

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1522-03
Bill No.: Truly Agreed To and Finally Passed SCS for HB 716
Subject: Children and Minors; Health Care; Health Department; Health Care Professionals
Type: Original
Date: May 29, 2009

Bill Summary: This legislation establishes the Brady Alan Cunningham Newborn Screening Act which adds Lysosomal Storage Diseases to the list of required newborn screenings.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and costs of unknown would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 191.333:

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **University of Missouri (UM)** assume the proposed legislation would have a fiscal impact of approximately \$150,000 in materials and additional employee costs.

Oversight assumes, based on previous responses from UM, the \$150,000 cost is speculative. Oversight assumes, because the potential cost is speculative, that the UM will not incur significant costs related to this proposal. If a fiscal impact were to result, the UM may request additional funding through the appropriation process.

Officials from the **Department of Social Services** state the MO HealthNet Division (MHD) was billed for 14,351 newborn screenings in FY08 by the state health lab. Currently, newborn screenings are reimbursed by the MHD for the federal portion only. The general revenue portion is included in the DHSS budget.

The fiscal impact to the MHD is expected to be greater than \$100,000 in federal funds. However, it is unknown what the rate for the additional newborn screenings will be. If rates are increased by \$12.00, the result would be \$172,212 (\$12 times 14,351) and \$111,094 in federal funds. The fiscal impact to the MHD for FY10 is calculated for ten months or unknown but greater than \$92,578 (\$172,212 divided by 12 times 10 months or \$143,510 times .6451).

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services** state approximately 80,000 babies are born each year in Missouri. According to the Centers for Disease Control and Prevention (CDC), the collective incidence of lysosomal storage disorders (LSD) is 1:7,700 to 1:10,000 births. As a result of this data, the Department assumes that approximately eight to ten infants will be confirmed positive each year for at least one form of lysosomal storage disorder. For each infant that is confirmed positive, it is anticipated that there would be ten infants that would have an abnormal newborn screen result requiring follow-up and additional testing.

Based on the new testing requirements proposed by this legislation, DHSS assumes that the current State Public Health Laboratory will need capital improvements, including:

- Chemical fume hood and accessories - \$15,000;
- Fume hood installation, compressed air lines, air duct connection, and Triatek hood monitor - \$15,000;
- Electrical work to run six 30 amp 220V receptacles on emergency power - \$10,000;
- Venting and duct work for two liquid handlers and for two tandem mass spectrometers to connect into the ceiling vent that pulls from the chemical fume hood - \$10,000;
- Carpentry work and built-in lab furniture needed to retro-fit and accommodate the needs for lab benches and cabinet space in two rooms - \$20,000; and
- One two-door refrigerator, one minus 30 degree freezer, one pH meter, four multi channel hand-pipeters, certified laboratory glassware, and other standard ancillary laboratory equipment needed for lab work areas - \$20,000.

The costs of these improvements are based on the costs incurred for similar items/services paid for during the construction of the State Public Health Laboratory.

Additional laboratory equipment will also be needed for the increased number of tests that will be performed. Laboratory equipment leasing estimates were obtained from the current vendor and include equipment and maintenance and consumable parts for: two tandem mass spectrometry systems including two gas generators; two incubators; two auto-samplers; two High Performance Liquid Chromatography (HPLC) delivery systems; two vacuum pumps; two robotic liquid handlers; and Specimen Gate data suite enhancements to add additional analysts and merging data from new equipment. The Department estimates that the total leasing cost will be \$348,210.

ASSUMPTION (continued)

The Department assumes that the CDC will continue to provide support at no charge in the form of necessary reagents, standards, controls, and proficiency test samples needed for the testing and quality control of each specific LSD that would be screened for and reported. If the CDC does not continue to supply these items, the Department would seek additional funding through the appropriations process.

