of providing appropriate treatment are \$1 million per child (Jacobsen et al, 1998)





## AUTISM: A PUBLIC HEALTH CRISIS PREVALENCE ON THE RISE.

NUMBER OF AUTISM DIAGNOSES  
PER PERSON SINCE 1975.

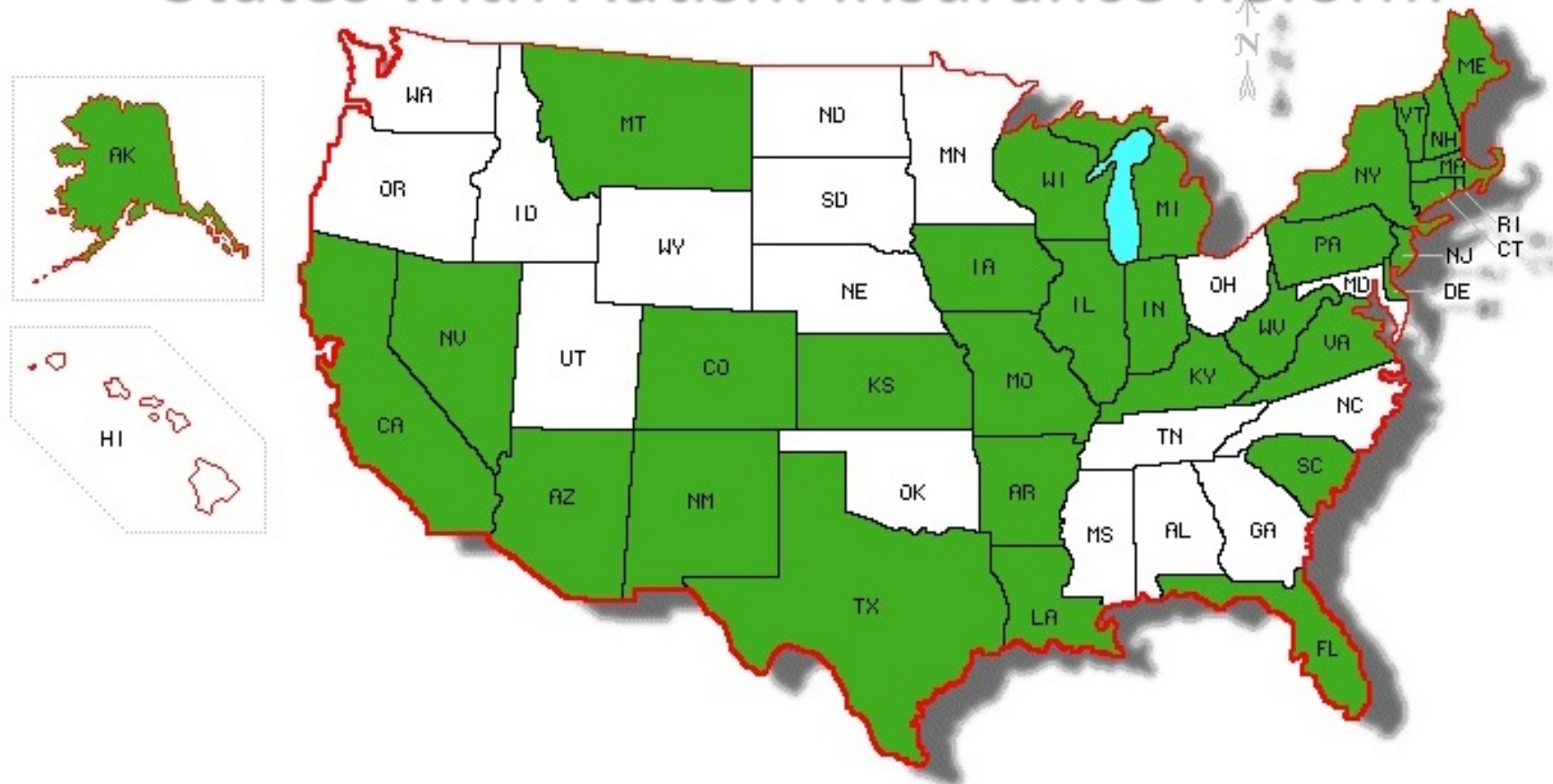


1000% INCREASE IN PREVALENCE OVER THE LAST 40 YEARS

 % INCREASE FROM PREVIOUS YEAR

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# States with Autism Insurance Reform



