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FISCAL IMPACT REPORT

ORIGINAL DATE
SPONSOR SJC **LAST UPDATED** 03/17/15 **HB** _____

SHORT TITLE Vaccine Purchasing Act **SB** 121/SJCS
ANALYST Hanika-Ortiz/
Daly/Fernandez

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	\$6,000.0	\$6,000	Recurring	Vaccine Purchasing Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	(\$0-250.0)	(\$1,900.0)	(\$2,500.0)		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act – Department of Health

SOURCES OF INFORMATION

Responses Received From

LFC files

Office of the Superintendent of Insurance (OSI)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

The Senate Judiciary Committee Substitute for Senate Bill 121 establishes a statewide vaccine purchasing program under which DOH purchases vaccines for all New Mexico children. It creates a vaccine purchasing fund and requires reporting to OSI of the number of insured children, which information is relayed by OSI to DOH as the basis for DOH invoicing each health insurer and group health plan for vaccines purchased by the State for their covered children. The bill provides penalties for failure to report the number of insured children or to timely reimburse, and provides an appeal process. The bill also carries an emergency clause.

FISCAL IMPLICATIONS

DOH currently spends approximately \$2.5 million from the general fund for the purchase of vaccines for privately-insured children which remain unreimbursed. With passage of this bill, there would be a savings to the general fund in the amount of \$2.5 million as health insurers and group health plans would be required to reimburse the state for costs of vaccines.

DOH reports it purchased vaccines for privately-insured children at a total cost of about \$9 million in FY14 and nearly \$15 million in FY15 (children who are uninsured/underinsured, on Medicaid or Native Americans are already eligible for the federal Vaccines for Children program at no cost to the state). The balance of the funding for the vaccine program is supported with revenues from only a few insurers who voluntarily agree to pay for vaccines their insured ages 0 to 18 receive which is estimated at \$6 million in FY16 and included in the agency revenues.

With passage of this bill, DOH would realize an additional \$6 million in committed (non general fund) other revenues annually from insurers to purchase, store and distribute vaccines for childhood immunizations.

This bill creates a new fund, the Vaccine Purchasing Fund and deposits to the new fund would consist of reimbursements paid by health insurers and group health plans. Money in the fund would be for the purpose of purchasing, storing, and distributing vaccines for children, and cannot be used for vaccines for children eligible for the federally-funded Vaccines for Children (VFC) program, for administrative expenses related to the vaccine purchasing program, or to pass through a federally negotiated discount. Any balances in the fund shall not revert or be transferred to any other fund at the end of any fiscal year, and any balance in the fund at the end of any fiscal year shall be credited to DOH's purchase of vaccines in the next year, subject to a reserve of 10 percent of the amount expected to be expended in that year.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

This bill carries an emergency clause and therefore some additional savings could be realized in FY15.

SIGNIFICANT ISSUES

DOH reports that SB 121 was introduced on behalf of the Legislative Health and Human Services Committee and has strong support from the New Mexico Medical Society, the New Mexico Pediatric Society, the New Mexico Academy of Family Physicians, the Immunization Practices Advisory Committee, and the New Mexico Immunization Coalition. The New Mexico Nurses Association and the New Mexico Nurse Practitioner Council have also voiced support.

The bill creates financing for statewide vaccination for all children in the state, which DOH reports has existed *de facto* for more than 20 years. Seamless access to vaccines provides significant public health benefits, according to the OSI and DOH. Because not all insurers are voluntarily contributing their fair share, this legislation makes such contributions mandatory.

The bill will require the OSI to collect data from health insurers and group health plans needed by DOH to recoup the cost of vaccines purchased by the State for the benefit of privately-insured children. The bill will also allow DOH to refer any health insurer or group health plan that does not reimburse its fair share as invoiced by the department, to the attorney general for collection.

The bill does not apply to insurance intended to supplement major medical group-type coverage such as Medicare supplement, long-term care, disability income, specified disease, accident-only, hospital indemnity or any other limited-benefit health insurance policy.

PERFORMANCE IMPLICATIONS

OSI and DOH have been unsuccessful addressing this issue through voluntary participation.

ADMINISTRATIVE IMPLICATIONS

OSI notes that implementation will require budgetary adjustments to expand existing staff and resources, or require a realignment of existing priorities.

RELATIONSHIP

Relates to CSHB2 et al. In the committee substitute under Department of Health, Public Health Program, SFC amended the budget to replace general fund with other state funds by \$600 thousand for this purpose.

TECHNICAL ISSUES

The requirement in Section 8 that OSI promulgate rules appears to be duplicative of the language in Section 6(A) to the extent it also directs OSI to promulgate rules regarding reporting.

OTHER SUBSTANTIVE ISSUES

According to information obtained from the Centers for Disease Control and Prevention (CDC) website, the VFC program is a federally funded program that allows CDC to buy vaccines at a discount and distribute them to various grantees, such as state health departments, which in turn distribute them at no charge to those private physicians' offices and public health clinics that are registered as VFC providers. Children who are eligible for VFC vaccines are entitled to receive those vaccines recommended by the Advisory Committee on Immunization Practices (ACIP).

The 2013 National Immunization Survey states 68 percent of New Mexico children by 35 months completed their recommended immunization series, as compared with 73 percent nationally – this was a five percentage point drop from 2012. DOH reports that some medical providers in New Mexico have indicated they may not continue providing immunizations due to the burden of purchasing vaccine themselves if the State stops purchasing for privately-insured children. In addition, evidence from other states, such as North Carolina, that stopped purchasing vaccines for insured children, saw declines in coverage rates, at least in the short term.