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FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/06
 LAST UPDATED 2/14/06 HB 791/aHAFC

SPONSOR Boykin

SHORT TITLE Eye Exams for First Grade Students SB _____

ANALYST Lewis

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
NFI			

(Parenthesis () Indicate Expenditure Decreases)

Relates to HJM 30 (Study School Vision, Hearing & Dental Screens)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
(100.0)			Recurring	General Fund
100.0			Recurring	Children's Vision Care Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		246.4	236.4	482.8	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

- Department of Health (DOH)
- Human Services Department (HSD)
- Health Policy Commission (HPC)
- Public Education Department (PED)

Attorney General's Office (AGO)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment removes the appropriation.

Synopsis of Original Bill

House Bill 791, with emergency clause, requires that, beginning with the 2007-2008 school year, a child shall have a comprehensive eye examination no more than six months prior to being enrolled in first grade in the public schools. If a child moves to New Mexico from another state after the start of the school year between first grade and the end of the third grade, the child shall have a comprehensive eye examination within three months of entering public school.

The comprehensive eye examination shall be conducted by an optometrist or ophthalmologist; and shall consist of a complete and thorough examination of the eye and visual system that includes an evaluation, determination and diagnosis of:

- 1) visual acuity at distance and near;
- 2) alignment and ocular motility;
- 3) binocular fusion abnormalities, including tracking;
- 4) actual refractive errors, including verification by subject means;
- 5) any color vision disorder;
- 6) intraocular pressure; and
- 7) ocular health, including internal and external assessment.

The Department of Health shall:

- develop a comprehensive eye examination transmittal form to be signed by the optometrist or ophthalmologist who conducted the eye examination; and shall
- establish a program to help pay for the comprehensive eye examination and necessary spectacles for eligible children,
 - whose family income does not exceed 250 percent of the federal poverty guidelines and
 - who do not receive comparable benefits from private health or vision insurance, Medicaid, the Commission for the Blind or other public or private sources.

The “children’s vision care fund” is created in the state treasury to ensure early detection and correction of vision problems in children enrolling or enrolled in grades one through three who are eligible for services. The fund consists of appropriations, gift, grants and donations. Money in the fund shall not revert or be transferred to another fund at the end of a fiscal year. The fund is administered by the Department of Health and money in the fund is appropriated to the department to reimburse New Mexico optometrists and ophthalmologists who provide comprehensive eye examinations to eligible children.

House Bill 791 appropriates \$100,000 from the general fund to the children’s vision care fund for expenditure in fiscal year 2007 and subsequent fiscal years.

FISCAL IMPLICATIONS

The appropriation of \$100,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

The Department of Health states that administration of the program would require one FTE at a cost of \$60,000 for salary and benefits plus \$10,000 for start-up costs to include a computer, office furniture and supplies, etc. The bill does not appear to allow DOH to use the children's vision care fund for the department's administrative expenses.

According to the Human Services Department, by requiring a more comprehensive vision exam prior to enrollment in first grade, this bill would result in a potential expense to Medicaid of \$630,000 (approximately 11,815 Medicaid-eligible children would require a vision examination for which Medicaid pays \$53.32). Of the \$630,000 total, \$176,400 would come from the general fund, with the balance paid by federal matching funds.

However, not all Medicaid-eligible children are in fact covered by Medicaid. Those not covered include many undocumented immigrants as well as others who may not have applied for Medicaid benefits or may have let their eligibility lapse.

SIGNIFICANT ISSUES

The Human Services Department (HSD) notes that this bill defines an eligible child as one "whose family income does not exceed 250 percent of the federal poverty guidelines," and specifically prohibits the appropriation from being expended for children who receive comparable benefits from Medicaid. Since Medicaid covers children up to 235 percent of poverty, it appears that the only children who could be helped by this fund are those who are either:

- between 235 percent and 250 percent of poverty; or
- are not covered by Medicaid even though they would be eligible for Medicaid benefits.

If a governor's proposal is approved, Medicaid would cover children up to 300% of poverty, meaning that anyone who could be helped by the fund could also enroll in Medicaid.

An examination requirement for children entering school will result in more examinations being conducted for Medicaid enrolled children with accompanying required vision corrections for which the Medicaid Program would incur the cost. Currently, most children in Medicaid now just receive a vision screening rather than the full exam proposed in this bill, unless there is some indication of a vision problem or the parent or guardian sets up an appointment.