2001 - Indiana

2007 - South Carolina  
2007 - Texas

2008 - Arizona  
2008 - Florida  
2008 - Louisiana  
2008 - Pennsylvania  
2008 - Illinois

2009 - Colorado

2009 - Nevada  
2009 - Connecticut  
2009 - Wisconsin  
2009 - Montana  
2009 - New Jersey  
2009 - New Mexico

2010 - Maine

2010 - Kentucky  
2010 - Kansas  
2010 - Iowa  
2010 - Vermont  
2010 - Missouri  
2010 - New Hampshire  
2010 - Massachusetts

2011 - Arkansas

2011 - West Virginia  
2011 - Virginia  
2011 - Rhode Island  
2011 - California  
2011 - New York

2012 - Michigan  
2012 - Alaska<sup>14</sup>  
2012 - Delaware

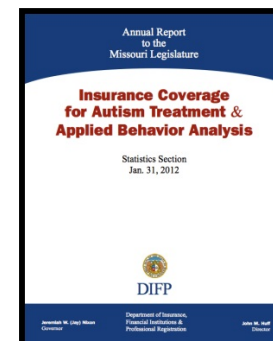
# Missouri Department of Insurance Analysis of All Covered Plans 2011



- Implemented Jan 2011
- Terms
- \$40,000/yr (cap only applies to ABA)\*
- until age 18\*

- Total claims paid = \$4,309,828
- Total covered lives = 17,332,763
- Unique claimants = 3,805
- **PMPM cost Year 1 = 25 ¢**

\* Caps can be exceeded if deemed medically necessary

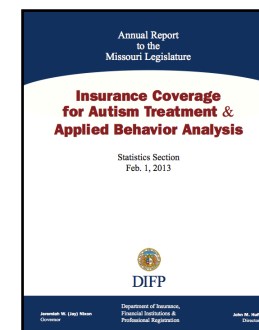


# Missouri Department of Insurance Analysis of All Covered Plans 2012



- Implemented Jan 2011
- Terms
- \$40,000/yr (cap only applies to ABA)\*
- until age 18\*

- Total claims paid = \$6,555,602
- Total covered lives\*\* = 1,429,153
- Unique claimants = 2,508
- **PMPM cost Year** **38 ¢**

