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FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/14

SPONSOR Sanchez, C **LAST UPDATED** _____ **HB** _____

SHORT TITLE Study State's Immunization System **SM** 73

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Office of Superintendent of Insurance (OSI)

SUMMARY

Synopsis of Bill

Senate Memorial 73 proposes that the Department of Health (DOH) conduct a study of the state's childhood immunization system to develop a strategy to minimize the burden on immunization providers, and maintain and expand access to immunizations. SM 73 also requests that DOH consider state grants to supplement federal immunization funding. DOH would present its findings to the Legislative Finance Committee (LFC) by August 1, 2014.

FISCAL IMPLICATIONS

SM 73 contains no appropriation.

DOH indicates total vaccine cost to immunize New Mexico's children who are 0 to 18 years of age is estimated at approximately \$46.5 million in calendar year 2014. CDC provides New Mexico a vaccine allowance of \$34.5 million for Vaccine For Children (VFC)-eligible children (i.e., uninsured, Medicaid-eligible, Native American). DOH must collect approximately \$12 million from insurance companies to pay for the vaccines provided to the commercially-insured children in the state. Under pressure from Congress to be more accountable for federal funds, CDC made changes to strictly prohibit states from using any federal funds for insured children or adults, this year, reasoning that insurance companies are responsible for their insured lives. Both

the people of the state and providers benefit greatly from these federally-funded vaccines. Thus, it is arguably good public policy for government to provide immunizations for uninsured and under-insured people, and to ask insurance companies who are paid to care for enrolled people to pay for the cost of their vaccines.

DOH reports SM 73 recommends DOH apply for grants to supplement payment of children's immunizations. Grants or state general fund subsidies should not be needed, as insurance companies are required by law to pay for children's vaccines. As a result, DOH must seek methods to require participation from all insurance companies to provide payment to DOH for their enrollees who receive childhood immunizations. If all insurance companies participate, New Mexico can remain a "Universal Vaccine Purchase" state. In the event insurance companies do not participate, "Universal Vaccine Purchase" status must be discontinued. Physicians will then have the up-front cost and administrative burden of purchasing vaccines for their privately-insured children.

SIGNIFICANT ISSUES

DOH indicates all federal VFC Program grantees provide federally-funded vaccine, to VFC-registered providers for use among VFC-eligible children 0 to 18 years of age. Grantees (58) may not distribute any federally-funded vaccine to VFC providers for use among insured children 0 to 18 years of age. Rather for these grantees, VFC providers must privately purchase and keep separate inventory of the vaccines they provide to insured children. Only 6 of the 64 VFC grantees - of which New Mexico is one - operate their VFC Program under "Universal Vaccine Purchase" status. States that operate under a "Universal Vaccine Purchase" system distribute all vaccines to all VFC providers for use among all children 0 to 18 years of age. However, by federal CDC requirements, providers must document VFC eligibility and insurance status of all children served, and reimbursement or prospective payment must be received by the grantee (i.e. DOH) for the vaccines provided to insured children.

"Universal Purchase Status" benefits New Mexico providers in that they do not have the often-prohibitive up-front costs of purchasing vaccines for their privately-insured clients. It benefits New Mexicans in that it facilitates higher rates of immunization coverage among children. As a result of having "Universal Vaccine Purchase" status and the collaborative efforts of the Department of Health Immunization Program, VFC providers statewide, physician organizations and community partners, such as the New Mexico Immunization Coalition, have been highly successful in the past 14 years in improving access to immunizations. The State improved its national ranking for childhood immunization coverage from near the bottom to 17th in 2013.

The most significant issue facing the Immunization Program in the immediate future is that of preserving "Universal Vaccine Purchase" status. At present, DOH does not receive sufficient reimbursement from commercial insurance companies to cover the cost of privately-insured children's vaccines. Per state law, insurance companies are required to provide coverage for all childhood immunizations.

PERFORMANCE IMPLICATIONS

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ADMINISTRATIVE IMPLICATIONS

DOH indicates passage of SM 73 would divert scarce program resources away from work already underway to improve program administration and to secure payment for and expand access to vaccines.

OSI indicates the memorial does not directly fall under their jurisdiction.

TECHNICAL ISSUES

DOH indicates SM 73 describes the Centers for Disease Prevention and Control (CDC) requirement for separation of vaccine inventory in provider offices. DOH has recently secured a waiver from CDC that means providers will not need to physically separate public and private doses in their refrigerators. However, providers must still keep track of public versus private doses electronically using the statewide immunization registry.

OTHER SUBSTANTIVE ISSUES

DOH indicates the request in SM 73 for DOH to conduct a study of the state's immunization program with the goal of reducing burden on physicians and increasing immunization access might be redundant and unlikely to produce different results. The federal CDC funds federal VFC Program operations and the purchase of vaccines for eligible children. CDC grant requirements are highly prescriptive in how the VFC Program must be administered, including: vaccine eligibility; requirement that private insurance pay for insured children's vaccines; provider site visits; quality assurance; handling of patient information; storage and handling of vaccines; and many other aspects.

The DOH Immunization Program is currently working on a number of measures to increase access to immunizations, including outreach, marketing, reminder/recall, and working with schools to maintain their requirements for childhood immunizations. The Immunization Program is also working with providers, insurers, general counsel, administrators and others to secure agreements and payment for privately-insured children's vaccines.

RAE/ds:jl