

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: HB 305

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: O'Bannon

3. Committee: Health, Welfare and Institutions

4. Title: Payment for immunizations

5. Summary: This bill requires the Department of Health to seek reimbursement for the allowable costs associated with the provision of immunizations for school children. The department shall seek reimbursement if the child is covered by a health insurance plan, Medicare, Medicaid, Children's Health Insurance Program (CHIP) or CHAMPUS.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary, See Item 8.

8. Fiscal Implications: This bill would have a fiscal impact on the Commonwealth; however the exact impact is uncertain. The department currently bills Medicaid, Medicare, CHIP, CHAMPUS, and private payers. However, not all private payers reimburse the department because current law states that the vaccines will be provided at no cost (to the parents) and some carriers interpret this as no cost to them.

This bill would likely result in increased reimbursement from private payers because it is a requirement of the bill. According to the Department of Health about 20 percent of the target population would have private insurance, which is determined by self-reporting of insurance status at local health districts. The bill provides that the department shall charge for the allowable costs of the vaccine. The agency could charge for the cost of the vaccine product in addition to a vaccine administration fee. However, this requires the agency to purchase the vaccine off non-federal contracts, which would result in additional costs of \$410,256. This estimate is based on the department's historical purchases for privately insured children. The calculation also assumes the average costs per dose for different vaccine products.

Since the bill allows the agency to charge for the vaccine product it could generate a total of \$865,910 in additional nongeneral fund revenue from vaccine acquisition cost reimbursement, based on the agency's historical purchases. The agency could also generate an additional \$82,971 in revenue for the \$18 vaccine administration fee reimbursement as the agency would be receiving reimbursement from more insurance providers. The total projected new nongeneral fund revenue is \$948,881. This amount would be reduced by the locality offset, since each local health department is "split-funded" based on a local

cooperative budget. The amount of this reduction would depend on the mix of localities administering the immunizations.

The net fiscal impact of this bill is potentially higher revenue from private payers that would likely offset the cost of purchasing the vaccine product off non-federal contracts. The degree to which the workload on billing staff at local health districts would be impacted cannot be determined at this time. However, it is anticipated that any increase in agency cost would be offset by excess revenue generated.

9. Specific Agency or Political Subdivisions Affected: Department of Health.

10. Technical Amendment Necessary: No.

11. Other Comments: No.