The Department estimates that three additional FTE will be required to carry out the provisions of the proposed legislation:

- One Senior Public Health Lab Scientist (\$40,212, Grade A26, Range G) to oversee the LSD testing laboratory section and assure accurate and timely testing and reporting of the newborn screening samples for this disorder category. This person would need complete understanding of the tandem mass spectrometry testing through all pre-analytical, analytical, and post analytical parameters. They will be in charge of scrutinizing all test results and quality control aspects while applying LSD decision schemes and algorithms for the detection of at-risk infants for these disorders. They will contact the contracted genetic referral centers to refer positive screens for diagnostic confirmation and continually work with DHSS newborn screening follow-up staff and the genetics advisory board to implement, sustain and continually improve upon the entire screening process for this disorder category;
- Two Public Health Laboratory Scientists (\$35,952, Grade A23, Range G) will be responsible for the daily sample preparation, sample testing, instrument monitoring, maintenance and trouble shooting for the mass spectrometers; all support instrumentation in the LSD laboratory section; and assist the senior scientist in producing accurate and timely testing and reporting for the LSD testing laboratory section.

Standard expense and equipment costs have been requested for all three FTE.

As a result of the proposed legislation, the Department of Health and Senior Services will be required to contract with the four genetic tertiary centers (Cardinal Glennon Medical Center for Children, St. Louis Children's Hospital, University Hospitals and Clinics, and Children's Mercy Hospital) to track and follow-up on newborns who have an abnormal lysosomal storage disorder newborn screen result; provide consultation to health care providers on what confirmatory tests to order and course of medical care; ensure that either the infant has returned for a repeat newborn screen or has had confirmatory testing; ensure that those infants who are confirmed positive are entered into a system of health care; offer medical, nutritional, and genetic counseling to families of affected infants; provide long-term follow-up of identified children in

ASSUMPTION (continued)

their respective genetic center; provide consultation to the department's newborn screening laboratory on appropriate testing methodology; research each of the lysosomal storage disorders; and develop informational material (pamphlets, fact sheets) on these disorders to distribute to parents, health care providers, and the general public.

DHSS currently has contracts with all four genetic tertiary centers to provide follow-up for newborns with many other disorders detected through newborn screening. This is performed through a genetics counselor. The addition of disorders to the newborn screening panel cannot be absorbed by the current contract. The Department estimates that the current contracts will be increased by the following amount:

Genetics Counselor

Salary of a genetics counselor = \$50,000

Fringe benefits at 44.06 percent = \$22,030

Total personnel costs = \$72,030 per genetics counselor (salary and fringe benefits)

\$72,030 per genetics counselor X 4 genetic tertiary centers = \$288,120

Geneticists Consultation fee:

The salary of a geneticist is approximately \$160,000. It is anticipated that 10 percent of their time they provide consultation on state newborn screened disorders, resulting in a cost of \$64,000 (\$160,000 x 10 percent x 4 genetic tertiary centers).

The Department assumes that there will not be any official test results available until FY 2012; therefore follow-up by the genetics counselors will not be needed until then.

The Department will need to revise and reprint the newborn screening pamphlet to include the additional lysosomal storage disorders for which newborns are screened. The estimated cost is \$7,000 (100,000 pamphlets x \$0.07 per pamphlet). The Department assumes that the pamphlets will be updated once more information is received on testing for lysosomal storage disorders; therefore the cost is shown in FY 2011.

Section 191.333.4 of the proposed legislation allows DHSS to increase newborn screening fees in order to cover the additional cost of the expanded newborn screening test required in the legislation. Very few states are currently screening for the types of disorders set forth in the proposed legislation. Based on this information and previous history of expanding newborn screening requirements, the SPHL estimates that it may take up to two years to produce official test results. Funding from General Revenue will be needed the first year for program start-up until the testing can be implemented and additional costs billed for the new testing. Beginning in

ASSUMPTION (continued)

FY 2011, newborn screening fees would be increased by \$8 to cover the cost of testing. Based on the number of newborn screening blood specimens tested in FY 2008, total newborn screening fees for FY 2011 would be approximately \$654,040 (\$8 x 81,755). In FY 2012, newborn screening fees would be increased by an additional \$5 to cover the costs of follow-up provided by the genetic tertiary centers; this would result in newborn screening fees of approximately \$1,062,815 (\$13 x 81,755). These fees are deposited into the Missouri Public Health Services Fund. FY 2011 and FY 2012 costs for the proposed legislation will be covered by the increase in fees.

