

**STATE and LOCAL  
FINAL FISCAL IMPACT**

**Drafting Number:** LLS 07-0096  
**Prime Sponsor(s):** Rep. Buescher; Primavera  
 Sen. Williams

**Date:** May 31, 2007  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Amy Larsen (303-866-3488)

**TITLE:** CONCERNING INCREASING THE AVAILABILITY OF CERVICAL CANCER IMMUNIZATIONS, AND, IN CONNECTION THEREWITH, ESTABLISHING THE CERVICAL CANCER IMMUNIZATION PROGRAM, ENCOURAGING FEDERALLY QUALIFIED HEALTH CENTERS TO CONTRACT WITH LOCAL HEALTH AGENCIES TO ADMINISTER CERVICAL CANCER IMMUNIZATIONS, REQUIRING A CERVICAL CANCER IMMUNIZATION PUBLIC AWARENESS CAMPAIGN, SPECIFYING THAT CERVICAL CANCER IMMUNIZATION IS A BENEFIT FOR MEDICAID RECIPIENTS, REQUIRING THAT CERTAIN HEALTH INSURANCE POLICIES PROVIDE COVERAGE FOR CERVICAL CANCER IMMUNIZATIONS, AND MAKING AN APPROPRIATION.

<b>Fiscal Impact Summary</b>	<b>FY 2007-2008</b>	<b>FY 2008-2009</b>
<b>State Revenue</b>	\$ 0	\$ 0
<b>Transfers and Diversions</b>		
Cash Funds Exempt Transfer from the Colorado Immunization Fund to the Cervical Cancer Immunization Awareness Campaign Fund*	(\$ 100,000)	(\$ 100,000)
<b>State Expenditures</b>		
<b>Total</b>	<u>\$ 565,777</u>	<u>\$ 830,001</u>
Cash Funds Exempt		
Colorado Immunization Fund	133,395	213,851
Cervical Cancer Immunization Awareness Campaign Fund	225,000	225,000
Health Care Expansion Fund	13,567	25,589
Federal Funds	193,815	365,561
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> The bill was signed by the Governor and became law on May 29, 2007.		
<b>Appropriation Summary for FY 2007-2008:</b> See State Appropriations section of the fiscal note.		
<b>Local Government Impact:</b> See Local Government Impact section of the fiscal note.		

\* The transfer is conditional upon the receipt of gifts, grants, and donations of at least \$800,000 to the Cervical Cancer Immunization Awareness Campaign Fund.

**Summary of Legislation**

The bill establishes the Cervical Cancer Immunization Program to immunize women and girls against cervical cancer. The Department of Public Health and Environment (DPHE) is directed to research methods to administer cervical cancer vaccines economically. Federally Qualified Health

Centers are encouraged to enter into agreements with local public health agencies to make the vaccine available to under-insured girls, and the DPHE must pay the administrative cost for under-insured girls entering the sixth grade who receive the vaccine at certain local public health agencies.

In addition, the bill establishes the Cervical Cancer Immunization Awareness Campaign Fund to allow the DPHE to conduct a public awareness campaign on the benefits of receiving cervical cancer immunization.

The bill adds cervical cancer immunization as an optional Medicaid service for girls under 20 years of age and as a mandatory coverage provision for all individual and group health benefit plans as of January 1, 2008.

## **Background**

***Cervical Cancer Vaccine.*** In June 2006, the Food and Drug Administration approved a new vaccine for young women and girls that protects against infection by certain strains of human papillomavirus (HPV). HPV is associated with cervical cancer and genital warts. The federal Advisory Committee on Immunization Practices has recommended that all girls be vaccinated at age 11 or 12, and that girls and women ages 13 to 26 be given a "catch-up" vaccination. Based on the committee's approval, the federally-funded Vaccines for Children program will pay for HPV vaccines for Medicaid-eligible and uninsured girls. As of January 19, 2007, Medicaid services include the cervical cancer vaccine for girls ages 11 to 20. The 3-dose HPV vaccine retails for about \$360 plus costs to administer the vaccine.

