



Michigan's Autism Reform Legislation

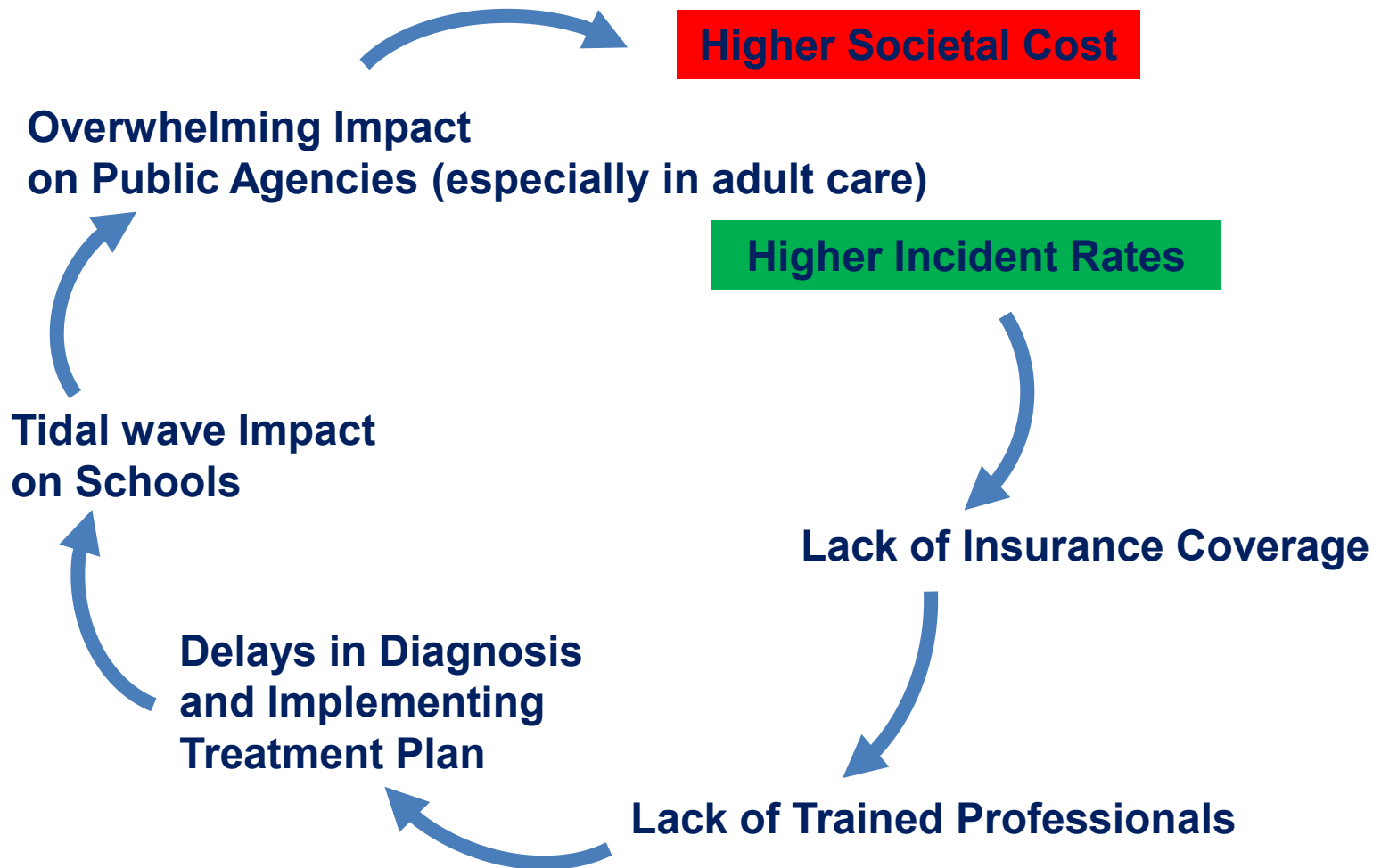
August 2011

Updated 8/10/2011 2:26 PM

Background

- Over the lifespan, the average societal cost of caring for **1** person with autism is **\$3.7 million**. (*Harvard School of Public Health, 2006*).
- Today, 1 in 110 individuals (1 in 70 boys) is diagnosed with Autism Spectrum Disorder (ASD), making it more common than pediatric cancer and diabetes combined. It occurs in all racial, ethnic, and social groups.
- It is estimated there are 15,000 children with autism in Michigan.
- Research has shown that the earlier the treatments, the greater the lifetime impact to the child. If autism is not treated, in many cases the child will likely require full time care for the rest of his or her life. The cost for non treatment is incurred by Michigan companies (disabled children usually get lifetime medical insurance), families and the State of Michigan.
- Healthcare plans in Michigan systematically excluded many of the prescribed, medically proven treatments for autism.
- In addition to the crushing financial burden, the time, energy and stress of parenting children with autism can impact employment, health and marriage. Divorce rates for parents of children with autism are extremely high.

