

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0636-02
Bill No.: HB 317
Subject: Children and Minors; Health Care; Health Department; Health, Public
Type: Original
Date: February 20, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$684,497 to \$1,386,947)	(\$520,136 to \$1,388,364)	(\$1,595,245 to \$2,489,520)
Insurance Dedicated	\$0	\$1,450	\$0
Highway	\$0 to (\$1,431,520)	\$0 to (\$349,600)	\$0 to (\$349,600)
Total Estimated Net Effect on <u>All</u> State Funds	(\$684,497 TO \$2,818,467)	(\$520,136 TO \$1,737,964)	(\$1,595,245 TO \$2,839,120)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

*Revenues and expenditures of approximately \$1.8 million annually net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$855,860	\$220,910	\$2,948,400

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Conservation** assume this proposal would not fiscally impact their agency.

Missouri Consolidated Health Care Plan (HCP) officials state the proposal would require certain children to receive hepatitis A immunizations. HCP states the proposal would require DOH to promulgate rules requiring the immunization for hepatitis A for children attending day care centers, preschools, nursery schools, parochial, private and public schools. HCP states the cost per injection is about \$100. This cost should drop somewhat if this service were to become mandatory. Therefore, the fiscal impact to HCP is anticipated to be minimal.

Officials from the **Department of Transportation (DHT)** state the Highway and Patrol Medical Plan covers all Department of Health required immunizations at 100 percent of the allowable amount if received in network. The Medical Plan would also apply the \$15 co-pay for the office visit associated with receiving the immunization if received in network. DHT assumes that only one office visit charge would be applied to the series of immunizations (2 shots received on different days), which is common practice among providers. Based on information obtained from the internet, two shots of hepatitis A vaccine would be needed to protect an individual on a long-term basis and the vaccine is currently not approved for use in children under 2 years of age. DHT also assumes that there would be the cost of one office visit per participant in administering the hepatitis A series of immunizations. DHT's third party administrator, West Port Benefits, provided the vaccine's cost estimate of \$85 per dose and an office visit average of \$75. When offset by the \$15 office co-pay, this equates to a \$230 ($\$85 + \$85 + \$75 - \15) cost to administer each participant's total vaccine.

DHT states they have 4,424 participants while the Patrol has 1,800 participants between the age of 2 and 19. The 4,424 DHT participants times \$230 per participant for a DHT total of \$1,017,520. The 1,800 Patrol participants times \$230 per participant for a Patrol total of \$414,000. Therefore, assuming that all eligible participants receive the Hepatitis A immunization in network, the Medical Plan's fiscal impact would be approximately \$1,431,520. This impact would be for the first year only. Once all the eligible participants the annual fiscal impact would decrease. The Medical Plan has on average 1,520 new births each year and it would cost the plan approximately \$230 per participant to administer the hepatitis A immunization ($1,520 \text{ new births} \times \$230 = \$349,600$). DHT employees account for \$262,200 of the total cost while Patrol employees account for \$87,400. The annual fiscal impact after the first year would be approximately \$349,600.

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ASSUMPTION (continued)

Historically DHT and the plan members have shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the department (commission) must make a decision on what portion they would provide. Until the commission makes a decision DHT can only provide the cost to the medical plan.

Department of Insurance (INS) officials state that health insurers and HMOs would be required to amend policy forms in order to comply with this proposal. INS states that they anticipate that current appropriations and staff would be able to absorb the work for implementation of this proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals. INS states there are 29 HMOs that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 29 HMOs would each submit one policy form amendment resulting in revenues of \$1,450 to the Insurance Dedicated Fund. If multiple proposals pass during the legislative session which would require form amendments to be filed, the insurers would probably file one amendment for all required mandates. INS states this would result in increased revenue of \$1,450 for all proposals.

