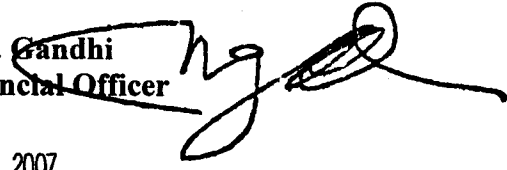


GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: APR -2 2007

SUBJECT: Fiscal Impact Statement: "HPV Vaccination and Reporting Act of 2007"

REFERENCE: Bill 17-30

Conclusion

Funds will need to be included in the FY 2008 to FY 2011 Budget and Financial Plan to implement the provisions of the proposed legislation. The proposed legislation would result in increased costs to the District of Columbia of at least \$24,740 for FY 2008 and \$103,503 for the FY 2008 – FY 2011 period.

Background

The proposed legislation requires parents or legal guardians of a female child enrolling in grade 6 for the first time to submit certification that the child received the HPV vaccine. Parents and legal guardians are also required to report if the child did not receive the vaccine because of religious beliefs or other parental discretion, or in case the child's private physician or a public health authority provides written certification that the vaccination is medically inadvisable.

The proposed legislation requires that by January 1, 2008, the Mayor would establish and implement an HPV vaccination program consistent with the standards set forth by the federal Centers for Disease Control and Prevention (CDC). The Mayor would also extend the program requirements to males should the CDC approve the vaccination for males. Finally, the legislation would require that the D.C. Department of Health (DOH) report on the immunization status of girls entering grade 6.

HPV vaccine is administered in three doses over 6 months. The proposed legislation requires students to submit certification for the School Year 2008. Given the relatively

long vaccination cycle required for certification, we consider FY 2008 as the first year for the financial impact calculations.

Financial Plan Impact

Costs of reporting

With respect to reporting requirements set forward by the proposed legislation, information from the Department of Health (DOH) suggests that with minor adjustments, the current record keeping and information infrastructure could accommodate the proposed legislation's reporting and information analysis requirements without any impact on the District's Budget and Financial Plan.

Costs of Vaccinations

However, the proposed legislation would increase the burden on the DOH because the city would offer the HPV vaccine—just as it offers all other required vaccinations—to the public through free immunization clinics.

It is important to emphasize that even though the law (or the proposed legislation) does not mandate it, these clinics are among the customary services of the District's healthcare system, and therefore the financial impact calculations should consider the costs of these clinics. The District's Primary Care and Prevention Administration provides free immunization clinics for uninsured or underinsured children for all immunizations required for enrollment at a school.¹ The city clinics typically target the city's low-income population, particularly those who are uninsured or underinsured. At the same time, these clinics offer free immunizations with the *proof of residency as the only criteria of eligibility*.

The city could recover the costs of the vaccines offered through the city clinics using Section 317 Funds (under the Federal Public Health Services Act)—Section 317 provides for federal grants for immunization assistance to states and localities. However, the city would still have to pay for the costs of administering these vaccinations.

The federally funded Vaccines for Children (VFC) program is another vehicle for vaccinating children eligible for, or enrolled in Medicaid, as well as children with no health insurance, or children with health insurance that does not cover immunizations (as long as they go to a Federally Qualified Health Center) or Native American or Alaskan Native children.²

The information we obtained from the Department of Health on the utilization of city clinics and its plan for providing HPV Vaccinations is as follows (Table 1):

¹ D.C. Law 3-20, DC ST § 38 §§5.

² The program utilizes private service providers, who could charge patients an administration fee up to a federally mandated cap (in D.C, this is \$16.95 per administration).

Target Population:

An estimated 3114 females would enroll in 6th grade in SY 2008. Assuming an opt-out ratio of 20 percent (OCFO assumption), 2491 students would seek the HPV vaccination. Based on the past trends on VFC eligibility, the DOH estimates that 53 percent of these children (or 1324 children) would qualify for the VFC program.

Of the remaining 1167 children, the DOH estimates that approximately 40 percent (or 467 children) would utilize city clinics in the first year the vaccine is required. The parents or legal guardians of these children choose city clinics either because of the lower pecuniary cost, or because their physicians or primary care providers do not carry the HPV vaccine (in most cases because the insurance companies have not clarified their position on the reimbursements for the HPV vaccine). In subsequent years, as more private providers would offer the vaccine, the DOH expects that only 25% of VFC ineligible children would use the city clinics.

