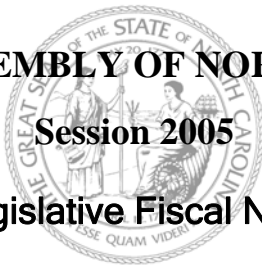


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 2699 (Third Edition)

SHORT TITLE: Vision Care Program Changes.

SPONSOR(S): Representatives Wright, Yongue, Haire, and Coleman

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
REVENUES:					
EXPENDITURES:					
General Fund	500,000*	500,000	500,000	500,000	500,000
DHHS, Div. of Pub. Health					
Correction	Amount cannot be determined. Impact is not assumed to be significant.				
Judicial	Amount cannot be determined. Impact is not assumed to be significant.				
POSITIONS (cumulative): None anticipated.					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Health and Human Services, Department of Public Instruction, Department of Correction, Judicial Branch, Local Governments.					
EFFECTIVE DATE: Effective when the bill becomes law.					
* These funds are already appropriated in continuation budget.					

BILL SUMMARY:

The Third Edition of the bill clarifies the vision screening requirement and specifies that all children entering kindergarten must obtain a vision screening in accordance with vision screening standards adopted by the Governor’s Commission on Early Childhood Vision Care (Commission), beginning with the 2007-08 school year. For children who fail to pass the required vision screening, a comprehensive eye examination is required. No child can be denied entry to public school for failure to obtain the required comprehensive eye exam. However, if a parent fails to

obtain a comprehensive eye exam, the school is required to send to the parent a written reminder and notification that funds may be available from the Commission to help cover the cost of the examination and corrective lenses. A parent who refuses to obtain the required eye exam would act in violation of the public health laws, a Class 1 misdemeanor offense.

ASSUMPTIONS AND METHODOLOGY:

Background and Assumptions: A vision screening has been a part of the required health assessment for every child entering kindergarten in North Carolina's public schools since July 1, 1987. School nurses working in the public schools regularly check children's health assessment forms and follow through with the child's parent when an eye problem has been identified. According to the Department of Public Instruction, a majority of elementary schools also typically conduct vision screenings for children in kindergarten and follow through with the parents when a problem is suspected or has been identified.

The percentage of children who fail vision screenings ranges from 7.4 percent to 20 percent. According to the Prevent Blindness North Carolina website, a total of 500,000 public school children were given vision screenings throughout the state in FY 2004-05. Of those screened, a total of 37,000 children, or 7.4%, were referred for follow up eye care. An additional 34,000 preschoolers were also given vision screenings in 2004-05. Of those preschoolers screened, a total of 2,800, or 8.2%, were referred for follow up eye care. According to the Division of Public Health, national prevalence statistics suggest that as many as 20 percent of children may fail vision screening exams and as result be required to obtain a comprehensive eye exam.

This fiscal note assumes that the new vision screening standards required by the bill will lead to greater numbers of children being identified as needing comprehensive eye exams than had previously been identified through Prevent Blindness, but expects that this percentage will be less than the high of 20 percent. Given the broad range referral rates from 7.4 percent to 20 percent, a conservative estimate of 15 percent seems reasonable. Beginning with the 2007-08 school year, this would mean that as many as 18,000 children could be referred for comprehensive eye exams.

Fiscal Impact: The purpose of the Governor's Vision Care Program established in Section 10.59F(a) of S.L. 2005-276 is to provide funds for early detection and correction of vision problems in children enrolled in grades K through 3 who are eligible for services under the Program. The 2006-07 continuation budget contains \$500,000 in recurring funds for the Vision Care program to reimburse providers for comprehensive eye examination services, including corrective lenses. The actual amount of funds necessary to provide services to children who qualify for the Program is dependent on the number of children who fail vision screenings and who meet income eligibility criteria, neither of which is known at this time. The third edition of bill does however contemplate that funding for program services is limited and directs the Commission to develop alternative ways for providing services to children who qualify for the program when funding for the program has been exhausted. The bill also allows the Department of Health and Human Services to use up to five percent of these funds, or \$25,000, for Program operations and Commission expenses.