***Colorado Immunization Fund.*** SB07-097, which has been signed into law, reallocates a portion of the state's tobacco settlement money that is currently credited to the General Fund and Tobacco Litigation Settlement Trust Fund to funds for both new and existing health care programs. One of the new funds is the Colorado Immunization Fund to be used for immunizations and immunization strategies. For FY 2007-08, the fund was allocated \$0.9 million under SB07-097. The fiscal note assumes that the fund will be used for the expenses related to HB07-1301 totaling \$133,395 or 15 percent, not including conditional costs.

## **State Transfers and Diversions**

The bill allows for gifts, grants, and donations to the Cervical Cancer Immunization Awareness Campaign Fund. At this time, no gifts, grants, or donations have been identified. However, should the Cervical Cancer Immunization Awareness Campaign Fund receive donations of \$800,000 by January 1, 2008, the bill directs a transfer from the Colorado Immunization Fund to the awareness campaign fund of \$100,000 in both FY 2007-08 and FY 2008-09.

**State Expenditures**

This bill is expected to require total state expenditures of \$565,777 in FY 2007-08 and \$830,001 in FY 2008-09. Of the total in FY 2007-08, \$267,600 is for the DPHE, and \$298,177 is for the Department of Health Care Policy and Financing (DHCPF). These costs are described in detail under each department and are based on the following key assumptions:

- uptake of the cervical cancer vaccine without considering a state public awareness campaign will be 35 percent; however, since the vaccine requires three doses over 6 months, uptake of doses 2 and 3 are reduced by 50 percent;
- uptake of the vaccine due to a state public awareness campaign will depend on specific outreach activities and targeted groups, and is not estimated at this time; and
- implementation beginning July 1, 2007.

**Department of Public Health and Environment.** Anticipated expenditures for the department are \$267,600 each year. Of the total, \$225,000 is conditional upon the receipt of gifts, grants, and donations. Cost components are shown in Table 1 and described below.

<b>Table 1. Expenditures for the DPHE Under HB07-1301.</b>		
<b>Cost Components</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
Payments to Local Health Agencies 710 girls X \$20/dose administration fee X 3 doses	\$42,600	\$42,600
Public Awareness Campaign (Conditional)	225,000	225,000
<b>Total for DPHE</b>	<b>\$267,600</b>	<b>\$267,600</b>
<b>Colorado Immunization Fund</b>	<b>42,600</b>	<b>42,600</b>
<b>Cervical Cancer Imm. Awareness Campaign Fund</b>	<b>225,000</b>	<b>225,000</b>

*Payments to Local Health Departments.* The DPHE is expected to contract with local health agencies to administer vaccinations to under-insured girls entering the sixth grade. While the federal Vaccines for Children program covers the cost of the serum, the DPHE is expected to pay local agencies \$20 per dose for the three-dose cervical cancer vaccine for 710 under-insured girls each year to receive the vaccine (\$42,600 total). This cost may increase if the state receives donations for and implements a public awareness campaign and more under-insured girls get the vaccine. Any increase is conditional upon the design and success of the campaign. The fiscal note assumes that any increase in costs related to a public awareness campaign will be addressed through the budget process.

Note: Although not factored into this fiscal note, the department anticipates payments for 3,498 girls entering the sixth grade to receive the vaccine in FY 2007-08 resulting in costs of \$209,880. This would be an uptake rate of 100 percent.

*Cervical Cancer Task Force.* The department expects to create a Cervical Cancer Prevention Task Force to investigate ways to administer cervical cancer vaccines in an economical fashion and to advise the Board of Health on rule promulgation. Costs for the task force are expected to be covered out of existing resources.

*Public Awareness Campaign.* Subject to available funding, the department is to conduct a public awareness campaign on the benefits of cervical cancer immunization. The bill indicates that funding, up to \$1.0 million, for a campaign is conditional upon the receipt of donations. The cost of the campaign is estimated at \$225,000 in FY 2007-08 and FY 2008-09 from the Cervical Cancer Immunization Awareness Campaign Fund, and is expected to include market research, radio and billboard advertisements, and public relations activities. At this level of expenditures, the campaign could continue for several years if sufficient donations are received.