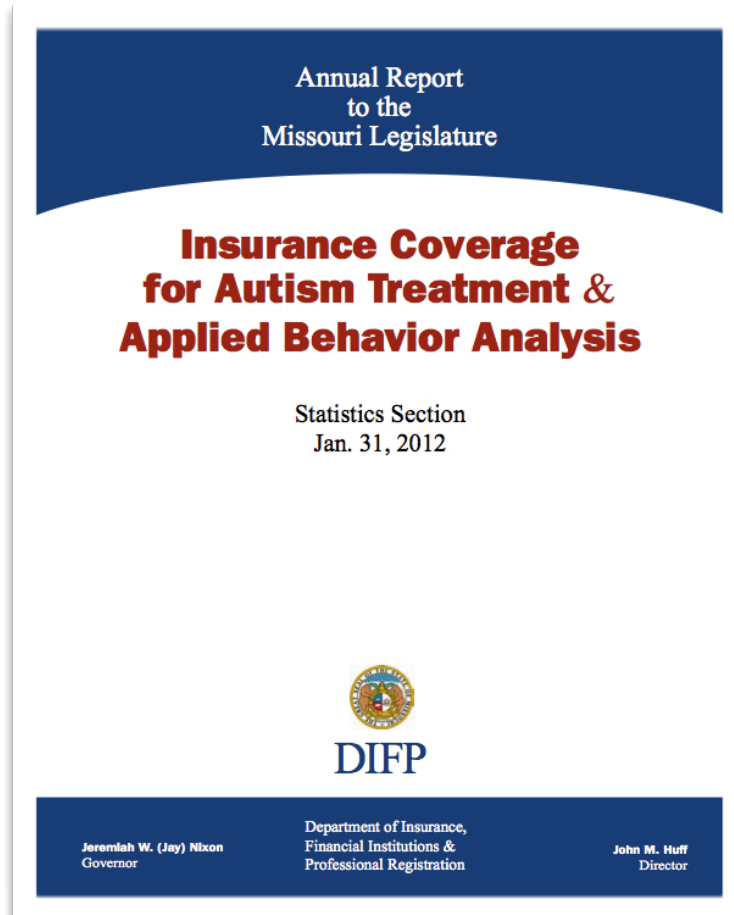



\* Caps can be exceeded if deemed medically necessary

\*\* Member months of policies with ASD coverage = 17,149,845



# Effect on Premiums



- Claims incurred for treatment of ASD represent **0.1% of total claims**
- “While claims costs are expected to grow somewhat in the future, it seems very unlikely that costs for autism treatment will have an appreciable impact on insurance premiums.” 

## Average Second Year Cost of Autism Insurance Reform State Employee Health Plan Data

	Year of coverage	Number of Covered Lives	Total Claims	PMPM cost
South Carolina	2	397,757	\$2,042,394	\$0.43
Illinois	2	170,790	\$197,290	\$0.10
Louisiana	2	149,477	\$722,828	\$0.40
Florida	2	386,203	\$1,748,849	\$0.38
Arizona	2	130,000	\$388,662	\$0.25
	<b>Average second year cost</b>			<b>\$0.31</b>

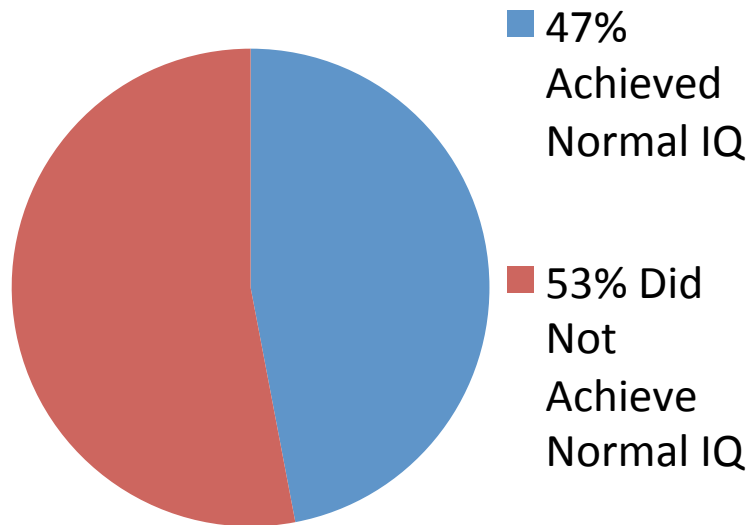
State estimated lifetime cost **savings** of providing appropriate treatment are \$1 million per child (Jacobsen et al, 1998)

Source: Data collected from State agencies responsible for administering State Employee Health Benefits Programs