Table 1 – Basic Assumptions used in the calculation of the Fiscal Impact	
<u>Population</u>	
Estimated 6th grade enrollment, females, 2008	3,114
Opt-out ratio	20%
Girls Entering 6th Grade seeking the vaccine	2,491
Number of children qualifying for VFC Program ²	1,324
Number of children not eligible for VFC Program ²	1,167
<u>Costs</u>	
Vaccine costs per dose ³	\$97
Number of doses required	3
Public Education	\$9,000
Printing of Opt-Out forms	\$15,000
Administrative cost of providing HPV vaccinations (annual) ⁴	\$2,240
Number of clinics required	3
<u>Children ineligible for VFC Program</u>	
Percentage of children referred to city clinics (year 1) ⁶	40%
Percentage of children referred to city clinics (subsequent years)	25%

¹ 2008 estimate is based on enrollment data for public, private and parochial schools collected by the D.C. Immunization Registry; ² DOH estimate based on past trends on VFC Eligibility; ³ Federal Contract price for a one-dose vial; ⁴ DOH Estimate, includes 32 hours of a Nurse's time at \$50, and 32 hours of support staff time at \$20. ⁶ Estimate based on the percentage of uninsured or underinsured children in the District

Program administration and financial impact:

The DOH suggests that assuming all VFC eligible children utilize VFC clinics, the vaccination costs for the children ineligible for the VFC program could be covered by federal grants under Section 317. The city would have to pay for educational materials and opt out forms. The city would also have to pay for additional staff required in city clinics for the HPV vaccination. Table 2 outlines the financial impact of the proposed bill following the DOH administration parameters.

Table 2 – Impact of the Proposed Legislation on the District's Budget and Financial Plan					
Financial Impact	FY2008	FY2009	FY2010	FY2011	4-year total
Cost of Vaccination (Potentially covered under Section 317 Funds)	\$135,547	\$86,698	\$88,683	\$91,026	\$401,953
VFC Ineligible Children*	\$467	\$290	\$288	\$287	
Required doses (3 per child)	\$1,401	\$870	\$864	\$861	
Cost of Vaccination per dose**	\$97	\$100	\$103	\$106	
Operational Costs	\$24,740	\$25,482	\$26,247	\$27,034	\$103,503
Annual Personnel costs for adding HPV Vaccines in City Clinics**	\$2,240	\$2,307	\$2,376	\$2,448	
Opt out Forms**	\$7,500	\$7,725	\$7,957	\$8,195	
Educational Materials**	\$15,000	\$15,450	\$15,914	\$16,391	
TOTAL COSTS	\$160,287	\$112,180	\$114,929	\$118,060	\$505,456
POTENTIAL FUNDS (Section 317 Funds)	\$135,547	\$86,698	\$88,683	\$91,026	\$401,953
NET FINANCIAL IMPACT	(\$24,740)	(\$25,482)	(\$26,247)	(\$27,034)	(\$103,503)

* Half a percent decline in population annually; **3 percent cost of living/inflation increases annually

Important Considerations

The financial impact calculations presented in Table 2 critically depend on DOH's commitment to the aforementioned program administration parameters. This requires careful planning and meeting of the following conditions:

- **All VFC eligible children receive HPV vaccination through VFC Service Providers:** According to the DOH, the District's free immunization clinics typically serve up to 35 percent of DC residents who are eligible for the VFC program. *Especially in the first year of the legislation, the city clinics might have to support up to 40 percent of VFC eligible children (an estimated 530 children). To contain the costs of the legislation, the DOH must develop an effective mechanism to channel all VFC eligible children to the VFC service providers.*
- **VFC Providers have sufficient number of HPV doses:** Currently, the District's allotment for the HPV vaccination is 3000 units to cover all children between the ages of 9 and 19. If the proposed legislation is enacted, the DOH must request an increase in the number of federally funded doses for the VFC program by at least 3900 units.
- **Federal Funds under Section 317 are sufficient for all potential users of the city clinics:** The city cannot turn anyone down for services funded by the Federal Grants under Section 317. Therefore, the DOH must ensure that the federal funding is sufficient for all potential clients of city clinics, whether they are eligible for VFC or not. It is important to note that federal funds the city receives under Section 317 support a number of programs, and the DOH does not know in advance how much funding the District is going to receive.
- **If these parameters are not met, the implementation costs of this Bill could increase significantly.**