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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/07
 LAST UPDATED 02/16/07 HB _____

SPONSOR Feldman

SHORT TITLE Mandate HPV Vaccine Insurance Coverage SB 407/aSPAC

ANALYST Geisler

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Minimal*	Minimal*	Minimal*	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

*See Narrative

Relationship: relates to DOH budget request.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)
 Department of Health (DOH)
 Health Policy Commission (HPC)
 Human Services Department (HSD)

SUMMARY

Synopsis of SPAC Amendments

The Senate Public Affairs Committee amendments to SB 407 amend the bill to include in the insurance code provisions that would also apply to additional group and blanket health insurance policies and nonprofit health care plans. The bill as originally written only deals with individual or group insurance and contracts written under HMOs. This amendment expands the coverage to additional groups as suggested by the PRC below under technical issues.

Synopsis of Original Bill

Senate Bill 407 would add a new section to 59A-22-40.1 NMSA 1978, mandating health insurance coverage of the Human Papillomavirus Vaccine (HPV) for females nine to 14 years of age. HPV is used for the prevention of HPV infection and cervical pre-cancers.

The mandated coverage would include individual or group health insurance policies, individual

or group health maintenance organization contracts, health care plans or certificates of health insurance.

Coverage for the HPV vaccine may be subject to deductibles and coinsurance consistent with those imposed on other benefits under the same policy, plan or certificate. The provisions of this mandate would not apply to short-term travel, accident-only, limited or specified disease policies.

FISCAL IMPLICATIONS

State employee and teacher insurance programs cover the costs of this vaccine and provide that the cost impact is minimal. The cost impact of this additional insurance coverage on private carriers is not known. In the DOH budget request, which includes a request in the amount of \$945,000 for the provision of HPV vaccines to 11 – 12 year old (5th grade) females, the cost per dose was identified at \$75 per dose.

SIGNIFICANT ISSUES

DOH notes that certain human papillomaviruses (HPVs) cause cancer of the uterine cervix and pre-cancerous changes called “cervical dysplasia”. Recently, the FDA licensed a vaccine that is effective in preventing infection with HPV types 16, 18, 6 and 11. HPV types 16 and 18 cause approximately 70 percent of cervical dysplasia and cancer. HPV types 6 and 11 cause about 90 percent of genital warts. In the near future, a second HPV that also protects against infections with HPV types 16 and 18 is expected to be licensed by FDA.

Clinical trials data indicate that these vaccines are highly effective at preventing HPV infections and cervical dysplasia if they are administered before a young woman becomes infected with these HPVs. Most young women become infected with these HPVs within several months of initiating sexual activity. These vaccines have not been demonstrated to be effective in eliminating HPV infections or cervical dysplasia once a woman has acquired the infections that cause them. Therefore, it is important that the vaccine be administered before a woman first becomes sexually active.

ADMINISTRATIVE IMPLICATIONS

PRC notes that SB 407 may require some insurers to re-file policy forms and rates with the PRC’s Insurance Division. While this could create additional work the division believes that such review can be accomplished with existing staff and with no fiscal or performance implications.

RELATIONSHIP

SB 407 relates to a DOH funding request in the amount of \$1.4 million for immunizations that includes \$945,000 for the provision of HPV vaccines to 11 – 12 year old (5th grade) females. This funding would provide vaccine for approximately 3,200 girls, 11% of the estimated 28,000 girls in this age group.

TECHNICAL ISSUES

PRC provides that the bill as drafted amends Articles 22 and 46 of the insurance code and as such intends to apply to all health insurance. To make sure, similar sections should be drafted for Articles 23 and 47 of the insurance code. This will clarify that the provisions would apply to group and blanket health insurance policies and Nonprofit Health Care Plans. While there currently is no nonprofit subject to Article 47 writing major medical coverage, that may not always be the case.

OTHER SUBSTANTIVE ISSUES

HPC provided background on HPV:

Human Papillomavirus (HPV) infection is the most common sexually transmitted infection in the country, with approximately 20 million people currently infected. Each year, an additional 6.2 million people become newly infected in the U.S. As many as half of infected males and females with HPV are adolescents and young adults, 15-24 years of age.

- On June 8, 2006, the Food and Drug Administration (FDA) licensed the first vaccine developed to prevent cervical cancer and other diseases in females caused by certain types of genital human papillomavirus.
- On June 29, 2006, the Advisory Committee on Immunization Practices (ACIP) of the Centers for Disease Control voted to recommend use of this vaccine in females, ages 9-26 years. The ACIP recommendation for vaccine use in girls as young as 9 years of age is based on 'bridging' immunogenicity and safety studies, which were conducted in about 1,100 females, 9-to-15 years of age. These studies demonstrated that over 99% of study participants developed antibodies after vaccination.
- The HPV vaccine is recommended for 11-12 year-old girls, but can be administered to girls as young as 9 years of age. The vaccine also is recommended for 13-26 year-old females who have not yet received or completed the vaccine series.
- According to the CDC. "ideally, the vaccine should be administered before onset of sexual activity. However, females who are sexually active also may benefit from vaccination. Females who have not been infected with any vaccine HPV type would receive the full benefit of vaccination. Females who already have been infected with one or more HPV type would still get protection from the vaccine types they have not acquired." . (source: CDC Fact Sheet <http://www.cdc.gov/std/HPV/STDFact-HPV-vaccine-hcp.htm>.)
- Recommendations published in CDC Morbidity and Mortality Weekly Report: November 2006 called for "routine vaccination with three doses of quadrivalent HPV vaccine is recommended for females 11-12 years of age. The vaccination series can be started in females as young as 9 years of age."
- Published cost-effectiveness studies of HPV vaccination suggest that the cost per quality-adjusted life year (or QALY) saved due to vaccination against HPV types 16 and 18 would be in the \$15,000 to \$25,000 range per QALY. These published estimates were calculated without including the benefits of preventing HPV types 6 and 11. If such benefits were included, the cost effectiveness of vaccination would appear more favorable. Both the impact and cost-effectiveness of HPV vaccination were estimated assuming that vaccination occurs in addition to current cervical cancer screening programs in the U.S.

AMENDMENTS

PRC suggests amendments adding similar provisions to Articles 23 and 47 as have been drafted for Articles 22 and 46 of the insurance code may be appropriate as discussed under technical issues above.

GG/mt