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FISCAL IMPACT REPORT

ORIGINAL DATE 1-31-2007

SPONSOR Chasey LAST UPDATED _____ HB 353

SHORT TITLE Veterans' Service Dept. Lung Cancer Detection SB _____

ANALYST Dearing

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$1,300.0	Nonrecurring	Tobacco Settlement Program Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		*\$133.0			Nonrecurring	Tobacco Settlement Program Fund

*Please see narrative

Duplicates SB304
Relates to HB89 and HB90

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Health (DOH)
Veterans' Services Department (VSD)

SUMMARY

Synopsis of Bill

House Bill 353 appropriates \$1.3 million for expenditure in FY08 from the Tobacco Settlement Program fund to Veterans' Services department to contract with an organization to provide validation of diagnostic technology for the early detection of lung cancer. The contract would provide funding for a longitudinal study administered by the department. The non-invasive

diagnostic method mentioned in the bill was recently developed in New Mexico. Participants in the study would number approximately 2500 New Mexico resident veterans.

FISCAL IMPLICATIONS

The appropriation of \$1.3 million contained in House Bill 353 is a nonrecurring expense to the Tobacco Settlement Program fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the Tobacco Settlement Program fund.

In addition to the contract's expense, Veterans' Services department has stated a need for 2 FTE in the event that House Bill 353 is enacted. The \$1.3 million for programming from the Tobacco Settlement Program fund is for a nonrecurring study, however, the department does not state whether additional FTE would be classified as term positions, and whether these would be paid through the Tobacco Settlement Program appropriation.

The estimate of \$133 thousand for 2 FTEs to provide budgetary and program oversight to the department includes an Epidemiologist for oversight of the cancer study, estimated at \$27 hourly with 30 percent benefit costs, and a financial specialist at \$22 hourly with 30 percent benefit costs for budgetary oversight.

SIGNIFICANT ISSUES

Historical data from the National Cancer Institute shows that New Mexico's mortality rate from lung and bronchus cancer is significantly higher than the U.S. rates; per 100 thousand population. According to the department of health, lung cancer is the leading cause of cancer deaths in both men and women in the US and NM¹. In general, lung cancer is detected at a point in the course of the disease where curative methods are no longer successful. In as many as thirty percent of the cases, by the time lung cancer is detected, it has spread to other organs or systems. The NM-based contract company's patented technology, a non-invasive cytology based assay, is designed for cancer screening of large populations at a reasonable cost.² The National Cancer Institute maintains that existing screening methods for lung cancer are effective in decreasing mortality.

The National Cancer Institute states that at this point, neither chest X-rays nor spiral CT scans have been shown to reduce a person's chance of dying from lung cancer. The National Cancer Institute is conducting a comparison test, the National Lung Screening Trial, to determine whether one of these methods is preferred for reducing deaths.

At an October Tobacco Settlement Interim Committee meeting the committee adopted a recommendation for \$1.3 million to the Veterans' department for the first year of the clinical program for detecting lung cancer in state veterans using a technology developed in New Mexico.

The proposed language is specific in its criteria for participating contract organization.

¹ NM Department of Health, attributed to the NM Cancer Plan, 2002-2006

² Businesswire; <http://biz.yahoo.com/bw/070117/20070117005258.html?v=1>

ADMINISTRATIVE IMPLICATIONS

If House Bill 353 is enacted, Veteran Services department indicates it will need 2 FTEs to provide budgetary and program oversight. Veterans' Services would be administrating funding of the program.

DUPLICATION

House Bill 353 duplicates Senate Bill 304.

RELATIONSHIP

House Bill 353 relates to House Bills 89 and 90. House Bill 89 appropriates \$150 thousand from the general fund to the Indian Affairs department to promote tobacco cessation in southwestern Cibola County, using traditional health services such as Navajo blessing way teachings, for residents from the region near the Ramah Navajo community, while House Bill 90 appropriates \$100 thousand for the same purpose. Both proposed bills are recurring appropriations to the general fund.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If House Bill 353 is not enacted, there would be no appropriation from the Tobacco Settlement Program fund for this longitudinal data study.

POSSIBLE QUESTIONS

Would passage of this act possibility violate the anti-donation clause of the New Mexico Constitution, Article IV., Section 31, Appropriations for Charitable, Educational, etc. purposes?

PD/csd