

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0713-04
Bill No.: HCS for HB 131
Subject: Children and Minors; Drugs and Controlled Substances; Health, Public;
Insurance-Medical
Type: Original
Date: February 28, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated Fund	\$0 to \$8,000	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$8,000	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state this proposal would not have a fiscal impact on the DMS because there are so few, if any, vaccines that contain mercury and are reimbursed by Medicaid.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state HCP benefits provide coverage for Childhood Immunizations including Poliomyelitis, Rubella, Rubeola, Mumps, Tetanus, Pertussis, Diphtheria, Hepatitis B, Hemophilus Influenza Type B and Varicella. HCP states approximately five of those covered immunizations contain Thimerosal.

Since no preference would be given to mercury free formulations, HCP assumes this legislation would have no fiscal impact.

Officials from the **Department of Insurance (INS)** estimate 160 insurers and HMOs might be required to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional

ASSUMPTION (continued)

revenues to the Insurance Dedicated Fund are estimated to be \$0 to \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

Officials from the **Department of Health and Senior Services (DOH)** state they do not have data on the variance of cost and efficacy of immunizations with and without mercury preservatives. However, the DOH assumes this proposal would not be expected to fiscally impact the operations of the DOH. If a fiscal impact were to result, funds to support the program would be sought through the appropriations process.

Officials from the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Public Safety - Missouri State Highway Patrol and the Missouri Department of Transportation (DOT)** stated beginning January 1, 2007, this legislation prohibits the administering of immunizations containing any mercury preservatives. DOT states this legislation will have no fiscal impact on MHTC/MoDOT. The Highway and Patrol Medical Plan is not an insurer, a health service corporation or HMO. However, section 104.801 RSMo. would require the Medical Plan to offer similar coverage.

DOT states currently, the Medical Plan provides coverage for immunizations for children through age five and according to the American Academy of Pediatrics' Recommended Childhood and Adolescent Immunization Schedule for children over age five. The Medical Plan provides for coverage of these immunizations whether they are with preservatives or without. DOT assumes the only immunization that this legislation is going to affect is the influenza immunization. All other immunizations for children under age seven have the Food and Drug Administration's designation as thimerosal free or trace only.

DOT assumes that most children are currently receiving the influenza vaccine with the preservative thimerosal. With the passage of this legislation no health care provider in the state of Missouri would be allowed to administer the influenza vaccine containing the preservative thimerosal.

There are four different Current Procedural Terminology (CPT) codes for influenza vaccines. They are listed below along with allowed amounts for each code.

ASSUMPTION (continued)

- 90655 – Influenza virus vaccine, without preservatives, 6-35 months dosage \$15.75
- 90656 – Influenza virus vaccine, without preservatives, 3 years and above dosage \$14.76
- 96057 - Influenza virus vaccine, 6-35 months dosage \$ 5.58
- 96058 – Influenza virus vaccine, 3 years and above dosage \$10.99

The Highway and Patrol Medical Plan currently has 718 children who are six to thirty-five months old, 889 children who are age three to five years old and 4,985 children who are age six and older. Our Medical Plan will pay 100% for an influenza immunization in-network for children through age five. Coverage of immunizations for children over age five is based on the American Academy of Pediatrics' Recommended Childhood and Adolescent Immunization Schedule. Their schedule recommends an annual influenza immunization for children up to twenty-four months and only those at risk over the age of twenty-four months. The influenza vaccine only comes in a dosage for children six months and older. For purposes of this fiscal note we are going to assume all children six months through age five will receive an annual influenza immunization, because our plan will cover these 100% when in-network. Children age six and older will only receive an influenza immunization when they are at risk. According to an article on the Pediatrics AAP Publications website, 10% of the child population are at risk due to chronic pulmonary, cardiovascular or other diseases, and are recommended.

There would be no fiscal impact in FY2006 but as a result of the above assumptions, the Highway and Patrol Medical Plan would have a fiscal impact of approximately \$6,456 in FY 2007 $(\$7,302 + \$3,352 + \$1,881)/2$. This was calculated by multiplying the number of children six months to 35 months of age (718) by the difference in the preservative free and preserved influenza vaccine for their age group $(\$15.75 - \$5.58 = \$10.17)$ and adding this $(718 \times \$10.17 = \$7,302.06)$ to the cost differential for the same in the children age three through five years of age $(889 \times (\$14.76 - \$10.99) = \$3,351.53)$ as well as adding the cost differential for those children six and older who are at risk $((4,985 \times 10\%) \times (\$14.76 - \$10.99) = \$1,881.23)$. This total was divided by 2 to represent the 6 months for FY2007 with a 3% increase for inflation.

The Highway and Patrol Medical Plan consists of approximately 77% MoDOT participation and 23% Patrol participation. As a result, \$4,971 would be due to MoDOT participation and \$1,485 would be due to Patrol participation for FY2007.

Historically, the department and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the Medical Plan, MHTC, MoDOT, and Patrol must make a decision on how to fund the increase; until then, here are the total costs of the

ASSUMPTION (continued)

legislation.

Oversight assumes not all children in the Highway and Patrol Medical Plan will not receive influenza vaccines, and the cost would be lower than the DOT estimate. In a similar note from the previous fiscal year (L.R. 3360-12, SCS for HS for HCS for HB 852) DOT assumed that costs could be absorbed. **Oversight** assumes DOT can absorb the costs.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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INSURANCE DEDICATED FUND

Income - Department of Insurance

Filing fees	<u>\$0 to \$8,000</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON
 INSURANCE DEDICATED FUND**

	<u>\$0 to \$8,000</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Effective January 1, 2007, this proposal prohibits immunizations administered in the state of Missouri from containing mercury preservatives, including thimerosal. The federal Food and Drug Administration's designation of an immunization as "thimerosal free" or "trace only" will comply with requirements of the proposal. Other persons receiving immunizations that are not designated as "thimerosal free" or "trace only" are required to be informed that the immunization contains a mercury-based preservative.

DESCRIPTION (continued)

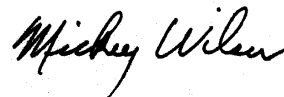
Effective January 1, 2007, insurers licensed in Missouri that provide coverage for immunizations on a fee schedule or a percentage reimbursement basis are required to reimburse for immunizations not containing mercury. This reimbursement must be at the same percentage rate of the usual and customary charges provided for immunizations containing mercury or other preservatives prior to January 1, 2007.

The Director of the Department of Health and Senior Services will be exempt from complying with the requirements of the proposal by providing documentation of an outbreak requiring a public vaccination program when a sufficient supply of vaccine that is mercury free is not available. Persons receiving an exempted immunization are required to be informed that it contains a mercury-based preservative. The duration of the exemption will be determined by the director. The documentation provided by the department is required to be submitted to the chairs of the committees in the House of Representatives and Senate whose jurisdiction is public health policy.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Department of Conservation
Department of Transportation
Missouri Consolidated Health Care Plan
Department of Social Services
Department of Health and Senior Services
Department of Insurance
Office of Attorney General



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Director
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