Untreated Autism has a significant impact on society

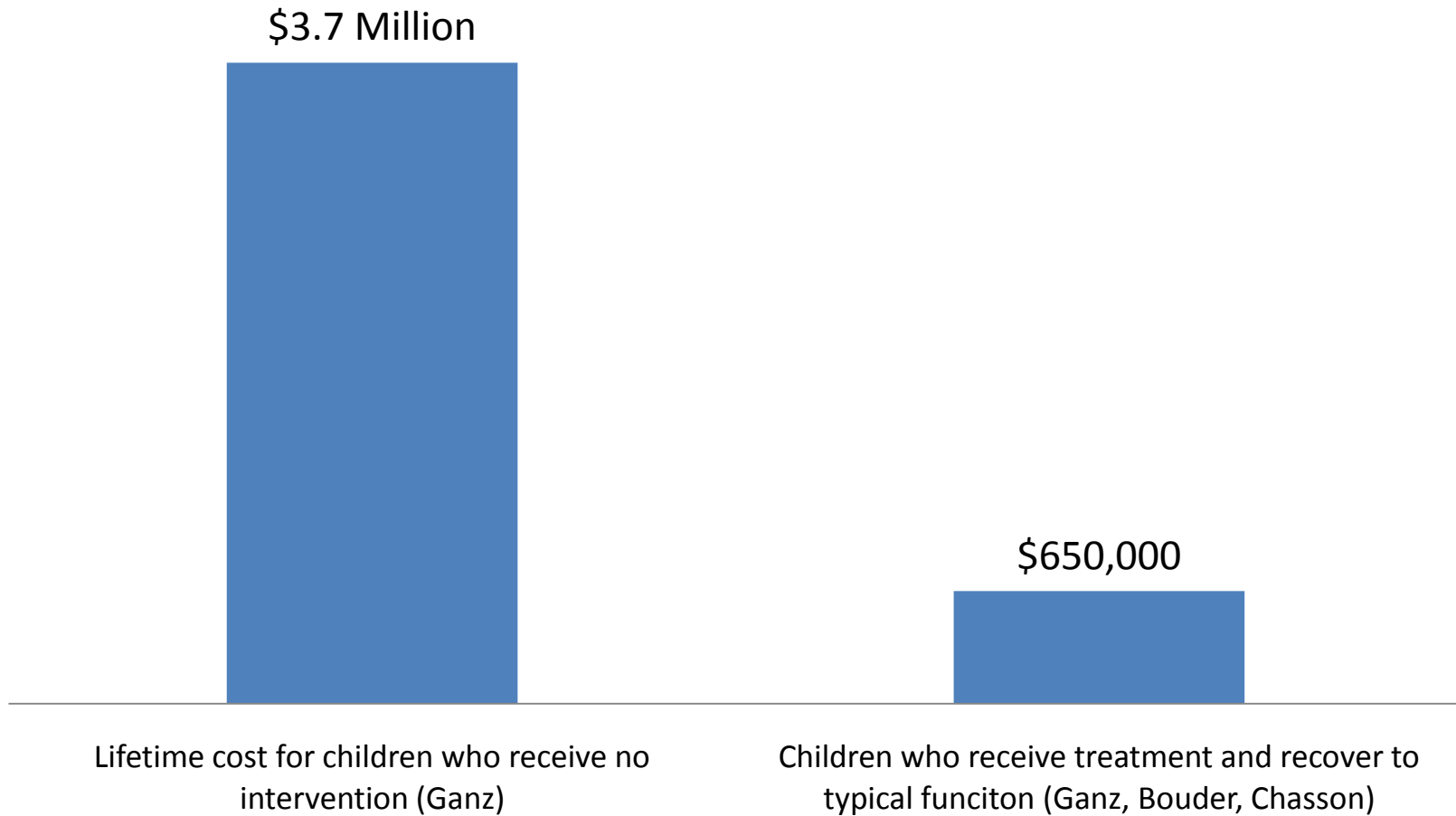


Economic Reform for Michigan

What do we know? Key Assumptions

- 15,000 or more children in Michigan with autism
- Research shows with early identification, appropriate intervention and treatment, almost 50% recover typical function and another 40% make significant progress
- Less than 20% of Michigan's children with autism receive the access to therapies and services
- Not acting is the high cost approach, thrusting families into an unfortunate situation and pushing children into schools without services

Failure to act is the high cost option for Michigan



(1) Ganz \$ 2006 and Boudier \$ 2008 inflated to estimated \$ 2010, not adjusted to \$ 2011

Insurance Premium Impact

- Premium increase is estimated at less than 1%
- In states that have passed legislation, early data shows experience as low as 1/10 of 1%
