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Fiscal Note & Local Impact Statement

Click here for H.B. 189's Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Young, B.

Local Impact Statement Procedure Required: Yes

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Highlights

- The fiscal effect depends upon a determination made by federal officials regarding the state being required to defray the cost of the bill's required coverage pursuant to the federal Patient Protection and Affordable Care Act (ACA). If the state is required to assume the cost of the coverage, then the coverage requirement would be inoperative under a provision of the bill. The effect of this provision depends on decisions made by federal officials.
- If the required coverage were put into effect, it may create an initial one-time increase in costs to the state to provide health benefits to employees and their dependents of up to roughly $1.5 million or more, followed by annual cost increases of roughly $150,000. The costs of state employees' health benefits are paid out of the State Employee Health Benefit Fund (Fund 8080). Fund 8080 is funded by employer contributions derived from the GRF and various state funds and state employee payroll deductions.
- If the required coverage were put into effect, it may also increase the costs to school districts and other local governments to provide health benefits to employees and their dependents. A one-time cost increase might be up to roughly $5.4 million and $4.3 million, respectively, followed by estimated annual cost increases of roughly $540,000 and $430,000, respectively, statewide; costs could exceed these thresholds. But any political subdivision that already provides the required coverage would experience no effect on costs.
- The bill requires the same coverages for Medicaid as it does for other insurers. The fiscal effect of the Medicaid provisions could result in a one-time cost for Ohio Medicaid's state share of roughly $1.5 million to $23.3 million, depending on (1) the prevalence of pediatric autoimmune neuropsychiatric disorders associated with streptococcal

infections (PANDAS) and pediatric acute onset neuropsychiatric syndrome (PANS), and (2) the extent to which services of Medicaid recipients are or are not already being covered. Subsequent yearly costs are unknown but are expected as new Medicaid enrollees include PANDAS/PANS patients. The subsequent yearly costs may also include continued treatment.

- The bill designates October 9 as "PANDAS and PANS Awareness Day." It does not require any state agency to promote the designation so there does not appear to be a fiscal effect of this provision.

Detailed Analysis

Health insurance coverage

The bill requires health insurers to provide coverage for the screening, diagnosis, and treatment of pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections, commonly referred to as PANDAS, and pediatric acute onset neuropsychiatric syndrome, commonly referred to as PANS. The bill (1) prohibits health insurers from requiring greater cost-sharing for such coverage than is required for other medical and surgical benefits provided under the health benefit plan, (2) specifies minimum benefits that must be provided, and (3) specifies that its requirement must not be subject to either a step therapy protocol or a prior authorization requirement.[1] The bill includes a provision that exempts its requirements from health insurance mandate restrictions in continuing law.[2]

The required coverage applies to all health benefit plans, as defined in section 3922.01 of the Revised Code, and includes a nonfederal government health plan delivered, issued for delivery, modified, or renewed on or after the effective date of the bill.

The bill includes a provision that the required coverage becomes inoperative if the state is required to defray the cost of the bill's required coverage pursuant to any provision of the federal Patient Protection and Affordable Care Act of 2010 (ACA), or pursuant to any related rules, regulations, opinions, or guidance issued by the Secretary of the U.S. Department of Health and Human Services. Any such coverage authorized under 42 United States Code (U.S.C.) 1396a would still be operative.

Fiscal effect – insurance provisions

The fiscal effect would depend on the determination made as to whether the state is required to defray the cost of the required coverage under the ACA. Since the bill provides that, if the state is required to assume any obligation for the cost, the required coverage would be

[1] Also, the required coverage must not be contingent upon either: (1) a patient's symptoms meeting a specified threshold of severity or (2) a patient having a specified immunodeficiency status.

[2] Under current law, no mandated health benefits legislation enacted by the General Assembly may be applied to sickness and accident or other health benefits policies, contracts, plans, or other arrangements until the Superintendent of Insurance determines that the provision can be applied fully and equally in all respects to employee benefit plans subject to regulation by the federal Employee Retirement Income Security Act of 1974 (ERISA) and employee benefit plans established or modified by the state or any political subdivision of the state.

inoperative, it is possible that the fiscal effects that would otherwise be imposed would be voided. The fiscal effect of this provision is important, but subject to decisions made by federal officials and currently unknown.

