

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 65 – HB 373**

February 15, 2011

**SUMMARY OF BILL:** Requires the genetic advisory committee to develop a program to screen newborns for critical cyanotic congenital heart disease (CCCHD) using pulse oximetry. Requires hospitals and other birthing facilities to provide the screening prior to discharge. Requires attending health care professionals to refer newborns born in settings other than a hospital or other birthing facility to the Department of Health (DOH) or an appropriate screening provider as approved by DOH. Requires all screening providers to report screening results to DOH. Requires DOH to refer newborns who do not pass the screening to appropriate providers for appropriate follow-up.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$223,800/FY11-12  
\$329,500/FY12-13 and Subsequent Years**

**Increase Local Expenditures – Exceeds \$10,000/FY11-12  
Exceeds \$20,000/FY12-12 and Subsequent Years**

**Increase Federal Expenditures – \$223,700/FY11-12  
\$447,400/FY12-13 and Subsequent Years**

Assumptions:

- DOH will promulgate rules related to screening for CCCHD, revise existing screening forms, establish a new system for receipt of screening results, perform follow-up on test results, develop and maintain a list of approved screening providers, develop public health nursing protocols, and provide training and equipment to local health departments. DOH will hire one additional registered nurse to administer the state-wide program.
- Recurring costs for DOH are estimated to be \$80,827 for salary (\$49,800), benefits (\$16,827), administrative costs (\$7,900), office space (\$4,100), network connections (\$1,600) and office supplies (\$600). One-time costs are estimated to be \$18,600 for purchase of pulse oximetry equipment (\$9,500), travel (\$4,000), office landscaping (\$2,700) and computer costs (\$2,400).
- The cost to modify the existing database to support new screening results, develop and print new education materials, and revise and re-print the newborn screening forms can

be accommodated within existing resources of DOH without an increased appropriation or reduced reversion.

- Pulse oximetry testing is currently a covered benefit when determined medically necessary in the TennCare program, State, Local Education, and Local Government Health Plan, and CoverKids program.
- Based on recent research, pulse oximetry sometimes produces false positive results for CCCHD at a rate of one percent, which will require follow-up cardiac echo tests.
- There are approximately 43,000 TennCare-covered births each year. TennCare will cover follow-up tests for approximately 430 (43,000 x 1%) newborns each year.
- The estimated cost of the cardiac echo tests at \$1,500 per test will result in total recurring expenditures of \$645,000 (430 x \$1,500).
- Of the increased expenditures, \$217,800 will be state funds at a rate of 33.767 percent and \$427,200 will be federal funds at a 66.233 percent match rate.
- There are approximately 1,350 State Employee Health Plan births each year. It is estimated that follow-up testing will be covered for approximately 14 (1,350 x 1%) newborns each year.
- The estimated cost of cardiac echo tests at \$1,500 per test will result in total recurring expenditures of \$21,000 (14 x \$1,500). It is estimated that 76 percent (\$15,960) is state-funded, 4 percent (\$840) is federally funded, and 20 percent (\$4,200) is employee-funded.
- There are approximately 1,300 Local Education Health Plan births each year. It is estimated that follow-up testing will be covered for approximately 13 (1,300 x 1%) newborns each year.
- The estimated cost of cardiac echo tests at \$1,500 per test will result in total recurring expenditures of \$19,500 (13 x \$1,500). It is estimated that approximately 45 percent (\$8,775) is state-funded, 35 percent (\$6,825) is locally funded, and 20 percent (\$3,900) is employee-funded.
- Each local government opting into the Local Government Health Plan offered through the state is responsible to provide a portion of the employee premiums. Local governments that offer health insurance, but do not opt into the state sponsored health plan will also be responsible for a portion of the employee premiums. While an exact amount of local government expenditures cannot be determined, it is reasonably estimated to be similar to the State Employee Health Plan and to exceed \$20,000 per year.
- The CoverKids program will have approximately 1,700 births each year. It is estimated that follow-up testing will be covered for approximately 17 (1,700 x 1%) newborns each year resulting in a recurring increase in expenditures of \$25,500 (17 x \$1,500).
- Of the increased expenditures, \$6,120 will be state funds at a rate of 24 percent and \$19,380 will be federal funds at a 76 percent match rate.
- Since the proposed legislation requires the screening program to be developed on or before January 1, 2012, the FY11-12 impact includes six months of costs to the TennCare program, the State, Local Government, and Local Education, and CoverKids programs.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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