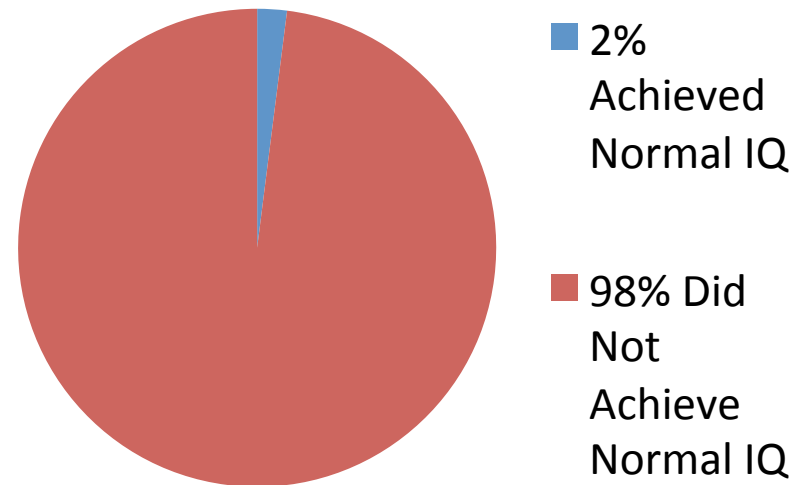
# Savings to the State: Special Education

