

## Department of Planning and Budget

### 2015 Fiscal Impact Statement

**1. Bill Number:** SB 1083

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Vogel

**3. Committee:** Education and Health

**4. Title:** Immunizations; meningococcal vaccine.

**5. Summary:** Adds certain doses of the meningococcal vaccine to the minimum immunization requirements set forth in the State Board of Health Regulations for the Immunization of School Children.

**6. Budget Amendment Necessary:** Yes.

**7. Fiscal Impact Estimates:** See item 8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	-	-	-
2015	-	-	-
2016	1,572,203	0	General
2016	3,139,328	0	Nongeneral
2017	1,559,159	0	General
2017	3,203,857	0	Nongeneral
2018	1,618,688	0	General
2018	3,341,635	0	Nongeneral
2019	1,652,502	0	General
2019	3,429,632	0	Nongeneral
2020	1,763,902	0	General
2020	3,387,539	0	Nongeneral
2021	1,820,368	0	General
2021	3,419,019	0	Nongeneral

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2015	-	-

2016	294,244	General
2017	296,847	General
2018	305,231	General
2019	307,625	General
2020	305,937	General
2021	304,532	General

## **8. Fiscal Implications:**

### **Department of Health**

This bill would have a fiscal impact on the Commonwealth. The Department of Health determined that in order to meet the provisions of the bill, general fund dollars will be needed. Based on Tdap vaccine administration data, which is an adolescent vaccine given to the same age group, 99 percent of 6<sup>th</sup> and 12<sup>th</sup> grade students will be unvaccinated under this new requirement. As this bill targets the same age group as the Tdap vaccine, this is a comparable estimate for unvaccinated students for the meningococcal conjugate vaccine.

Historically only 21 percent of vaccinations occur at a health department, thus expenditure and revenue estimates are based on this percentage. If more students are vaccinated at a health department than estimated this could potentially impact expenditure and revenue estimates. It is also assumed that 25 percent of the student vaccine doses will be purchased using general funds. The other 75 percent of student vaccine doses will be purchased using federal Vaccines for Children Program funding. The revenue estimate reflects the revenue generated from reimbursement of claims for administration fees from insurance providers and third-party payers for children who received either general fund vaccine doses or federally funded vaccine doses.

### **Department of Medical Assistance Services**

Meningococcal vaccinations are currently covered services through Medicaid and FAMIS. This bill would make the vaccinations required for public and private school entry and therefore higher utilization would be expected. The Meningococcal vaccine is available through the Vaccines for Children program which means that the cost per vaccination to DMAS for children with a Medicaid benefit is \$11. For children in the FAMIS program the full cost of the vaccine is passed on to DMAS and a typical vaccination currently costs \$104.87.

Based on paid claims for other vaccinations that are required for school, such as HPV for females, Chicken Pox, TDAP, and Hepatitis B, DMAS expects a significant increase in expenditures (approximately 160 percent) if the Meningococcal vaccine is required. In FY 2014, DMAS reimbursed \$30,267 in Medicaid fee-for-service claims for the Meningococcal vaccine. With the proposal, DMAS estimates that in state fiscal year 2016, additional expenditures would be 1.6 times those reimbursements plus an additional two percent growth per year. Using similar assumptions, DMAS estimates additional fee-for-service expenditures in FY 2016 of \$50,384 total funds through the Medicaid program, \$32,441 total funds in the FAMIS program and \$7,306 total funds in the Medicaid Expansion program. Growth is assumed to continue at two percent per year.

The vaccinations are also covered by managed care, which follow the same Vaccine for Children rules as the Fee-For-Service claims. The majority of children get their vaccinations through managed care and we assume rates set for state fiscal year 2016 would reflect the increased utilization. Using the same expected factor of 1.6 times as much usage and expenditures DMAS estimates an additional \$317,287 total funds paid through capitation payments made for children in Medicaid, \$408,916 for children enrolled in FAMIS and \$63,078 for children enrolled in the Medicaid Expansion program.

Expenditures in the Medicaid program are matched 50/50 by federal funds. Due to the Affordable Care Act expenditures in the FAMIS and Medicaid Expansion programs will receive an enhanced match starting in October of 2015. Weighted for the year, DMAS calculates an 82.25 percent match in FY 2016, an 88 percent match fiscal years 2017 through 2019, 70.75 percent in FY 2020 and 65 percent thereafter.

Expanding the vaccination should have a cost savings as the occurrences and the costs of Meningitis decrease. DMAS fee-for-service expenditures for those with a primary diagnosis of Meningitis were over \$660,000 in FY 2014. With the majority of members in managed care, the costs of Meningitis for those members is likely much greater. However due to the lag between vaccinations and potential savings, especially with savings being realized when the individuals are likely no longer Medicaid members, no savings are assumed.

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

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** HB2194, introduced by Delegate Yost, is a companion bill.