

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1044

SHORT TITLE: Vaccine Program/Savings

SPONSOR(S): Senators Speed, Martin of Pitt, Albertson and Cooper

STATE FUNDS

FISCAL IMPACT: Expenditures: Increase ( ) Decrease (X)  
Revenues: Increase ( ) Decrease ( )  
No Impact ( )  
No Estimate Available ( )

FUNDS AFFECTED: General Fund (X) Highway Fund ( ) Local Fund ( )  
Other Fund ( )

LOCAL FUNDS

FISCAL IMPACT: Expenditures: Increase ( ) Decrease ( )  
Revenues: Increase ( ) Decrease ( )  
No Impact ( )  
No Estimate Available (X)

FUNDS AFFECTED: General Fund ( ) Highway Fund ( ) Local Fund (X)  
Other Fund ( )

**BILL SUMMARY:** VACCINE PROGRAM/SAVINGS. TO SAVE THE STATE OF NORTH CAROLINA THE COST OF VACCINES AND THE ADMINISTRATION OF VACCINES WHERE INSURANCE COVERAGE IS PROVIDED. Amends GS 130A-433 to prohibit health care providers who receive vaccines from state pursuant to section from providing such vaccines to patients with health insurance coverage for full cost of these immunizations. Defines health insurance coverage so as to exclude Medicaid coverage.

**EFFECTIVE DATE:** July 1, 1995

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:**  
Department of Environment, Health and Natural Resources  
Immunization Program

FISCAL IMPACT

	<u>FY95-96</u>	<u>FY96-97</u>	<u>FY97-98</u>	<u>FY98-99</u>	<u>FY</u>
<b>EXPENDITURES **</b>					
<b>RECURRING</b>					
lower	(\$879,000)	(\$879,000)	(\$879,000)	(\$879,000)	(\$
upper	(\$7,200,000)	(\$7,200,000)	(\$7,200,000)	(\$7,200,000)	(\$

\*\* Estimate reflects a range of potential savings.

## **ASSUMPTIONS AND METHODOLOGY:**

### **State Funds**

Currently, the state operates a universal vaccine purchase and distribution program. The state purchases a complete series of vaccines for all preschool children and distributes the vaccines to local health departments, private physicians, hospitals and rural health centers to be administered to patients seeking immunizations.

According to the Department of Environment, Health and Natural Resources, there are an estimated 8,793 children under the age of 1 with insurance coverage for the full cost of required immunizations. And the cost for vaccines required in the first 12 months is approximately \$100 per child.

The requirements of this act would prohibit health care providers from providing state-supplied vaccines to these children, generating a potential savings of approximately \$879,000. This estimate is based on the assumption that all private physicians currently participating in the state-supplied vaccine program will continue to participate in the program and provide the state-supplied vaccines only to those patients without full cost insurance coverage.

However, the department expects that because physicians will be required to determine each child's eligibility to receive the state supplied vaccines, the additional administrative burden will result in a substantial number of participating doctors choosing to no longer participate in the state-supplied program. The bill could have the affect of dismantling the state's universal vaccine program.

Prior to the implementation of the state-supplied vaccine program, approximately 90% of private physicians referred up to 60% of their patients to local health departments for immunizations. (Insured patients can receive immunizations at local health departments at no cost.) At that time, the state covered approximately 60% of children needing vaccines. If the bill has the effect of returning the state's vaccine program to its pre-universal state, the state could again expect to provide only 60% of the vaccines. The remaining 40% would be provided in the private sector, and patients would be expected to pay out-of-pocket, any costs not covered by their insurance.

Since the General Assembly appropriated \$7.2 million to implement the universal distribution program, up to \$7.2 million could revert to the general fund. This assumes that all of the providers who started using state-supplied vaccines when the program was implemented in 1993 decided to discontinue participation. The immunization program would be left with approximately \$4 million in general fund appropriations and \$6.3 million in federal assistance for the purchase of vaccines.

The actual cost savings resulting from this bill cannot be accurately estimated. The actual savings will depend on how many providers continue to participate in the state-supplied vaccine program and on the patients of those providers who choose not to participate. These patients will have to decide whether to get the immunizations through their private physician and pay any out-of-pocket costs or visit their local health department and receive the immunizations free of charge.

**Local Funds**

It is uncertain what effect this bill will have on local expenditures. The increase in immunization referrals to local health departments will increase the workload for some local departments. The state is not required to increase aid-to-county funds to offset increased staffing requirements. The local government unit would have to decide whether to use local funds to increase staff to meet the increased demand.

**SOURCES OF DATA:**

Department of Environment, Health and Natural Resources  
Immunization Program

**TECHNICAL CONSIDERATIONS:**

**FISCAL RESEARCH DIVISION**

733-4910

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**APPROVED BY:** Tom Covington **TomC**

**DATE:** May 11, 1995

**[FRD#003]**



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