

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1080-01
Bill No.: Perfected SB 230
Subject: Children and Minors; Health Care; Health Department
Type: Original
Date: March 27, 2013

Bill Summary: This proposal establishes Chloe’s Law which requires newborn screenings for critical congenital heart disease.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$44,200)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$44,200)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Insurance Dedicated	Up to \$5,000	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$5,000	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** provide the following assumptions:

§191.334 - Newborn screening:

DHSS - Division of Community and Public Health (DCPH) will be responsible for conducting surveillance activities as well as providing consultation and technical support for facilities and/or persons implementing critical congenital heart disease screening. Due to the fact that this proposal will not require DHSS to conduct tracking and follow-up activities related to screening for critical congenital heart disease, DHSS assumes that all duties related to critical congenital heart disease screening will be conducted by current Newborn Screening Program staff.

It is estimated the cost for printing educational materials for hospitals and parents regarding the screening will be \$0.06 per pamphlet. DHSS assumes 100,000 will be ordered printed the first year at a cost of \$6,000 ($\$0.06 \times 100,000$). This will be an ongoing cost.

Adding this screening to the existing newborn screening requirements will require the State Public Health Laboratory, Newborn Screening Unit to revise the newborn screening form. Revision of the existing form should not have a fiscal impact.

Office of Administration- Information Technology Services Division (ITSD) - DHSS:

ITSD will need to make changes to the existing data system that captures newborn screening information to expand the newborn screening requirements to include pulse oximetry screening results. IT Consultants would be needed to provide high-level database and programming skills for the application (520 hours x \$85.00 per hour, which is consistent with existing statewide IT Consulting contract). This results in an estimated \$44,200 cost for the first year. No costs are anticipated for succeeding years.

Funding for the Program

Section 191.331, RSMo, requires the newborn screening fee only to support the testing that is performed in any of the DHSS laboratories. The test in this legislation will be performed by the hospital staff and, therefore, is unable to be supported by the newborn screening fee. Currently, DHSS charges a fee to hospitals for specimen collection forms to recoup costs for testing and administering the Newborn Screening Program. However, due to the fact that screening for

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ASSUMPTION (continued)

critical congenital heart defects is not a disorder that can be screened for via bloodspot, the fee cannot be raised to accommodate for this type of screening. All funds for the screening of critical congenital heart defects must come from General Revenue.

The DHSS assumes FY 14 costs to the General Revenue Fund of \$49,200; FY 15 costs of \$6,060; and FY 16 costs of \$6,121.

Oversight assumes the DHSS can absorb the minimal costs associated with printing the pamphlets for FY 14, FY 15 and FY 16 within existing appropriation levels.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state the legislation requires the Department of Health and Senior Services (DHSS) to add critical congenital heart disease screening to the current newborn screening requirements. This will be done by pulse oximetry which is a non-invasive test that monitors the oxygenation levels in a patient's hemoglobin. For infants, the test is usually done by placing a sensor on the infant's foot.

This is a test that is routinely given prior to discharge from the hospital. The cost for the test is part of the per diem paid to the hospital. Therefore, there will be no fiscal impact to the Hospital or Physician programs due to this provision. However, the MHD will have an increase in cost from deliveries performed by a midwife outside the hospital setting.

In 2011 there were 33,129 total births covered by Medicaid and 1% of these, or 331, were by midwives. The MHD rate for this test is \$2.51; therefore, the total cost is estimated to be \$831 (331 births X \$2.51). It is assumed physician births will be referred to the hospital for testing.

FY 14 (6 months) \$416
FY 15 \$863
FY 16 \$897

Oversight is not presenting DSS-MHD's estimated impact in the fiscal note due to the immaterial amounts provided above (less \$1,000 annually).

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state a pulse oximetry screening is routinely performed in a facility (ambulatory surgical center, birthing center, or hospital) prior to a newborn's discharge from the hospital and is included as part of the reimbursement paid to the provider.

