

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 1, 2009

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB1720 by Uresti (Relating to newborn screening and the creation of the Newborn Screening Advisory Committee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1720, Committee Report 1st House, Substituted: a negative impact of (\$4,441,103) through the biennium ending August 31, 2011.

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
2010	(\$3,945,702)
2011	(\$495,401)
2012	(\$495,401)
2013	(\$495,401)
2014	(\$495,401)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Savings/ (Cost) from <i>Interagency Contracts</i> 777	Probable Savings/ (Cost) from <i>Pub Health Svc Fee</i> <i>Acct</i> 524	Probable Savings/ (Cost) from <i>Federal Funds</i> 555
2010	(\$3,945,702)	(\$350,000)	\$0	(\$350,000)
2011	(\$495,401)	(\$1,070,066)	(\$1,576,276)	(\$1,070,066)
2012	(\$495,401)	(\$1,070,066)	(\$1,576,276)	(\$1,070,066)
2013	(\$495,401)	(\$1,070,066)	(\$1,576,276)	(\$1,070,066)
2014	(\$495,401)	(\$1,070,066)	(\$1,576,276)	(\$1,070,066)

Fiscal Year	Probable Savings/ (Cost) from <i>DSHS Pub Hlth Medicd</i> <i>Reimb</i> 709	Probable Revenue Gain/(Loss) from <i>Pub Health Svc Fee</i> <i>Acct</i> 524	Probable Revenue Gain/(Loss) from <i>DSHS Pub Hlth Medicd</i> <i>Reimb</i> 709	Change in Number of State Employees from FY 2009
2010	\$0	\$0	\$0	21.0
2011	(\$291,836)	\$1,576,276	\$291,836	21.0
2012	(\$291,836)	\$1,576,276	\$291,836	21.0
2013	(\$291,836)	\$1,576,276	\$291,836	21.0
2014	(\$291,836)	\$1,576,276	\$291,836	21.0

Fiscal Analysis

The bill requires the Department of State Health Services (DSHS) to expand the newborn screening tests to screen for disorders listed in the secondary targets of the uniform newborn screening panel to the extent funding is available; it allows DSHS to screen for other disorders or conditions on the advice of the newborn screening advisory committee; and allows DSHS to exclude screenings for galactose epimerase and galactokinase. The bill also requires DSHS to establish a newborn screening advisory committee to advise the department on additional newborn screening tests for other disorders.

Methodology

Section 2 of the bill expands newborn screening to include the additional disorders listed in the secondary targets of the uniform newborn screening panel recommended in the American College of Medical Genetics; according to DSHS this includes 24 additional disorders including cystic fibrosis. This does not include galactose epimerase or galactokinase; the cost of which to implement would be approximately an additional \$1.2 million for the biennium.

According to DSHS, in order to implement the additional 24 disorders, the agency will need to upgrade the laboratory information management system, to include, laboratory and case management software and functionality at a one-time cost of \$368,600.

DSHS also indicates that 11 new laboratory staff would be needed to implement the new screenings; these include 10 new positions specifically for cystic fibrosis. There would be additional expenses associated with the new positions such as specialized training, laboratory supplies and personal protective gear.

There would be an approximate \$1.4 million All Funds cost per year for reagents and consumables associated with cystic fibrosis screenings.

It is also assumed that DSHS would need to hire 9 new case management/follow-up program FTEs to implement testing of the new disorders, including four Nurse III positions; four Public Health Technicians; and one Manager I. DSHS also indicates that the new case management staff would need specialized training and the fiscal estimate also assumes all other standard operating costs associated with the new FTEs.

In order to educate health care providers on the 24 additional disorders screened, DSHS estimates the need for 500,000 brochures at \$0.10 a brochure for a total cost of \$50,000, a one-time cost in fiscal year 2010. It is also assumed that the DSHS website needs to be updated to provide information on the additional disorders at a one-time cost of \$2,000.

In addition to these costs DSHS also indicates an annual cost of \$315,600 representing the total cost of diagnostic testing and treatment of uninsured children. This is a service currently provided by the newborn screening division that's statutorily required. The agency estimates that given the 24 new disorders, 75 of the approximately 430,000 babies screened each year would be uninsured and test positive for a disorder.

Section 3 of the bill requires DSHS to establish a newborn screening advisory committee to advise the department on additional newborn screening tests for other disorders. It is assumed that DSHS would need to hire an additional FTE, a Program Specialist IV at \$55,762 a fiscal year to provide professional and administrative support to the committee. The bill also provides that the advisory committee members are entitled to be reimbursed for travel and other expenses incurred while conducting the business of the advisory committee. Assuming the advisory committee had 10 members meeting 3 times a year, with one member residing in Austin, the total estimated costs for reimbursement are \$16,845 a fiscal year. The bill only provides the authority for the advisory council members to be reimbursed; language must be included in the 2010-11 General Appropriations Act to ensure the appropriation of the reimbursement funds associated with the new advisory council.

According to DSHS 54% of the newborn screenings are covered by Medicaid, 35% by private pay

(third party payors) and 11% are covered by General Revenue since these represent uninsured babies. Given this method of finance breakdown this fiscal estimate assumes for FY 2011 through FY 2014, 54% of the costs associated with the screenings for the additional disorders and the costs associated with the advisory council (\$2,431,969) will be covered with Medicaid funds, the Medicaid laboratory costs will be covered by Account 709, Public Health Medicaid Reimbursements and the case management costs will be covered by an Interagency Contract (IAC) with the Health and Human Services Commission (HHSC) and an associated Federal Funds match; 35% of the costs (\$1,576,276) representing laboratory, case management, and advisory council costs will be covered by private third party payors out of General Revenue-Dedicated Fund 524 – Public Health Service Fee Account; and the remaining 11% (\$495,401) will be funded out of General Revenue Funds. All of these estimates assume that costs remain at the same level in each fiscal year.

According to DSHS, General Revenue Funds will be required to cover all laboratory and advisory council costs in FY 2010 due to a lag in the time it takes to start receiving Medicaid reimbursements and payment from private pay providers. Medicaid case management costs, approximately \$700,000 are covered in FY 2010 through the IAC with HHSC and federal matching funds. A portion of the IAC costs and Account 709, Public Health Medicaid Reimbursements costs are funded through General Revenue expenditures at HHSC; it is assumed that HHSC can absorb these costs.

The fiscal estimate also assumes that DSHS will access the necessary fees charged to both Medicaid and the third party payors to cover all costs associated with the screenings for the additional disorders. the screenings for the additional disorders.

Technology

PCs will be required for all new staff. Standard cost is associated with each FTE. Additional capital authority will be required.

Upgrade of the laboratory information management system, to include, laboratory and case management software and functionality (\$368,600, one-time cost for FY 10) is required.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 537 State Health Services, Department of

LBB Staff: JOB, CL, PP, JF