According to the Department of Health (DOH), a comprehensive eye examination in New Mexico costs around \$80, so this fund could potentially pay for approximately 1,250 examinations. Approximately 25,493 children attend first grade in New Mexico public schools. It is not known how many children would need assistance from the fund and whether this amount of money is adequate. In addition, there is no funding included in this bill to pay for vision treatment, including eye glasses, for children with identified impairments raising the question of the efficacy of this intervention. Information from the New Mexico School Health Report for the school year 2004-2005 reveals that school nurses performed 180,513 vision screens on New Mexico public school students, with about 10% or 18,721 of those screened referred for treatment.

The DOH reports that

- the American Academy of Pediatrics, American Academy of Ophthalmology and American Association for Pediatric Ophthalmology and Strabismus all support early and repeated vision screening as the most effective method of detecting vision impairments in children; and
- the American Optometric Association advocates complete eye examinations for all children at school entry.

The Health Policy Commission (HPC) cites a Center for Health and Health Care for Schools report that:

- Although early detection of problems is key to protecting children’s vision, vision screening and eye exam rates are low among pre-school children. Up to 21 percent of preschool children are screened for vision problems, but only 5-14 percent receive an eye exam by an eye care practitioner before entering school.
- Among children screened for vision problems, rates for follow-up care are low and often delayed. Nearly 40 percent of the 7-17 percent of children who were screened and referred for additional testing did not receive the recommended follow-up care. When a 5 or 6 year old failed a vision screening, the average delay before evaluation by an eye care professional was 4 years.

The HPC notes that early detection of pediatric vision problems is essential for children to learn and succeed in school, and that, if left undiagnosed and untreated, vision problems can lead to permanent vision loss and learning difficulties.

HPC also cites a 2004 report by the Vision Council of America (VCA) that finds a growing trend among policymakers to enact laws that increase the number of school-age children that receive preventive vision care, including eye exams and vision screenings. Kentucky is the first state to require mandatory comprehensive vision screening in schools. Thirty-nine states and the District of Columbia have enacted policies that recommend or require school-based vision screenings.

The Attorney General’s Office (AGO) expresses concern that, since vision care is frequently not part of an employer sponsored health insurance plan, even children who are otherwise insured may not be insured for prophylactic vision care and will not meet the income guidelines for assistance under this bill. There may be a large pool of such children who “fall between the cracks” and will not be covered by the proposed Vision Care Fund, private insurance or Medicaid.

The Vision Fund proposed under the bill only covers exams and corrective lenses. If any problems are identified, there is no allocation for ongoing medical or surgical intervention.

The AGO further notes that the bill does not deal with the enforcement. Will children be denied access to classrooms if they do not have an exam? Who will be responsible for enforcement? If a child has the required exam, but the family does not follow through with recommendations, will this be grounds for a neglect referral? Under 32A-4-2 E (2), a neglected child is one who is without proper parental care and control, sustenance, education or medical care because of the faults or habits of the child’s parent or the refusal of the parent, guardian or custodian to provide them.

The Public Education Department (PED) adds that:

- According to the American Association of Pediatrics, the earlier a child’s vision problems are detected and treated the more positive the outcome. Thus, children’s vision examinations should begin at an earlier age, at pre-school and continuing through second grade.

- According the School Health Services Report, school nurses screened 180,513 New Mexico public school students. 18,721 of those screened were referred for further examination and treatment. Public school nurses follow standard guidelines for vision screenings and perform these screens as part of their job.

PERFORMANCE IMPLICATIONS

PED suggests that removing the barrier of poor vision for students may increase their academic success and lead to increased math and reading scores.

ADMINISTRATIVE IMPLICATIONS

The DOH states that it will require additional resources to cover the administrative costs associated with developing, delivering and monitoring the program. The emergency clause would require immediate implementation from the DOH, which will need time to identify and contract with providers, design and test the transmittal form, and set up payment mechanisms for the appropriated funds.

PED notes that it would need to develop a rule clarifying the law. Schools would be required to document whether or not students received a comprehensive eye exam within the first 6 months of first grade.

ALTERNATIVES

The PED suggests that the DOH and PED first be allowed to complete the study requested in HJM 30 to determine the feasibility of requiring comprehensive eye exams.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

DOH suggests that if this bill is not enacted children will continue to receive vision screening through school nurses following a standard guideline.

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