The specific bill requirements and associated operational costs include:

1. *The dissemination of forms to providers on which the provider shall communicate in writing the results of the vision screening to each parent.* The bill specifies that the health assessment transmittal form qualifies as certification that the child has obtained the required vision screening, but then goes on to require the Commission to provide a vision screening form to the provider. It is not clear if the intent is for the Commission to develop a new form or simply provide the existing health assessment form to the provider. This fiscal note assumes that the health assessment transmittal form that is currently disseminated to the parents of children entering kindergarten will be used by providers to certify that a vision screening has been provided. **No new costs are anticipated.** If the Commission decides that new forms are necessary, then there would be additional costs associated with development and dissemination of these forms to the parents of 120,000 children entering kindergarten.
2. *The development and dissemination of a comprehensive eye examination transmittal form that optometrists and ophthalmologists must sign and present to the parent upon completion of the examination.* According to the Division of Public Health, this form would be distributed to the parents of children identified as needing a comprehensive eye exam. As stated in the background section, this fiscal note assumes that the new vision screening standards required by the bill could lead to the identification of approximately 18,000 children entering kindergarten who need comprehensive eye exams. **It is estimated that \$1,600 will be necessary to fulfill this requirement** (printing – 18,000 children entering kindergarten X .05 = \$900; mailing \$700).
3. *The development and dissemination of written information for providers conducting the vision screening that states, in effect, “Vision screening is not a substitute for a comprehensive eye exam.”* The bill requires the Commission to provide copies of this information to providers so that the provider may give a copy to the parent. The Division of Public Health envisions making this information available to providers on a website, as well as, distributing the written information to all parents of children entering kindergarten. **The total cost for fulfilling this requirement is estimated to be \$7,800** (printing 120,000 X .05 = \$6000; mailing \$1,800).
4. *The development of claims forms or vouchers, a process for verifying applicant income eligibility and a means of generating authorizations and/or payments to providers.* Authorizations will be needed both for comprehensive eye exams and corrective lenses. This fiscal note assumes that a comprehensive eye exam will be reimbursed at the Medicaid rate of reimbursement of \$118 and that a pair of corrective lenses will cost a minimum of \$118. Assuming that all \$475,000 in available funds are used to reimburse providers for services and lenses, then a maximum of 4,000 vouchers/payments will be needed on an annual basis ($475,000/118=4,025$). The Division of Public Health anticipates that a part-time temporary processing assistant will be necessary to help process these vouchers. **Approximately \$13,000 will be needed to cover the cost of the temporary processing assistant as well as an additional \$1,800 to print and mail 4,000 vouchers.**
5. *The collection of data on the number of children who received comprehensive eye examinations and the types of problems found and treatments provided.* Upon completion of the eye exam, the parent is required to submit a transmittal form to the school. While it is not likely that 100 percent of the transmittal forms will be submitted to the school, there is no basis on which to provide a more accurate percentage. Even if only 75% of the forms are returned, there will be over 13,000 forms that need to be summarized (18,000 eye exams x 75%). The

compilation of data from these forms could be time consuming. The Division of Public Health estimates that it would cost \$18,600 to outsource the review and analysis of these forms. **This fiscal note assumes that the Division in conjunction with the Department of Public Instruction can develop a process for collecting this data that utilizes existing personnel and minimizes the data collection and entry burden and associated costs.**

6. *The reimbursement of per diem and allowances for Commission members.* The statute that established the Governor’s Commission on Early Childhood Vision Care (G.S. 143B-216.75) allows Commission members to be reimbursed a per diem of \$15, subsistence and travel expenses. The Commission will need to meet to fulfill the requirements of this bill, but the cost of these meetings can not be estimated at this time. **Meeting costs are dependent on variables that are currently unknown, such as the number and length of meetings as well as the distances that members would be traveling.**

7. *Other considerations:* The Division of Public Health has requested one additional Program Consultant to help assist the Commission and implement the new requirements. The cost of this position is estimated to be \$70,000 for salary and benefits. The Division envisions that this position would, among other things, help develop the new forms, coordinate the data collection process, recommend income eligibility criteria and develop a system for verifying eligibility, and help with website development and a public information campaign. This fiscal note views all of these activities as one-time start up activities and consequently cannot justify one full-time position for this program.

Total Recurring Program expenses are summarized in the table below.

Recurring Program Expenses	
Provider Reimbursement	\$ 475,000
Printing and Mailing Costs	\$ 11,200
Claims Processing	\$ 13,000
Commission Travel	Unknown
Total	\$ 499,200

Criminal Penalties: Under H.B. 2699, a comprehensive eye exam is required for all children entering kindergarten who fail to pass the required vision screening. While not specified directly in the bill, any parent who refuses to obtain the required comprehensive eye exam for his or her child would act in violation of the public health laws. Any violation of public health laws or rules developed to administer these laws can be charged as a Class 1 misdemeanor offense, as set forth in G.S. 130A-25. Also, G.S. 14-3 provides that if the offense is “infamous, done in secrecy and malice, or with deceit and the intent to defraud, except where the offense is a conspiracy to commit a misdemeanor,” it is a Class H felony.