ASSUMPTION (continued)

If a pulse oximetry screening is performed at an alternative setting (outside a facility) there would likely be a separate charge for the test. The MCHCP's data suggests that a newborn screening rarely happens in an outside facility and, therefore, the MCHCP would not anticipate a fiscal impact.

However, if the DHSS designates the standard tool for diagnosing congenital heart disease in a newborn to be an echocardiography, the fiscal impact to the MCHCP would be approximately \$461,450 annually. The average allowable charge for this procedure in the Missouri marketplace is \$550, but prices could vary depending on the provider and the contracted rates. Over a three-year period, the MCHCP subscribers delivered an average of 839 newborns per year (839 X \$550 = \$461,450).

If an echocardiogram is performed at an alternative setting (outside a facility), it is likely that the allowable for the echocardiogram may exceed the average charge previously reported for facilities (\$550). The fiscal impact to MCHCP is unknown, but greater than our in facility cost of \$461,450.

MCHCP cannot estimate the fiscal impact for other tests that may be designated by the DHSS for diagnosing congenital heart disease in a newborn as there is insufficient information regarding what other potential tests may be available for this purpose.

Therefore, MCHCP is ranging the annual fiscal impact of this proposal from \$0 to unknown, exceeding \$100,000.

Oversight notes the proposal provides "Every newborn... shall be screened for critical congenital heart disease with pulse oximetry or other manner..." Oversight assumes the DHSS will select pulse oximetry as the test to screen newborns and, therefore, assumes the proposal will have no fiscal impact on MCHCP.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

ASSUMPTION (continued)

Officials from the **Office of 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 Secretary of State's office 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 this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized 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 within its 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.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Missouri Department of Conservation** and **Barton County Memorial Hospital** assume the proposal would not fiscally impact their agency.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation Employee Benefits Section for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Missouri Department of Transportation (MoDOT)** did not respond to **Oversight's** request for a statement of fiscal impact. However, in response to similar legislation from the current session (HB 274), MoDOT assumed the proposal would have no fiscal impact on their organization.

No other hospitals responded to **Oversight's** request for a statement of fiscal impact.

This proposal would increase Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - OA-ITSD-DHSS</u>			
Programming costs	<u>(\$44,200)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$44,200)</u>	<u>\$0</u>	<u>\$0</u>
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

If health care professionals that deliver babies, i.e. midwives, are small businesses, the legislation will require them to have a pulse oximeter or otherwise ensure that critical congenital heart disease screenings are performed on infants for low oxygen levels. This will be an additional cost or administrative requirement and will, therefore, have a negative fiscal and/or administrative impact on these small business providers.

FISCAL DESCRIPTION

This proposal establishes "Chloe's Law" which requires, effective January 1, 2014, every child born in this state to be screened for critical congenital heart disease with pulse oximetry or in another manner as prescribed by the Department of Health and Senior Services. For newborns born in an ambulatory surgical center, birthing center or hospital, such screening shall occur prior to discharge of the newborn from the facility.

FISCAL DESCRIPTION (continued)

If a newborn is delivered in a place other than in a facility, the physician or person who professionally undertakes the pediatric care of the newborn shall ensure that critical congenital heart disease newborn screening is performed.

The proposal outlines the procedures, both in and outside of a facility, for the screening, providing of informational material, reporting and referral for treatment if necessary to the parents and for reporting of the results to the department for surveillance purposes.

The provisions of this proposal shall not apply if the parents of the newborn object to such testing on the grounds that such tests conflict with their religious tenets and practices. The parent of any child who refuses to have the critical congenital heart disease screening test administered after notice of the requirement for such test shall have such refusal documented in writing.

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

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions,
and Professional Registration
Department of Health and Senior Services
Department of Social Services
Department of Public Safety -
Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Joint Committee on Administrative Rules
Missouri Department of Conservation
Office of Secretary of State
Barton County Memorial Hospital

Not Responding:

Missouri Department of Transportation



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