- Initial costs will be low because it will take 3-5 years for the supply of therapists and service providers to fill the demand

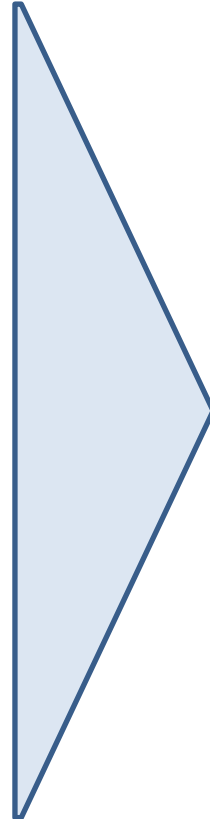


Initial monthly cost for a family is about \$1.50 per month or .14% increase

	Actuarial Estimated Impact on Premiums		Projected Individual Policy
	<u>2011</u>	<u>2015</u>	<u>2015 Monthly Increase</u>
Low	.09%	.44%	\$1.74
Medium	.14%	.72%	\$2.82
High	.22%	1.08%	\$4.25

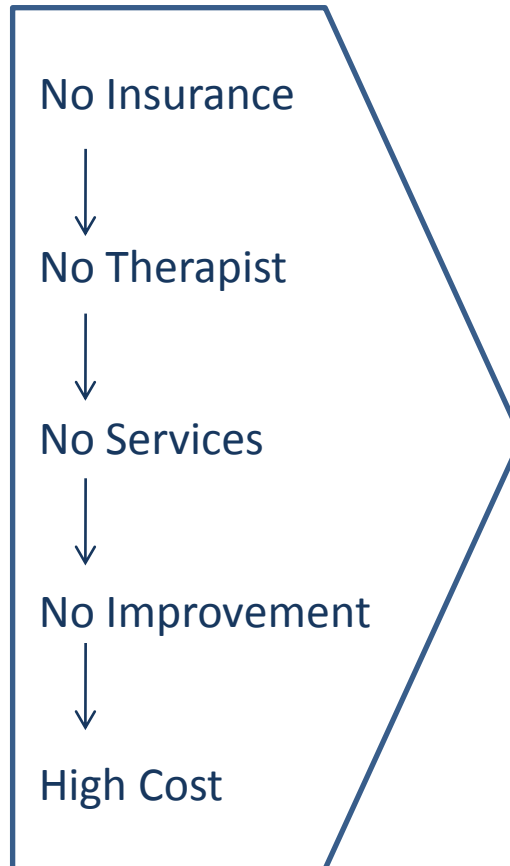
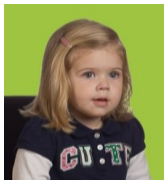
Benefit to Michigan Schools and Jobs

- Studies in other states show early assessment and intervention will reduce the need for special education services over 18 years, saving \$200,000 per child to the school.
- Even if you can self-pay today, therapists are almost non-existent:
Board Certified Behavior Therapists:
Michigan: 60
Florida: 1,800
- Michigan college graduates leave Michigan for states with autism insurance.



