

## Department of Planning and Budget

### 2018 Fiscal Impact Statement

**1. Bill Number:** HB 644

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

**2. Patron:** Hope**3. Committee:** Health, Welfare and Institutions**4. Title:** Meningococcal conjugate; immunizations, requirement of one dose before child enters sixth grade.

**5. Summary:** Requires the Board of Health to include in regulations governing the immunization of school children a requirement for one dose of meningococcal conjugate (MCV4) vaccine administered before the child enters the sixth grade. The bill has a delayed effective date of July 1, 2019.

**6. Budget Amendment Necessary:** Yes, see item 8.**7. Fiscal Impact Estimates:** Preliminary.**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	0	0	General
2018	0	0	Nongeneral
2019	104,990	0	General
2019	292,118	0	Nongeneral
2020	592,872	0	General
2020	1,668,655	0	Nongeneral
2021	623,835	0	General
2021	1,641,530	0	Nongeneral
2022	634,818	0	General
2022	1,639,844	0	Nongeneral
2023	638,661	0	General
2023	1,646,095	0	Nongeneral
2024	650,308	0	General
2024	1,675,644	0	Nongeneral

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	131,455	Nongeneral
2021	128,672	Nongeneral
2022	126,308	Nongeneral
2023	124,030	Nongeneral
2024	123,821	Nongeneral

- 8. Fiscal Implications:** This bill would have a fiscal impact on the Commonwealth. There is a proposed budget amendment in the introduced budget to fund the impact to the Department of Health (\$520,745 GF and \$1,562,236 NGF) in FY 2020; however, corresponding appropriation was not included for the Department of Medical Assistance Services. If the proposed amendment is not included in the introduced budget, then the Commonwealth will incur the full cost to implement the provisions of the bill. Any costs incurred by VDH in FY 2019 are deemed to be able to be absorbed within current resources.

#### **Virginia Department of Health**

This bill would have a fiscal impact on the Commonwealth. This bill targets the same age group as the currently administered Tdap vaccine and as a result there is a comparable estimate for the number of unvaccinated students who would require the meningococcal conjugate vaccine (MCV4). Based on Tdap vaccine administration data, 99 percent of sixth grade students will be unvaccinated for meningococcal bacteria under this new requirement.

Expenditure and revenue data estimates are based on the average percent of vaccines that are administered at a health department. As a result, if more students are vaccinated at a health department than estimated this could potentially affect expenditure and revenue estimates. Therefore, it is difficult to determine the exact amount of doses required and any amount at this time is an estimate. It is also assumed that 25 percent of the MCV4 doses will be purchased using general fund at an estimated cost of \$520,745. The other 75 percent of MCV4 doses will be purchased using federal Vaccines for Children Program funding at an estimated cost of \$1,562,236. Of that amount, \$134,555 is revenue derived from the local health departments as part of the cooperative budget to administer the MCV4 vaccine. 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 only \$11. For children in the FAMIS program the full cost of the vaccine is passed on to DMAS and a typical vaccination cost \$91.94 in FY 2017.

Based on paid claims for other vaccinations that are required for school, such as HPV for females, Chicken Pox, Tdap, and Hepatitis B during state fiscal years 2016 and 2017, DMAS expects an additional 52 percent of expenditures for the Meningococcal vaccine due to the proposed legislation. In state fiscal year 2017, DMAS reimbursed \$46,971 for Medicaid fee-for-service claims for the Meningococcal vaccine. Increased utilization would begin in FY 2019 in anticipation of the requirement being in effect for the school year in fiscal year 2020.

Therefore, DMAS estimates that HB 644 would result in additional fee-for-service

expenditures in SFY 2019 of \$10,756 total funds through the Medicaid program, \$13,473 total funds in the FAMIS program and \$1,307 total funds in the MCHIP program.

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 2019 would reflect the increased utilization. Using the same expected factor of 0.52 times as much usage and expenditures DMAS estimates an additional \$140,133 total funds paid through capitation payments made for children in Medicaid, \$203,245 for children enrolled in FAMIS and \$28,194 for children enrolled in the CHIP program.

Expenditures in the Medicaid program are matched 50/50 by federal funds. The Affordable Care Act and The Medicare Access and CHIP Reauthorization Act provided an enhanced federal match rate of 88 percent for expenditures in the FAMIS and CHIP programs through September 30, 2019. Based on current reauthorization language before Congress, DMAS estimates that such federal match rate will reduce to 76.5 percent on September 30, 2019 and to 65 percent September 30, 2020. For the purposes of this estimate, DMAS assumed the match rates in the current proposed federal legislation, however, this is dependent on future Congressional actions.

Expanding the vaccination should have a cost savings as the occurrences and the costs of Meningitis decrease. DMAS fee-for-service inpatient hospital expenditures for those with a diagnosis of Meningitis were over \$1.5 million in SFY 2016. Along with other expenditures for those with Meningitis and with the majority of members in managed care, and the total costs of Meningitis is likely much greater. However due to the lag between vaccinations and potential savings, especially with savings being realized when the individuals are no longer Medicaid members, no savings are estimated.

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

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

**11. Other Comments:** None.