Oversight was unable to obtain fiscal impact responses from the affected agencies. However, Oversight assumes the costs for the agencies would be beyond the fiscal note period. Oversight assumes that the income, expenses, and transfers would occur in FY 13.

Oversight notes that the income and cost to the Missouri Public Health Services Fund (MPHS) are estimates and the underlining goal is to charge a fee increase to cover cost and not realize a savings. **Oversight** also assumes expenses occurring in FY13 would be borrowed from General Revenue Fund and paid back in FY14 and FY15.

Section 191.1127 & 191.1130:

Officials from the **Department of Social Services** state section 191.1127 requires the MO HealthNet Program and the health care for uninsured children program to improve hospital discharge and follow-up care for premature infants. MHD must urge hospitals serving infants eligible for medical assistance under the MO HealthNet and health care for uninsured children programs to report to the state the causes and incidence of all re-hospitalizations of infants born premature at earlier than 37 weeks gestational age within their first six months of life. Finally, MHD must use guidance from the Centers for Medicare and Medicaid Services' Neonatal Outcomes Improvement Project to implement programs to improve newborn outcomes, reduce newborn health costs, and establish ongoing quality improvement for newborns. All this is to be done in consultation with statewide organizations focused on premature infant health care. Since this section will require MHD to examine and improve hospital discharge and follow-up procedures and to establish on-going quality improvement for newborns, there will be a fiscal impact; however, the cost is unknown at this time.

MHD-Premature Infants	FY 10	FY 11	FY 12
GR:	(Unknown)	(Unknown)	(Unknown)
Federal:	(Unknown)	(Unknown)	(Unknown)

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services** state Section 191.1130 would require the Department to develop a written educational publication by December 31, 2009, containing comprehensive information as stated in the proposed legislation concerning the possible complications, proper care and support associated with newborn infants who are born premature at earlier than 37 weeks gestation.

It is assumed that the development of this educational publication would be spearheaded by a Public Health Consultant Nurse in the Bureau of Genetics and Healthy Childhood in an already existing position. Information would be gathered from various Internet sites and books at no cost to the Department. Assistance in the review of the educational publication would be elicited at no charge to the Department from the March of Dimes, neonatologists at the four Children's Hospitals in Missouri as well as other healthcare providers involved in the care of premature infants.

Based on the fact that there were 10,612 infants born prior to 37 weeks gestation in Missouri in 2007, it is estimated that the Department would print 14,000 two-color educational publications annually at a cost of \$0.175 each for a total of \$2,450. Mailing would be done by the Department's warehouse at a cost of \$7.00 per 100 educational publications per mailing, resulting in a cost of \$980 (140 x \$7.00).

Oversight assumes the DHSS could absorb the \$3,430 costs of printing and mailing related to this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs - Department Social Services</u>			
Program Costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON			
GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FEDERAL FUNDS

<u>Income</u> - Department of Social Services			
Federal Assistance	Unknown	Unknown	Unknown

<u>Costs</u> - Department of Social Services			
Program Costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

It is assumed that any fee increase related to this additional screening will be passed on to insurance providers.

FISCAL DESCRIPTION

Section 191.333:

The proposed legislation establishes the Brady Alan Cunningham Newborn Screening Act which adds Lysosomal Storage Diseases to the list of required newborn screenings starting July 1, 2012.

Section 191.1127 & 191.1130:

This proposed legislation requires the MO HealthNet Program and the health care for uninsured children program to improve hospital discharge and follow-up care for premature infants.

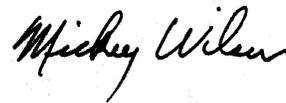
This proposed legislation requires educational information to be prepared by the Department of Health and Senior Services about premature infants

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State
University of Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, slightly slanted style.

Mickey Wilson, CPA
Director
May 29, 2009