

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 6, 2005**

**TO:** Honorable Dianne White Delisi, Chair, House Committee on Public Health

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB790** by Crowover (Relating to the equipment and employees necessary for the conduct of newborn screening by the Department of State Health Services.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB790, As Introduced: a negative impact of (\$7,243,750) through the biennium ending August 31, 2007.

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
2006	(\$5,399,411)
2007	(\$1,844,339)
2008	(\$1,845,021)
2009	(\$1,845,021)
2010	(\$1,845,021)

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

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable (Cost) from <i>FEDERAL FUNDS</i> <b>555</b>	Probable Revenue Gain from <i>PUB HEALTH SVC</i> <i>FEE ACCT</i> <b>524</b>
2006	(\$6,029,411)	\$630,000	(\$129,458)	\$0
2007	(\$3,104,339)	\$1,260,000	(\$2,205,539)	\$2,725,883
2008	(\$3,105,021)	\$1,260,000	(\$2,204,858)	\$2,725,883
2009	(\$3,105,021)	\$1,260,000	(\$2,204,858)	\$2,725,883
2010	(\$3,105,021)	\$1,260,000	(\$2,204,858)	\$2,725,883

Fiscal Year	Probable (Cost) from <i>PUB HEALTH SVC</i> <i>FEE ACCT</i> <b>524</b>	Change in Number of State Employees from <b>FY 2005</b>
2006	\$0	17.0
2007	(\$2,725,883)	17.0
2008	(\$2,725,883)	17.0
2009	(\$2,725,883)	17.0
2010	(\$2,725,883)	17.0

## **Fiscal Analysis**

The bill relates to the equipment and employees necessary for the conduct of newborn screening by the Department of State Health Services (DSHS). The bill would amend the Health and Safety Code. Section 2 would require DSHS to obtain the use of equipment, including tandem mass spectrometers, and hire employees necessary to administer the chapter.

Section 3 would require DSHS to require newborn screening tests to screen for disorders detectable by a tandem mass spectrometer and listed in the core uniform panel of newborn screening conditions recommended in the 2004 report by the American College of Medical Genetics entitled "Newborn Screening: Toward a Uniform Screening Panel and System" or another report determined by the agency to provide more appropriate newborn screening guidelines.

Section 7 requires the agency to obtain the nine tandem mass spectrometers and employ the necessary full-time employees by June 1, 2006. Upon enactment, the bill would take effect September 1, 2005.

## **Methodology**

Assume that there would be an expansion of newborn screening to include 19 additional disorders using tandem mass spectrometry as listed in the core uniform panel of newborn screening conditions recommended by the American College of Medical Genetics. According to DSHS, the agency can obtain tandem mass spectrometers, reagents, and software to operate the system to detect the 19 new disorders for approximately \$8.50 per test. It is assumed that the tandem mass spectrometers would be leased.

The agency will need 17 new FTEs: 7 new laboratory FTEs and 10 new case management FTEs, some of whom will be supported at the Health and Human Services Commission (HHSC) with Medicaid funds. Salary costs are \$486,405 in 2006 and \$648,540 in subsequent years. Benefits costs are \$144,656 in 2006 and \$192,876 in subsequent years. Travel costs for in-state and out-of-state training are \$13,800 per year. Phone, furniture, supplies, and hepatitis immunizations for laboratory staff total \$69,352 in 2006 and \$20,545 in subsequent years.

Case management staff IT equipment costs total \$9,030 in 2006 and \$6,500 in subsequent years.

DSHS will contract with a metabolic disease consultant with experience in tandem mass spectrometer detectable disorders. Contract costs are \$18,000 in 2006 and \$24,000 in subsequent years.

New and updated outreach materials total \$90,000 per year for 500,000 brochures per year.

The agency estimates that there will be additional utilities costs associated with operating the spectrometers of \$20,250 in 2006 and \$27,000 in subsequent years.

There will be a one-time cost of \$48,000 in 2006 to install exhaust systems for the spectrometers.

The agency estimates that 750,000 screens will be conducted each year, with an additional 75,000 screens conducted for validation purposes. The agency estimates that 50 percent of these screens will be covered by Medicaid, 37 percent will be private pay, and the remaining 13 percent will be uninsured and therefore paid for by DSHS. The Medicaid rate will increase by \$8.26 per screen, and the private pay rate will increase by \$8.93 per screen. The agency expects that revenue collection will begin in 2007. These rates will result in Medicaid costs at HHSC of \$1,346,886 GR and \$2,060,364 Federal Funds in 2007 and \$1,347,567 GR and \$2,059,683 Federal Funds in subsequent years. Revenue from private pay sources will total \$2,725,883 in each year beginning in 2007. The remaining costs for tests will be paid by DSHS and total \$5,259,375 in 2006 (cost for all tests done in first year for validation and testing purposes), and \$879,368 in subsequent years.

The agency also estimates that there will be GR savings of \$630,000 in 2006 and \$1,260,000 in subsequent years due to savings from shifting the current testing methodology for PKU to tandem mass spectrometry as reagents for the current testing methodology would no longer be purchased.

## **Technology**

Personal computers will be required for 10 case management program staff. Costs total \$9,030 in 2006 and \$6,500 in each subsequent year.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission, 537 Department of State Health Services

**LBB Staff:** JOB, CL, KF, LW, RM