## Outcome of 1987 UCLA Study on Efficacy of ABA

**ABA Group**

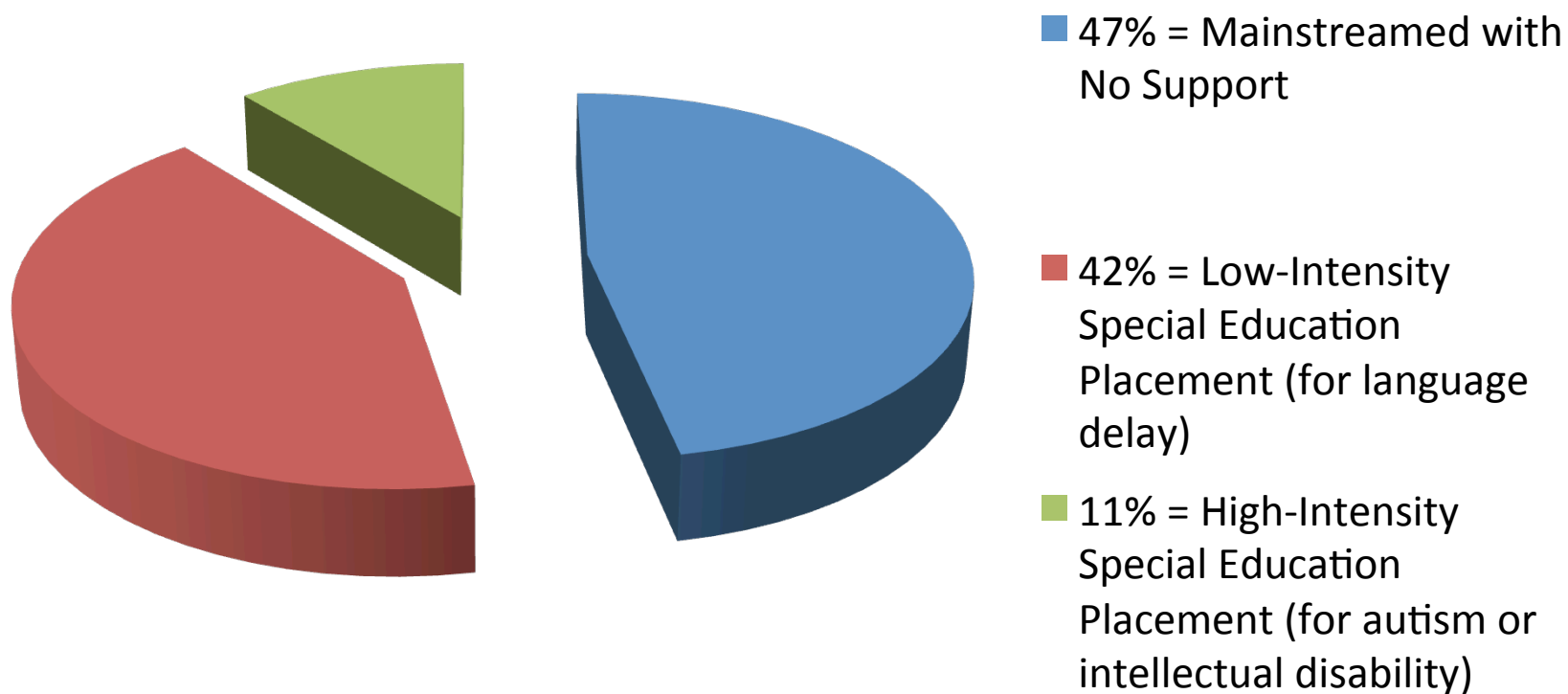


**Other Intervention  
(Control) Group**



# Outcome of 1987 UCLA Study

## Educational Placements for Group That Received ABA



# Savings to the State: Special Education

*“A study published in a national journal found that Pennsylvania could save an average of \$187,000 to \$203,000 on each child who received three years of EIBI relative to one who received special education services until age 22. The Pennsylvania study also suggested that cost savings would likely continue to accrue after children exit the school system. The study found that the state could save from \$656,000 to \$1.1 million per child if expenditures up to age 55 are included.*

*Another study published in a national journal found that Texas could save an average of \$208,500 in education costs for each student who received three years of EIBI relative to a student who received 18 years of special education from ages four to 22. Applied to the estimated 10,000 children with ASDs in Texas, it was estimated that the state could save almost \$2.1 billion by implementing intensive treatment programs.”*

*Source: 2009 Report of the Joint Legislative Audit and Review Commission to the Governor and General Assembly of Virginia (JLARC Report)*

# “Educational in Nature”?

- False choice
- What does “educational in nature” mean?
- *Schools provide?*
- *Schools would provide if adequate resources?*
  - No obligation under IDEA or state law to treat medical condition
    - Schools are required to accommodate the disabling condition, not remedy it.
- Is speech therapy “educational in nature”? AAP report.
- *Provided by school personnel?*
- Academic goals
- ASD is diagnosed by a doctor, not a principal
- Argument du jour
  - Rejected in 30 states
  - Rejected in federal court

# Self-Funded “ERISA” Plans That Cover ABA



NetApp™

- Stanford University
- University of Minnesota
- Progressive Group
- IBM
- Greenville Hospital System
- Symantec
- DTE Energy
- Cerner
- State Street Financial
- Children’s Mercy
- EMC
- Sisters of Mercy
- Princeton University
- Pinnacle Casinos
- And many more . . .



# WALL STREET JOURNAL

- More Autism Help... As diagnoses of autism rise, a growing number of families are grappling with the worry and expense of finding treatment for children with the complex developmental disorder, autism. And many are pressing employers and legislators for help. (Wall Street Journal)

[http://online.wsj.com/article/  
SB10001424052748703867704576183022242647068.html](http://online.wsj.com/article/SB10001424052748703867704576183022242647068.html)

- Bernie Marcus, Co-Founder Home Depot ... “The insurance lobbies obviously don't want to cover it and yet **we know the cost is only 32 cents per month per member. And they're fighting it tooth and nail. I put it into Home Depot years ago and I will tell you, it didn't break Home Depot.** “





# United States Department of Defense



Military insurance (TriCare) covers autism and specifically includes a benefit for Applied Behavior Analysis therapy.



**The world's largest employer, the Federal Employee Health Plan, recently added ABA as a plan option for its 8 million employees:**

*“The OPM Benefit Review Panel evaluated the status of ABA for children with autism. Previously, ABA was considered to be an educational intervention and not covered under the FEHB Program. The Benefit Review Panel concluded that there is now sufficient evidence to categorize ABA as medical therapy. Accordingly, plans may propose benefit packages which include ABA.*