- Sound public policy
- Supports schools by lowering school age cost by \$3 billion
- Creates good paying professional jobs, and keeps Michigan college graduates home.

Taking no action is the high cost solution for Business



Employees (Parents) and Employer

- High stress and distraction
- Absenteeism
- Higher parental medical costs
- Lifetime medical coverage

Higher Taxes – State and Local

- Intensive school support
- Social Services
- Housing
- Medical Services
- Transportation
- Police

Societal

- Parent lost wage
- Parent bankruptcy
- High divorce rates

Why Business Should Support an Autism Benefit (Former DTE Executive Chair Tony Earley's Perspective)

- Greater employee productivity
- Employee retention is maximized – employees will not feel the need to leave Michigan in search of a job with state-regulated insurance
- Children who achieve higher levels of functioning
 - have lower overall health care costs
 - do better in school
 - need less assistance from their families, from whom autism often exacts a terrible financial and psychological toll
- A child is given the opportunity for a functional, happy life and is saved from a lifetime of institutionalization

Summary

- The medical, family, societal and business case has been made.
- The legislation is narrow in scope.
- The reform is economically sound. This is a fully funded mandate, different from other proposals. As important, this reform puts at least half of the children out of harm's way and on a path to a fully functioning, productive life. This is very positive for schools, businesses and Michigan's college graduates with degrees in autism therapies.
- The time to act is now. Michigan's children cannot wait.

Appendix

Impact on Lifetime Societal Cost

	Receive Treatment			<u>No Intervention</u>	<u>Net Savings</u>
	<u>Typical Function</u>	<u>Significant Improvement</u>	<u>Little Progress</u>		
Lifetime Cost	\$643,675	\$2,055,235	\$3,944,496	\$3,668,322	\$3,668,322
Incidence Rate	47%	40%	13%	--	
Weighted Figure	\$302,527	\$822,094	\$512,784	--	<u>\$1,637,405</u>
Net Gain					<u>\$2,030,917</u>

Conservative total Michigan cost savings: \$14 billion, not including ERISA Plans. Michigan coverage: 50% Non-ERISA, 50% ERISA

Appendix -- Key Calculations

1. Total Lifetime Cost:

- There are 15,000 children in Michigan with autism. The lifetime cost per the Ganz Study is \$3.7 million with no intervention. The total lifetime cost is approximately \$55 billion.

2. Non ERISA Population Lifetime Cost:





- In the Boudier Study, it is noted that the Federally controlled plans which are referred to as self funded plans or ERISA plans in Michigan cover a little over 50% of the population and children. This legislation only impacts the non-ERISA or non-Self Funded plans which are used by many of the large companies.
- There are about 7,000 children in the State controlled plans. 7,000 times \$3.7 million is about \$28 billion.

3. Lifetime Savings:

- The Boudier Study outlined the lifetime cost of a person with no intervention as \$3.7 million. With intervention almost half of the children achieve normal function and their lifetime cost is lowered to \$644k. Another 40% achieve significant improvement and their costs is lowered to \$2 million. However 14% of the children don't show improvement with today's evidenced based therapies and end up being the highest cost group.
- When you weight out the average cost of providing therapy given the range of improvements, the new average lifetime cost is \$1.6 million or a savings of \$2 million per person.
- For the 7,000 children in State controlled plans this is \$14 billion in savings. For the total population this is \$28 billion in savings over their lifetime. The schools will benefit over the school age of the children from the children getting early access to therapies. Of the \$28 billion, \$3 billion will go to the schools.
- The lifetime savings is a net savings, net of the cost of the therapies provided.

Appendix

Key Supporting Arguments

- I can't support mandates  This unlike others, is funded and will save at least \$14 billion and double that if ERISA plans follow.
- Costs will be high and make insurance prohibitively costly  Actuarial studies do not support this statement. Initial premium increase is significantly under 1%.
- Therapies are experimental  This is not true. Therapies are supported by science and the Surgeon General, the National Research Council and the American Academy of Pediatrics.
- The schools already provide these services  Federal and State laws charge the schools with providing the child with autism a meaningful education.
Schools try to accommodate disabilities in the course of educating children with autism.
Schools do not, cannot, and should not be tasked with treating the disabling condition.