Judicial Branch: For most criminal penalty bills, the Administrative Office of the Courts provides Fiscal Research with an analysis of the fiscal impact of a specific bill. For these bills, fiscal impact is typically based on the assumption that court time will increase due to an expected increase in trials and a corresponding increase in the hours of work for judges, clerks, and

prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense.

It is not known how often parents or other persons (guardians) would violate the provisions of this bill, or how often District Attorneys would prosecute such cases. However, given the notification requirements and availability of funds from the Commission, *it is assumed that few charges would result.* Nevertheless, any increase in the number of such charges could create additional workload for district court judges, clerks, district attorneys, and defense counsel, thereby generating additional costs to the court system. Presently, the AOC estimates court-time costs of \$3,153 per Class 1 misdemeanor trial, and \$224 per plea. Estimated court-time costs per Class H felony trial are \$6,364, and \$298 per plea.

Department of Correction, Division of Prisons: The Sentencing and Policy Advisory Commission prepares prison population projections for each criminal penalty bill. The Commission assumes for each bill that increasing criminal penalties does not have a deterrent or incapacitative effect on crime. Therefore, the Fiscal Research Division does not assume savings due to deterrent effects for this bill or any criminal penalty bill. Based on the most recent population projections and estimated available prison bed capacity, *there are no surplus prison beds available over the immediate five-year horizon, or beyond.*

In FY 2004-05, 19% of Class 1 misdemeanor convictions resulted in active sentences, with an average term served of 30.7 days; 79% of convictions resulted in community sentences and 2% resulted in intermediate sentences. It is not known how many convictions might result from this bill. *However, because offenders serving active sentences of 90 days or less are housed in local jails, additional convictions resulting from this bill would not have an impact on the State's prison population. The impact on the local jail population is not known.*

In FY 2004-05, 38% of Class H felony convictions resulted in active sentences, with an average estimated minimum term imposed of 9 months; 49% of Class H convictions resulted in intermediate sentences, and 13% in community sentences (primarily special, intensive, and general supervision probation). Though presumed unlikely, *if three additional Class H felony convictions occur per year, the combination of active sentences and post-release revocations would result in the need for one additional prison bed the first year and two additional beds the second year. Assuming this threshold and a medium custody level, the construction of additional prison beds could cost the State \$65,340 the first year, and \$141,134 the second year; potential operating costs could be \$26,680 in the first year, and \$54,960 in the second year.*

Department of Correction, Division of Community Corrections: Assuming some intermediate and community punishment, additional costs for probation supervision could also be incurred. Presently, general supervision from a probation officer costs the Division of Community Corrections \$1.93 per offender, per day. Special sanctions under intermediate sentences generate higher costs. Intensive supervision probation, the most commonly utilized intermediate sanction, costs \$12.95 per offender per day and is for an average of six months; electronic house arrest costs \$6.71. Such costs are projected to begin in FY 2007-2008, due to the effective date of December 1 and the lag time between charge and conviction.

In addition, offenders supervised by DCC are required to pay a \$30 per month supervision fee; those on electronic house arrest or electronic monitoring must also pay a one-time \$90 fee. This

money is collected by the Court System and goes to the General Fund. The percentage of fees actually collected cannot be determined from the Court's records, but survey information indicates that the compliance rate for supervised probationers is around 48%.

SOURCES OF DATA: Department of Correction; Judicial Branch; North Carolina Sentencing and Policy Advisory Commission; and Office of State Construction; Prevent Blindness North Carolina website: (http://www.preventblindness.org/nc/nc_about.html);

TECHNICAL CONSIDERATIONS: House Bill 2699 is effective when it becomes law, but the new vision screening standards and required comprehensive eye exam do not begin until the 2007-08 school year. Presumably, the Commission will use the 2006-07 fiscal year to adopt rules and prepare to fully implement the Governor's Vision Care Program in 2007-08. This likely means that funds available in the continuation budget to reimburse providers in 2006-07 will largely go unspent, except for Commission expenses and program start-up costs. While this fiscal note assumes that \$25,000 will be sufficient to cover start-up costs, if additional *one-time* funds were made available from the existing appropriation to the Division and the Commission, then additional outreach activities could be conducted during the start-up period to inform providers and the targeted audience about the new changes and availability of funds to offset the cost of the exam and corrective lenses.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Jennifer Hoffmann, Bryce Ball, and Jim Mills

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: July 18, 2006



Signed Copy Located in the NCGA Principal Clerk's Offices