*Department of Health Care Policy and Financing.* Anticipated expenditures for the department are \$298,177 in FY 2007-08 and \$562,401 in FY 2008-09. Table 2 shows the anticipated costs for adding the cervical cancer vaccine to the Children's Basic Health Plan (CBHP).

<b>Table 2. Expenditures for DHCPF Under HB07-1301</b>		
<b>Cervical Cancer Vaccine</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
CBHP Girls Ages 11-18 Receiving Vaccine	830	1,506
Serum Costs per 3-dose Series	\$359.25	\$373.44
<b><u>TOTAL for DHCPF</u></b>	<b><u>\$298,177</u></b>	<b><u>\$562,401</u></b>
<b>Colorado Immunization Fund</b>	<b>90,795</b>	<b>171,251</b>
<b>Health Care Expansion Fund</b>	<b>13,567</b>	<b>25,589</b>
<b>Federal Funds</b>	<b>193,815</b>	<b>365,561</b>

*CBHP.* The bill specifically requires health benefit plans, including the CBHP, to cover the cervical cancer vaccine beginning January 1, 2008. The fiscal note assumes that 830 girls will receive the vaccine at a cost of \$359.25 each in FY 2007-08. In FY 2008-09, 1,506 girls are expected to receive the vaccine based on a full year of implementation, and the cost for the vaccine increases to \$373.44 due to inflation. The cost per vaccine does not include provider payments because it is assumed that girls will receive the vaccine during regular medical visits.

Funding for the CBHP is 65 percent from federal funds and 35 percent from the state funds. Of the state funds, 13 percent is attributed to the Health Care Expansion Fund and 87 percent is from the Colorado Immunization Fund since these costs are directly related to immunizations.

*Medicaid.* Based on recommendations of the federal Advisory Committee on Immunization Practices that girls and women ages 11 to 26 receive the cervical cancer vaccine, it is currently available to Medicaid-eligible girls up to age 20 through the federally-funded Vaccines for Children program or the Colorado Infant Immunization Program. Thus, these costs are not included in the fiscal note.

*Public Awareness Campaign.* If the state receives donations for and implements a public awareness campaign, costs for Medicaid and the CBHP may increase due to more girls and women receiving the vaccine. Any increase is conditional upon the design and success of the campaign. While the DHCPF anticipated a 6 percent increase in uptake of the vaccine, the fiscal note assumes that any increase in costs for Medicaid or CBHP related to a public awareness campaign will be addressed through the budget process once campaign design and effectiveness is known.

*State Employee Health Plans.* Currently, all state employee health plans provide coverage for cervical cancer vaccines. However, state employee health plans may experience increased premiums if a cervical cancer vaccine public awareness campaign is implemented and uptake of the vaccine among state employees and their dependents increases. While premium increases are generally paid by state employees in the first year, the General Assembly may be influenced to increase the state's contribution in order to meet the statutory requirement of providing benefits comparable to private sector employers.

### **Local Government Impact**

Local health departments are expected to have increased utilization of their services due to state funding of cervical cancer vaccine administration and a public awareness campaign. Any increase in costs should be off-set by the \$20 per dose fee paid by the state. The serum itself is provided by the federal Vaccines for Children program at no cost to local health departments.

### **State Appropriations**

For FY 2007-08, the fiscal note indicates that the following appropriations should be made:

Department of Public Health and Environment

\$ 267,600 Total

42,600 Colorado Immunization Fund (CFE)

225,000 Cervical Cancer Immunization Awareness Campaign Fund (CFE)  
(conditional upon the receipt of gifts, grants, and donations)

Department of Health Care Policy and Financing

\$ 298,177 Total

90,795 Colorado Immunization Fund (CFE)

13,567 Health Care Expansion Fund (CFE)

193,815 Federal Funds

Note: The appropriation included in SB07-097 from the Colorado Immunization Fund to the Department of Public Health and Environment is also adjusted to reflect the requirements of HB07-1301.

**Departments Contacted**

Public Health and Environment  
Regulatory Agencies  
Personnel and Administration

Health Care Policy and Financing  
Joint Budget Committee Staff  
Treasury