*Over the last two years, the infrastructure to support the delivery of ABA has matured rapidly. Today 30 States require at least some health insurance coverage of ABA, and 14 have licensure procedures for ABA providers. ABA providers most frequently have a graduate degree in Psychology with additional training in ABA, leading to formal Board Certification in Behavior Analysis. States often exercise their supervision of certified or licensed providers through the same pathway which oversees other health care practitioners, such as a Board of Medicine or Psychological Examiners. It is also common practice to require a physician's or Psychologist's prescription before a health plan will approve ABA for a specific child.*

*OPM made a decision to reclassify ABA as a medical therapy rather than an educational service based on the evolving body of clinical research and the maturing provider infrastructure to deliver this modality under a medical model.”*

# Federal Health Care Reform: The Essential Benefits Package

(as enacted)

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, **including behavioral health treatment**
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

# State Autism Insurance Reform

State	Year Enacted	State Population	Annual Dollar Cap	Age Cap	State E'ees?	Small Group?
Indiana	2001	6,484,000	None	None	Yes	Yes
South Carolina	2007	4,625,000	\$50K	16	Yes	No
Texas	2007	25,146,000	None	<10	No	No
Arizona	2008	6,392,000	\$50K: 0-8, \$25K: 9-16	16/17	Yes	No
Louisiana	2008	4,533,000	\$36K	<17	Yes	Yes
Florida	2008	18,801,000	\$36K (\$200K lifetime)	<18	Yes	No
Pennsylvania	2008	12,702,000	\$36K	<21	Yes	No
Illinois*	2008	12,831,000	\$36K	<21	Yes	Yes
New Mexico*	2009	2,059,000	\$36K (\$200K lifetime)	19/22	No	Yes
Montana	2009	989,000	\$50K: 0-8, \$20K: 9-18	18	Yes	Yes
Nevada	2009	2,701,000	\$36K	18/22	Yes	Yes
Colorado	2009	5,029,000	\$34K: 0-8, \$12K: 9-19	<20	Yes	Yes
Connecticut*	2009	3,574,000	\$50K: 0-8, \$35K: 9-12; \$25K: 13-14	<15	Yes	No
Wisconsin	2009	5,687,000	\$50K for 4 yrs, \$25K after	None	Yes	Yes
New Jersey*	2009	8,792,000	\$36K	21	Yes	Yes

# State Autism Insurance Reform



State	Year Enacted	State Population <sup>1</sup>	Annual Dollar Cap	Age Cap	State E'ees?	Small Group?
Maine	2010	1,328,000	\$36K	<6	Yes	Yes
Kentucky	2010	4,339,000	\$50K: 0-7, \$1000/mo: 7-21	1-21	Yes	Yes
Kansas	2010	2,853,000	\$36K: 0-7, \$27K: 8-19	<19	Yes only	No
Iowa	2010	3,046,000	\$36K	<21	Yes only	No
Vermont	2010	626,000	None	1 ½ - 6	Yes	Yes
Missouri	2010	5,989,000	\$40K	19	Yes	Yes
New Hampshire	2010	1,316,000	\$36K: 0-12, \$27K: 13-21	21	Yes	Yes
Massachusetts	2010	6,548,000	None	None	Yes	Yes
Arkansas	2011	2,916,000	\$50K	<18	Yes	No
West Virginia	2011	1,853,000	\$30K for 3 yrs; \$24K up to 18	3-18	Yes	Yes
Virginia	2011	8,001,000	\$35K	2-6	Yes	No
Rhode Island	2011	1,053,000	\$32K	15	Yes	No
New York	2011	19,378,000	\$45K	None	Yes	Yes
California	2011	37,254,000	None	None	No	Yes
Michigan	2012	98,836,640	\$50K if <7, \$40K if 7-12, \$30K if 13-18	18	Maybe	Yes
Alaska	2012	722,718	None	21	Yes	>20
Delaware	2012	907,135	\$36,000	21	Yes	Yes



# Oregon EHB Benchmark Plan Selection:

PacificSource  
which includes  
coverage of ABA  
for autism  
treatment