

Department of Planning and Budget 2008 Fiscal Impact Statement

1. **Bill Number:** HB 1227

House of Origin ___ Introduced X Substitute ___ Engrossed
Second House ___ In Committee ___ Substitute ___ Enrolled

2. **Patron:** Vanderhye

3. **Committee:** Health, Welfare and Institutions

4. **Title:** Medical assistance services; coverage of treatment for breast and cervical cancer.

5. **Summary:** The bill directs the Virginia Department of Health (VDH) to expand access to breast and cervical cancer screening available under the Every Woman's Life Program. Currently, access to the Every Woman's Life Program is available only to women who are screened and diagnosed with breast or cervical cancer or pre-cancerous conditions by a provider under contract with the program. This bill will expand access to the program by allowing any provider to screen and diagnose women and refer them to the Every Woman's Life Program. Women who meet the requirements to participate in the Every Woman's Life Program are eligible for Medicaid coverage of their medical services.

6. **Fiscal Impact Estimates:**

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009	\$ 836,321	N/A	GF
2009	\$ 1,428,874	N/A	NGF
2010	\$ 1,493,352	N/A	GF
2010	\$ 2,650,561	N/A	NGF
2011	\$ 2,065,261	N/A	GF
2011	\$ 3,712,678	N/A	NGF
2012	\$ 2,571,799	N/A	GF
2012	\$ 4,653,391	N/A	NGF
2013	\$ 3,029,478	N/A	GF
2013	\$ 5,503,366	N/A	NGF
2014	\$ 3,451,613	N/A	GF
2014	\$ 6,287,331	N/A	NGF

7. **Budget Amendment Necessary:** Yes, Item 306, Service Area 45609 and Item 295, Service Area 43005.

8. Fiscal Implications:

Medicaid Impact:

During FY 2007, the average Medicaid cost was \$13,043 per recipient for women enrolled through the Every Woman's Life Program. The number of women aged 18-64 potentially eligible for screening through this program is estimated at 69,000. Based on Virginia breast and cervical cancer incidence data, it is expected that each year approximately 300 women within this age group will be diagnosed with cancer or a pre-cancerous condition requiring treatment. According to VDH, data indicates that the program is currently serving one-half of these women; expanding access to the program as set forth in the proposed bill is expected to extend Medicaid benefits to an additional 150 women each year.

The Department of Medical Assistance Services (DMAS) developed the cost estimate by growing the estimated annual cost per person in FY 2007 by six percent per year to approximate health care cost inflation. Based on historical estimates, DMAS determined 75 percent of women enrolled into the Breast and Cervical Cancer program continued their enrollment into the following year. Beginning in FY 2010, the enrollment is calculated as 75 percent of the previous year's additional enrollment plus 150 new women. The federal government provides an enhanced match rate for services provided under this program equal to the federal participation rate for the state's Title XXI State Children's Health Insurance (S-CHIP) program. The enhanced match rate for Virginia is 65 percent. The estimated fiscal impact of this bill is demonstrated in the table below.

Fiscal Year	Number of Additional Women Served	Annual Cost per Person	Total Funds	GF (35%)	NGF (65%)
2007		\$ 13,043			
2008		\$ 13,826			
2009	150	\$ 14,655	\$ 2,198,267	\$ 769,394	\$ 1,428,874
2010	263	\$ 15,534	\$ 4,077,786	\$ 1,427,225	\$ 2,650,561
2011	347	\$ 16,466	\$ 5,711,813	\$ 1,999,134	\$ 3,712,678
2012	410	\$ 17,454	\$ 7,159,063	\$ 2,505,672	\$ 4,653,391
2013	458	\$ 18,502	\$ 8,466,716	\$ 2,963,351	\$ 5,503,366
2014	493	\$ 19,612	\$ 9,672,817	\$ 3,385,486	\$ 6,287,331

VDH Impact:

The bill has an administrative impact on VDH since a contractual employee, equipment, supplies, and other expenses are needed. The projected expenditures are based on the following estimates:

1) Contractual Services: Expenses to cover a part-time (20 hours per week) contractual worker at a bill rate of \$19.44/hr. x 1,040 hrs/year (\$20,218). This includes a 20.77 percent mark up by the Contractor.

2) Equipment: Initial computer and printer purchase is estimated at \$800, and VITA on-going charges of \$1,379 per year. Equipment rental fee for desk phone is calculated at \$15/month x 12 months (\$180).

3) Supplies: General office supplies estimated at \$15/month x 12 months (\$180). Design and printing of a promotional brochure to be disseminated to all Medicaid vendors (57,000 vendors per Medicaid) explaining Treatment Option 3 was estimated at \$16,700. This includes graphic design at \$2,450 and printing costs at \$14,250 (57,000 brochures x \$.25/brochure). Charges for printing two data forms used to capture non-network provider information as well as client treatment information was estimated at \$1,200. This includes two forms at \$.06/form x 10,000 forms.

4) Other: Telecommunication charges include a \$5 monthly charge for maintaining a toll-free line, and telephone charges estimated at \$30/month; postage charges to mail letter containing promotional brochure and memo to 57,000 Medicaid vendors at \$.41/letter, and monthly postage costs to enroll or correspond with non-network providers is estimated at \$100/month x 12 months; courier services estimated at \$75/month x 12 months. Building rental fee calculated at the standard agency rate of \$1,812/employee; and miscellaneous charges, which include fiscal, eVa and legal fees, and agency service charges, were estimated at \$380.

VDH Costs:	FY 2009	FY 2010
Staff (contractual)	\$20,218	\$20,218
Computer Operating Charges	\$1,379	\$1,379
Computer & Printer (<u>one-time</u>)	\$800	\$0
Equipment Rental (phone)	\$180	\$180
General Office Supplies	\$180	\$180
Promotional Brochure	\$16,700	\$16,700
Data Forms (2)	\$1,200	\$1,200
Telecommunication	\$420	\$420
Postage	\$24,570	\$24,570
Courier Services	\$900	\$900
Misc Charges	\$380	\$380
Total (General Fund)	\$66,927	\$66,127

9. Specific Agency or Political Subdivisions Affected: Department of Medical Assistance Services and the Virginia Department of Health.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

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cc: Secretary of Health and Human Resources