



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 5-90 – Disease Reporting and Control Department of Health August 3, 2005

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Department of Health (the department) proposes several changes to the Disease Reporting and Control Regulation. Several definitions have been changed or added to clarify meaning or better reflect updated accepted medical practice and terminology. In addition, the department proposes several changes to the reportable disease list as well as to the list of reportable diseases requiring rapid communication. It is also proposed that mandated reporters be required to report pregnancy status, if known, for all positive tests rather than just for those who test positive for hepatitis B.

Estimated Economic Impact

The department proposes to add one disease, yersiniosis, to the reportable disease list, and require that influenza deaths for children less than 18 years old be reported. Yersiniosis is a food borne disease that causes severe illness, particularly in infants. Reporting and source tracing

can limit this disease's impact on communities where it occurs. Pediatric influenza deaths are very rare and can be an indicator that a particularly severe strain of the disease is circulating. Reporting of pediatric influenza deaths will allow the department to take appropriate measures in the face of a possibly more difficult than normal flu season. The department estimates that annually they will receive approximately 15 reports of yersiniosis and fewer than 5 reports of pediatric influenza death. This increase in reporting volume is minuscule when compared to the approximately 40,000 reports that the department receives currently each year. This proposed regulatory change will likely provide a net benefit for the citizens of the Commonwealth.

The proposed regulation also requires that HIV viral load and CD4 test results be reported. The department's epidemiology report on AIDS and HIV that encompasses data through CY2003 states that there are 5,382 people who live in Virginia and have AIDS or HIV. Additionally, approximately 300 more unique positive HIV infection tests were reported to the department in 2004. The Centers for Disease Control (CDC) estimates that only half of those who test positive for HIV will seek continuing treatment; so we can assume that 150 of those 300 would be subject to quarterly viral load and CD4 tests. By requiring the reporting of these tests, the department can ascertain what portion of the HIV infected population in the Commonwealth is not seeking treatment. This will allow the department to account for Federal funds the Commonwealth currently receives for HIV programs and also provide information for the department to use in applying for CDC grants to increase treatment rates. The Commonwealth currently receives approximately \$35 million from the Federal government for various HIV programs.

Approximately 43,056 viral load and CD4 tests will be reported annually for the HIV infected population identified through 2003. Assuming that the CDC estimates correctly mirror the behavior of Virginians newly diagnosed as HIV infected, an additional 1,200 viral load and CD4 tests will be reported annually for those who were diagnosed as HIV infected in 2004. These tests will affectively double the total volume of disease reports delivered to the department each year. The Department of Consolidated Laboratory Services, which currently files approximately 30% of all annual disease reports estimates that the equivalent of $\frac{1}{2}$ of 1 full time employee's time is spent preparing and mailing those reports. By extrapolation, this means that less than 2 full time employees are currently needed by mandated reporters to process and mail test results so approximately 2 more full time employees would be needed to handle the

increased volume of test reporting mandated by the proposed regulation. Postage costs for reporters would also increase but not double since the marginal cost of additional mailing weight is not constant. This proposed regulatory change will likely provide a net benefit for the citizens of the Commonwealth.

The proposed regulation mandates that reports for all reportable diseases include pregnancy status of patient when that information is available. Reporters need not spend additional time finding this information so this requirement will have no economic impact.

Businesses and Entities Affected

The proposed regulation will affect all physicians in the Commonwealth as well as any entities, such as laboratories, hospitals and nursing homes, which physicians may designate to report the regulation's enumerated diseases. The Department of Medical Assistance Services reports that there were 25,650 physicians accepting Medicaid patients in CY2004. The actual number of physicians that practice in Virginia and would be affected by the proposed regulation is likely higher than that. There are approximately 177 laboratories in the Commonwealth that are certified to run the high complexity tests that are required to diagnose many, but not all, of the diseases on the reportable list. Additionally, there are around 250 nursing homes and 90 hospitals operating in the Commonwealth and which are subject to reporting requirements.

Localities Particularly Affected

The proposed regulation will affect all localities in the Commonwealth.

Projected Impact on Employment

Approximately 2 more full time clerical workers will be needed to meet the statewide requirements of the proposed regulation. In addition, the Department of Health may need to hire additional personnel to handle the increased volume of reports that they receive.

Effects on the Use and Value of Private Property

Laboratories, doctors, hospitals and nursing homes are responsible for the costs of disease reporting which include time spent preparing reports and postage to mail them. These costs will increase moderately, and the profits for firms responsible for reporting will decrease, under the proposed regulation.

Small Businesses: Reporting, Recordkeeping, & Administrative Costs

Assuming that approximately 2 new full time employees earning the median file clerk salary of \$21,000¹ are needed to process the total new volume of disease reports and assuming constant marginal costs for each additional report, total statewide administrative costs will increase by approximately \$42,000 plus the increase in postage costs.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The Department of Health is currently working to implement a secure electronic reporting system that will help to lower costs for mandated reporters of disease.

¹ This is the national median income for a file clerk in 2004 as reported by the Bureau of Labor Statistics.