

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 15, 2003**

**TO:** Honorable Jaime Capelo, Chair, House Committee on Public Health

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB2991** by Capelo (Relating to the purchase of equipment and hiring of employees by the Texas Department of Health for newborn screening.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2991, As Introduced: a negative impact of (\$8,022,900) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$6,622,195)
2005	(\$1,400,705)
2006	(\$738,152)
2007	(\$738,152)
2008	(\$738,152)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>GR MATCH FOR MEDICAID</i> 758	Probable (Cost) from <i>PUB HEALTH SVC FEE ACCT</i> 524	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2004	(\$6,622,195)	\$0	\$0	\$0
2005	(\$1,237,955)	(\$162,750)	(\$412,652)	(\$249,902)
2006	(\$412,652)	(\$325,500)	(\$825,303)	(\$499,804)
2007	(\$412,652)	(\$325,500)	(\$825,303)	(\$499,804)
2008	(\$412,652)	(\$325,500)	(\$825,303)	(\$499,804)

Fiscal Year	Probable Revenue Gain from <i>PUB HEALTH SVC FEE ACCT</i> 524	Change in Number of State Employees from FY 2003
2004	\$0	18.0
2005	\$412,652	18.0
2006	\$825,303	18.0
2007	\$825,303	18.0
2008	\$825,303	18.0

## **Fiscal Analysis**

The bill relates to the purchase of equipment and hiring of employees by the Department of Health (TDH) for newborn screening. The bill would require the agency to hire 18 full-time employees and purchase 10 tandem mass spectrometers for the newborn screening program by March 1, 2004.

The department estimates that the major costs associated with implementing the provisions of the bill in fiscal year 2004 would include: \$652,051 for salary and wages; \$21,900 for in-state and out-of-state travel; \$2,900,000 for Capital Equipment (10 Tandem Mass Spectrometer and Installation of Exhaust System; and \$2,000,000 for the development of a Laboratory Information System (LIS) to handle the data. The agency estimates \$869,402 for salary and wages in fiscal years 2005-2008; \$6,100 for travel and LIS operating costs of \$240,000 in fiscal years 2005-2008.

According to the agency, other costs would include such items as \$18,000 in fiscal year 2004 and \$24,000 in fiscal years 2005-2008 for a metabolic disease consultant; and \$24,802 in other operating cost in fiscal year 2004 and \$23,892 in fiscal years 2005-2008.

## **Methodology**

The Department of Health (TDH) assumed 75 percent of fiscal year 2004 costs due to phase-in implementation. The department indicated it would require 16 laboratory FTEs, two program FTEs, and a contract for the development of the laboratory information system (LIS).

TDH assumed 730,000 specimens would be tested (based on fiscal year 2002 specimens collected on newborns) 40 percent of the tests are covered by Medicaid, 40 percent private pay, and 20 percent Title V.

TDH assumed that additional General Revenue would be required for fiscal year 2004 to implement testing methodology because the services would not billable but performed for research and validation purposes only in fiscal year 2004. Additional General Revenue would also be required for six months of fiscal year 2005 because Private Pay submitters would have 120 days from billing to make payment, current supplies in the field would last approximately three months into the fiscal year, and eligibility matching for Medicaid is processed quarterly.

TDH estimates that a fee increase of \$2.75 (Private) and \$2.60 (Medicaid) above fiscal year 2003 level for each newborn specimen will be needed to cover costs of operating the program in fiscal years 2005-2008. Existing fees allow for this increase without a rule change.

TDH assumed that an additional \$412,652 (fiscal years 2005-2008) in General Revenue would be required to cover uninsured newborns (Title V). The fixed federal Title V grant award will not cover increased costs to the state for this population.

The laboratory costs for Medicaid eligibles would be reimbursed at the FMAP rate of .3944/.6056 for fiscal years 2005-2008.

## **Technology**

The Department of Health indicates the bill would require five computers for staff at a \$1,300 each, a total cost of \$6,500 in fiscal year 2004. The department estimates a contract for the development of a laboratory information system (LIS) will cost of \$200,000 in fiscal year 2004 and \$240,000 in fiscal years 2005-2008, includes a routine service agreement (12 percent of initial cost) for fiscal year 2005 and subsequent years. The department indicates that additional capital authority will be required for the technology costs.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 501 Department of Health

**LBB Staff:** JK, WP, KF, EB, RM