

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 33 - SB 44

March 25, 2015

SUMMARY OF BILL: Requires that every newborn infant, as ability persists, be screened for all lysosomal storage disorders; including, but not limited to: Krabbe, Fabry, Gaucher, Pompe, Hurler Syndrome and Niemann-Pick. The Department of Health (DOH) is required to promulgate rules and regulations for any new screenings that become available.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$680,000/FY15-16
\$1,360,000/FY16-17 and Subsequent Years

Increase State Expenditures - \$1,020,300/FY15-16
\$312,400/FY16-17 and Subsequent Years

Assumptions:

- Based on information provided by the Department of Health, there is no current FDA-approved test method for dried blood testing for the lysosomal storage disorders of Krabbe, Fabry, Gaucher, Pompe, Hurler Syndrome and Niemann-Pick; therefore, the Department's Division of Laboratory Services will be required to develop these tests.
- DOH will require two new Tandem Mass Spectrometers to perform blood analysis on the estimated 80,000 births in this state.
- Purchasing two new tandem mass spectrometers will result in a one-time increase in state expenditures of \$697,703 (\$348,851.50 x 2).
- There will be recurring costs for laboratory supplies (\$92,442) and yearly maintenance, parts, and calibration of the tandem mass spectrometers (\$70,000).
- The DOH will require one new certified microbiologist position, resulting in a recurring increase in state expenditures of \$71,111 [Salary \$47,940 + Benefits \$13,204 + FICA \$3,667 (\$47,940 x 7.65 %) + Office Lease \$4,100 + Communications \$1,600 + Supplies \$600].
- There will be a one-time increase in state expenditures of \$5,100 related to this microbiologist position (Computer \$2,400 + Office Furniture \$2,700).
- DOH will require one new registered nurse-4 position to perform follow-up on the screenings produced by the Division. This will result in a recurring increase in state expenditures of \$78,852 [Salary \$51,804 + Benefits \$13,785 + FICA \$3,963 (\$51,804 x 7.65 %) + Communications \$1,600 + Office lease \$4,100 + Supplies \$600 + Travel \$3,000].

- There will be a one-time increase in state expenditures of \$5,100 related to this new registered nurse position (Computer \$2,400 + Office Furniture \$2,700).
- The cost of performing newborn screening tests is paid for by a fee, authorized by DOH Rule 1200-15-01-.05. The fee is collected from a birth hospital and is currently \$125 per specimen. The hospital will pass this cost on to the party giving birth by billing the patient's insurer or the patient directly, if such party is able to pay. The fee is waived for patients unable to pay.
- The current fee will be increased to cover the additional cost of the LSD test equipment, reagents, personnel, and continuing test costs. The Department estimates that the fee will increase by \$17 per specimen.
- It will take six months for the purchase of equipment, supplies, test development and population study. As a result, the Department estimates that approximately 40,000 tests will be performed in FY15-16 and 80,000 tests in FY16-17 and subsequent years. This will result in an increase in state revenue of \$680,000 in FY15-16 (40,000 tests x \$17) and \$1,360,000 in FY16-17 and subsequent years (80,000 tests x \$17).
- There will be no significant increase in state expenditures for DOH to promulgate rules and regulations, as such can be established by DOH during regularly scheduled meetings.
- According to the Bureau of TennCare, newborn testing is part of overall newborn care billed to the managed care organizations (MCOs). Each MCO has hospital payment agreements that pay either a per diem or overall payment for newborn care and this bill would not affect this payment.
- According to the Department of Finance and Administration, there will not be a significant increase in state, local, or federal expenditures associated with the State, Local Education, and Local Government plans, as the Department currently pays a bundled fee per birth to its health insurers and it does not anticipate any increase in the fee since the average testing fee per newborn will only increase by \$17.
- The total increase in expenditures in FY 15-16 are estimated to be \$1,020,308 [(\$92,442 + \$70,000 + \$71,111 + \$78,852) recurring + (\$697,703 + \$5,100 + \$5,100) one-time].
- The increase in state expenditures is estimated to be \$312,405 in FY16-17 and subsequent years (\$92,442 + \$70,000 + \$71,111 + \$78,852).

IMPACT TO COMMERCE:

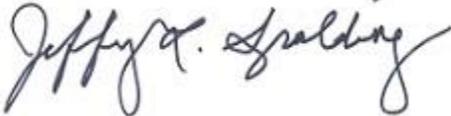
NOT SIGNIFICANT

Assumption:

- This bill will result in an increase in costs for insurers of patients who give birth in this state at a birthing hospital. It is assumed that any increase in costs experienced by Tennessee-domiciled insurers will not result in any subsequent, significant increase in premium amounts charged to healthcare plan subscribers.

CERTIFICATION:

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



Jeffrey L. Spalding, Executive Director

/jdb