Officials from the **Department of Health (DOH)** state that in Missouri, approximately 100,000 children attend licensed day care facilities with 10 or more children. Approximately 37% (37,000) of these children are eligible for the federal Vaccines for Children (VFC) program, and could have the VFC program pay for the hepatitis A vaccination series. Of the remaining 63% (63,000) non-VFC-eligible children who attend licensed day care facilities, approximately 30% (18,900) currently receive their immunizations from the local public health agencies (LPHAs). However, if hepatitis A vaccination would become a requirement for day care and school attendance, DOH assumes that as many as 90% (56,700) may go to the LPHAs because: Hepatitis A immunization was added to the Recommended Childhood Immunization Schedule just last year (2000), and then only for selected states (such as Missouri). Since hepatitis A has not been a universally recommended vaccine until recently, most children probably have not received it. In addition, numerous insurance companies are exempt from the provisions of Missouri's first dollar immunization insurance law. For those companies that aren't exempt, they don't have to cover hepatitis A immunization until policies renew, which could take a year cycle. Finally, since two doses of hepatitis A in the private sector cost over \$50 (not including administration fees and office visit charges), most parents probably will not want to pay these expenses out of their pockets. The hepatitis A vaccination series consists of two doses, and each dose costs \$11.15 in the public sector. $18,900 \text{ children} \times 2 \text{ doses} \times \$11.15 \text{ per dose} = \$421,470$. $56,700 \text{ children} \times 2 \text{ doses} \times \$11.15 \text{ per dose} = \$1,264,410$. If day care facility hepatitis A immunization requirements are implemented two years before school hepatitis A immunization requirements, DOH cannot project what, if any, additional funding would be needed to vaccinate

ASSUMPTION (continued)

kindergartners against hepatitis A two years from now. Requiring exemption information to be available whenever immunization schedules are available would have no fiscal impact on DOH.

Department of Social Services - Division of Medical Services (DMS) officials state they calculated the fiscal impact of this proposal based on the number of children on Medicaid. DMS (Medicaid) currently pays for the administration of these injections. DMS states the actual cost of the drug is provided by the Vaccine for Children program which is administered by the Department of Health. DMS estimates that there would be average of 114,114 children on Medicaid that would require the hepatitis A vaccine. DMS assumes that 75% of the 2 -5 year olds and all school aged children would be affected by the proposal. The current Medicaid reimbursement for the administration of these immunizations is \$5. DMS calculates the estimated fiscal impact as follows:

FY 2002

Estimated number of doses	85,586
x Number of doses	<u>x 2</u>
	171,172
x Cost of administration of immunization	<u>x \$5.00</u>
Total Estimated Costs	<u>\$855,860</u>

The estimated number of eligibles includes 75% of ages 2 -5.

FY 2003

Estimated number of doses	22,091
x Number of doses	<u>x 2</u>
	44,182
x Cost of administration of immunization	<u>x \$5.00</u>
Total Estimated Costs	<u>\$220,910</u>

The estimated number of eligibles includes 75% of ages 2.

FY 2004

Estimated number of doses	294,840
x Number of doses	<u>x 2</u>
	589,680
x Cost of administration of immunization	<u>x \$5.00</u>
Total Estimated Costs	<u>\$2,948,400</u>

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ASSUMPTION (continued)

The estimated number of eligibles includes age 7 - 17 for all children attending school, 25% of the children ages 5 -8 who did not attend daycare, and 75% of the children age 2.

DMS assumes that there might be a cost savings in other medical costs in future years if children are properly immunized as required by the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

Costs - Department of Health

Hepatitis A vaccine	(\$351,225 to \$1,053,675)	(\$434,114 to \$1,302,342)	(\$447,138 to \$1,341,413)
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Costs - Department of Social Services

Medical assistance payments	<u>(\$333,272)</u>	<u>(\$86,022)</u>	<u>(\$1,148,107)</u>
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

	<u>(\$684,497 TO \$1,386,947)</u>	<u>(\$520,136 TO \$1,388,364)</u>	<u>(\$1,595,245 TO \$2,489,520)</u>
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INSURANCE DEDICATED FUND

Income - Department of Insurance

Form filings fees	<u>\$0</u>	<u>\$1,450</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON
INSURANCE DEDICATED FUND**

	<u>\$0</u>	<u>\$1,450</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would require the Department of Health to develop rules requiring an immunization for hepatitis A for children attending day care centers, preschools, or nursery schools. The department would also be required to develop rules requiring an immunization for hepatitis A for children attending public, private, parochial, and parish schools beginning with the 2003 - 2004 school year and every following year. The department would be required to inform the public of all exemptions available whenever immunization schedules are available.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation
Department of Health
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Insurance
Department of Conservation

NOT RESPONDING: Department of Public Safety - Missouri State Highway Patrol



Jeanne Jarrett, CPA
Director

February 20, 2001