If the bill's required coverage were in effect, it may increase costs to the state and local governments to provide health benefits to employees and their dependents. The costs of state employees' health benefits are paid out of the State Employee Health Benefit Fund (Fund 8080). Fund 8080 is funded by employer contributions derived from the GRF and various state funds and state employee payroll deductions. If some local government plans already provide the required coverage, the bill would not affect their costs. LBO staff are unable to quantify the fiscal impact on the state and local governments due to lack of information related to PANDA or PANS coverage under their employee health benefit plans. However, the costs for the state could exceed $1 million, and costs to local governments could amount to a few million dollars per year statewide, as illustrated by the rough calculations in the Background information section below.

Medicaid coverage

As is described previously in regards to other health insurers, the bill requires Medicaid to cover screening, diagnosis, and treatment of PANDAS and PANS. The bill (1) prohibits Medicaid from requiring greater cost-sharing for such coverage than is required for other medical and surgical benefits provided by Medicaid, (2) specifies minimum benefits that must be provided, and (3) specifies that its requirement must not be subject to either a step therapy protocol or a prior authorization requirement.[3] In the same manner that has been described previously pertaining to other health insurers, the bill includes a provision that the required coverage becomes inoperative if federal officials determine the state is required to defray the cost of the bill's required coverage pursuant to the ACA. Any such coverage authorized under 42 United States Code (U.S.C.) 1396a would still be operative.

Fiscal effect – Medicaid provisions

The fiscal effect of the bill would depend on the determination made as to whether the state is required to defray the cost of the required coverage under the ACA. Since the bill provides that, if the state is required to assume any obligation for the cost, the required coverage would be inoperative, it is possible that the fiscal effects that would otherwise be imposed would be voided.

In a scenario where the bill's required coverages for children diagnosed with PANDAS or PANS went into effect, it may increase costs to the Ohio Department of Medicaid (ODM). The extent to which costs would increase would depend on how many children receiving Medicaid coverage were diagnosed with PANDAS or PANS, and the extent to which their treatments are or are not already being covered by Medicaid. Currently, all medically-necessary services are covered by Medicaid, including the treatment of PANDAS and PANS. Federal law also requires Medicaid to cover all prescription drugs approved by the U.S. Food and Drug Administration. However, Medicaid is exempted by federal Early and Periodic Screening, Diagnostic, and Treatment guidelines from covering experimental or investigational treatments or services. Thus

[3] For Medicaid, as with the restrictions placed on other health insurers, the required Medicaid coverage must not be contingent upon either: (1) a patient's symptoms meeting a specified threshold of severity or (2) a patient having a specified immunodeficiency status.

costs to ODM would increase only insomuch as the bill requires coverage of experimental care for PANDA or PANS. Any increases in costs for children covered by a managed care organization (MCO) would be passed on to ODM in the form of increased capitated rates charged by the MCO. Further background information about these diseases and some general financial information about their treatment cost and prevalence is provided in the following section.

PANDAS and PANS Awareness Day

The bill designates October 9 "PANDAS and PANS Awareness Day," but does not require any state or local agency to promote the designation, so this provision has no fiscal effect.

Background information

The number of children who have been diagnosed with PANDAS or PANS in Ohio is undetermined. According to information related to PANDAS, posted on the website of the Genetic and Rare Diseases Information Center,[4] "The incidence and prevalence of PANDAS are not known, although it is rare. In one prospective study, only 10 cases were identified among 30,000 throat cultures (1 in 3,000) positive for group A streptococci (GAS). Since then, the annual incidence has ranged between 0 per 10,000 cultures to 10 per 30,000 cultures, depending upon the strain of GAS and other factors. Despite its rarity, some researchers suggest that it may account for ≥10% of childhood-onset obsessive-compulsive disorder (OCD) and tic disorders." PANDAS symptoms generally develop between age three and 12. Treatments related to PANDAS include antibiotics, various medications, and therapies.[5] In addition, according to the prevalence of children who may have PANDAS or PANS on the PANDAS Network website,[6] one in 200 children in the U.S. may have PANDAS/PANS. The information provided on the website concludes that ". . . the true lifetime prevalence of PANDAS/PANS is not known."

