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FISCAL IMPACT REPORT

SPONSOR Steinborn ORIGINAL DATE 01/24/22
LAST UPDATED _____ HB _____
SHORT TITLE Distribution of At-Home Covid-19 Testing Kits SB 16
ANALYST Chilton

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$50,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 16, "Distribution of At-Home Covid-19 Testing Kits", appropriates \$50 million from the general fund to the Department of Health for the purpose of purchasing and distributing at home Covid-19 test kits.

FISCAL IMPLICATIONS

The appropriation of \$50 million contained in this bill is a nonrecurring expense to the general fund, for use in Fiscal Years 2023 and 2024. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

SIGNIFICANT ISSUES

Although the use of rapid (antigen) tests and definitive (polymerase chain reaction, or PCR) tests for the detection of the virus that causes Covid-19 remains a matter of debate, it appears that expert opinion is coalescing around greater use of testing to prevent spread of infection. At this point, both forms of tests are both difficult to obtain and expensive. According to earlier data,

rapid tests are generally sufficient for testing symptomatic persons, with adequate sensitivity (ability to detect presence of the virus) and specificity (not giving a false positive result). Those studies showed that they were less likely to be as accurate in those who do not have symptoms. However, very recent data from an as-yet non-peer-reviewed study (published online at <https://www.medrxiv.org/content/10.1101/2022.01.05.22268788v1>) showed that in children, at least, the rapid test was highly effective:

The rapid antigen test sensitivity rate (ability to identify people for whom the PCR test would detect infection) was 92.7 percent, and its specificity rate (ability to identify people for whom the PCR test would not detect infection) was 98 percent.

The sensitivity was similar for those with symptoms (92.3 percent) and without symptoms (92.6 percent).

The study also found that the negative predictive value (the probability that a person who tests negative has not been infected, as a PCR test would show) was high for both symptomatic (99.2 percent) and asymptomatic (99.7 percent) children and teens.

Rapid tests have at least three advantages

- 1) They are less expensive than PCR tests;
- 2) They are better at detecting when an infected person can return to work; and
- 3) They are rapid – results are usually available within 15-45 minutes, as compared to PCR tests, where the results may be available one or more days after the test is taken.

In recent weeks, with the Omicron variant surge, it has been difficult to find a rapid test to purchase or a testing site with available appointments for a PCR test in New Mexico and in most of the United States, complicating such day to day activities as returning to work or to school.

The Department of Health notes that:

Widespread testing has been a cornerstone of prevention efforts: by detecting infections early, efforts can be made to quickly isolate the person, and quarantine potentially infected contacts, so that the risk of further transmission is reduced. This helps to reduce the impact not only on individuals and their families, but also on communities by reducing hospitalizations and disruptions to infrastructure (e.g., schools, businesses).

Multiple testing options exist, including labs that provide polymerase chain reaction (PCR), point-of-care antigen and PCR-like tests, and over-the-counter tests available for purchase (e.g., pharmacies, Amazon, etc.) or through other sources (e.g., New Mexico rapid antigen test distribution; federal distribution [as noted below]).

Over-the-counter (“home”) tests, in particular, offer a lower-cost, convenient option for community members to get timely results that can impact decision making – although this can be offset somewhat by the lower sensitivity of these tests. It is projected that increasing access to testing can reduce the significant health and economic impacts of the Covid-19 pandemic (<https://www.sciencedaily.com/releases/2022/01/220118125144.htm>)

On January 17, 2022, the state of New Mexico launched a free in home rapid testing program. The Department of Health stated that it had ordered one million tests every two weeks to distribute to New Mexicans. On January 18, 2022, the federal government made available a website, covidtests.gov, at which all Americans can order up to four rapid tests, to be mailed by the end of January 2022. It is unclear how these state and federal programs would interact with the results of Senate Bill 16.

The cost of a two-pack of tests (when they can be found) for an individual is about \$25, making their purchase on a frequent basis difficult for those with limited means. To this point, DOH notes that “Distribution that focuses on communities and populations with low socioeconomic status may help to reduce this barrier to testing,” and may also make health disparities in Covid-19 disease outcomes less stark with the timely notification of positive results from a program of easy antigen test availability.

DOH delineates its use of the appropriation as follows:

- Rapid Antigen Tests: currently ranges from \$5-\$10/test - estimate \$7/test
 - Ability to purchase approximately 5 million tests (propose ordering in waves of approximately 525,000 tests/quarter to limit warehousing size and meter supply with demand) = approximately \$35,000,000
- Staffing:
 - Warehousing - receipt/storage/distribution of mass supplies: Stock Clerks and Order Fillers O (R5081O) – Pay band 30 – midpoint \$25,142/year - x 2 FTE x 2 years = \$100,568 x 1.39 benefits = \$139,789
 - Note: if direct shipping to citizens, may need 5 additional FTE for packaging (10 packages/hour x 2,080 h/year = 20,000 packages/year x 5 staff = 100,000 packages total/year) x 2 years = additional \$698,945

Total salaries = \$139,789 to \$838,734 depending on storage model

- Warehouse operations
 - Rent/lease - may include utilities, security, insurance – 20,000 sq ft approximately \$5,000/month x two years = \$120,000
 - Equipment
 - Forklift = \$30,000
 - Pallet jack = \$5,000
- Distribution - cost depends on distribution model – propose distribution through existing infrastructure (e.g., health councils, City and County Emergency Managers, public health offices, etc.) where costs may be minimal.
 - If direct shipping to homes, consider 6 tests/request = 830,000 million shipments - may need:
 - Online and telephone ordering – contract for \$200,000 for two years
 - Boxes, Tape, Labels - \$2/shipment = \$1.7 million for two years
 - Shipping costs (USPS, FedEx) - \$10/box = \$8.3 million for two years

Note: if this model is not used, the approximately \$10 million for direct distribution would be used to purchase an additional approximately 1,500,000 tests.

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