To illustrate the potential cost of the required coverage, LBO staff used various estimates and assumptions (as described below). In 2019, Ohio had approximately 1.4 million children between the age of three and 12. As mentioned above, estimates of the prevalence of PANDAS range between one in 200 children and one in 3,000 children. Multiplying the estimated number of children by the estimated prevalence, approximately between 476 and 7,143 children between age three and 12 in Ohio may have PANDAS or PANS.

Based on data from the 2019 American Community Survey (ACS), published by the U.S. Census Bureau, approximately 58.7% of Ohioans under age 19 received health insurance coverage through their employer. Assuming this percentage applies to those children who may have PANDAS, approximately between 280 and 4,193 of such children also received health insurance coverage through their parent's employer. Based on estimates from the U.S. Bureau of Labor Statistics (BLS), 1.4% of the Ohio nonfarm workforce was employed by state government

[4] Information related to PANDAS is posted on the website of the Genetic and Rare Diseases (GARD) Information Center. GARD is a program of the National Center for Advancing Translational Sciences (NCATS) and is funded by two parts of the National Institutes of Health (NIH): NCATS and the National Human Genome Research Institute (NHGRI). GARD provides the public with access to current, reliable, and easy-to-understand information about rare or genetic diseases in English or Spanish.

[5] Source: Stanford Children's Health Diagnosis and Treatment for PANS and PANDAS.

[6] The estimate is posted on the PANDAS Network.

(not including those employed by an educational institution), 4.1% were employed by local government (not including those employed by an educational institution or a local government hospital), and 5.1% were employed in local government education. Applying those BLS percentages to the estimated number of Ohio children who may have PANDAS and also received health insurance coverage through their parent's employer above, between four and 59 of such children may be covered by a state health benefit plan, between 11 and 171 by a local government health benefit plan, and between 14 and 215 by a school district health benefit plan.

According to one source found on the internet, The Center for Fully Functional Health, the cost of one type of therapy for children who are diagnosed with PANS or PANDAS such as intravenous immunoglobulin (IVIG) therapy (i.e., a therapy used for a child with PANDAS with streptococcal infections) ranges between $5,000 and $25,000 for one to three treatments, and up to three treatments are sufficient to cure the condition for most moderate-to-severe patients.[7] Assuming the total costs to treat a child who may have PANDAS is about $25,000 per three IVIG treatments, the initial one-time costs to the state plan could be up to roughly $1.5 million or more, possibly spread over two or more fiscal years, followed by annual costs of roughly $150,000 as more children were diagnosed with PANS or PANDAS and needed such treatments. Similarly, the estimated initial one-time costs to school districts could be up to roughly $5.4 million or more, followed by a potential cost of $540,000 per year and the cost to other local governments could be up to roughly $4.3 million of a one-time cost with potential annual costs of $430,000 per year. Actual costs could be lower or higher than these estimates depending on the actual costs and types of treatment used, and the actual number of children who may be diagnosed with PANDAS or PANS.

The 2019 ACS also shows 36% of Ohioans under age 19 receive public health insurance through Medicaid. While 4.5% of young Ohioans also have some form of private insurance coverage, it is unclear if such insurance currently covers treatments for PANDAS or PANS. Assuming that Medicaid would have to cover all such expenses and that 36% of all Ohioans with PANDAS or PANS have Medicaid coverage, this would mean that under the provisions of the bill Medicaid would provide coverage for approximately between 171 and 2,572 children. Using the previous estimate of $25,000 for the cost of PANDAS treatment, an initial one-time cost could range between roughly $4.3 million and $64.3 million. The federal government may reimburse between $2.8 million and $41.0 million (assuming 64% federal matching rate), leaving Ohio Medicaid's state share as between $1.5 million and $23.3 million. The amount of this cost not already covered by Medicaid coverage of all medically necessary services is unknown. Subsequent yearly costs are unknown but are expected to exist as new Medicaid enrollees include PANDAS/PANS patients. The subsequent yearly costs may also include continued treatment.

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[7] Source: Clinical Management of Pediatric Acute-Onset Neuropsychiatric Syndrome: Part 11 – Use of Immunomodulatory Theraphies, Journal of Child And Adolescent Psychopharmacology, Volume 27, Number 7, 2017.