

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4152-01
Bill No.: SB 1055
Subject: Health Care; Health Care Professionals; Health Dept.; Medical Procedures and Personnel.
Type: Original
Date: February 18, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$0	(\$10,937,773)	(\$10,076,874)
Total Estimated Net Effect on All State Funds*	\$0	(\$10,937,773)	(\$10,076,874)

*** SUBJECT TO APPROPRIATIONS**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services** assume the proposed legislation will not fiscally impact their organization.

Officials from the **Office of the Secretary of State (SOS)** state this bill establishes a grant program for an umbilical cord blood bank. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Health and Senior Services could require as many as 4 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$246 [(4 pp x \$27) + (6 pp x \$23)].

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Health and Senior Services (DOH)** provided the following assumptions related to the proposed legislation:

It is assumed the legislation does not require DOH to establish an umbilical cord blood program but only to provide a start up grant for a cord blood bank and ongoing operating costs. This could be accomplished by existing staff. If this assumption is incorrect, additional staff may be warranted. It is also assumed that participants will not be charged a fee.

The following assumptions are based on information received from various sources, (i.e. ViaCord, CryoBank of California, UMASS Medical Center, St. Louis Cord Blood Bank, Missouri Office of Facilities Management, Probst and Otko construction companies).

The costs are estimated in the following areas; construction 15,000 sq.f.t building at \$52/ sq.ft. = \$780,000, equipment (1 processing centrifuge \$40,000, 2 serofuges \$1,400, 4 LN2 freezers with racking systems and canisters \$320,000, 2 control rate freezers \$4,000, 2 heat sealers \$6,000, liquid nitrogen / year \$3,000).

ASSUMPTION (continued)

Facility staffing, general manager \$60,000, 2 processing technologists \$80,000, 1 nurse coordinator \$50,000, fringe benefits \$68,420. **These are not state employees;** but are staff which would be required by the successful grantee.

In addition to the above costs it is estimated that the cost per specimen is \$1,100 which includes the collection, processing, storage, testing and transportation of the specimen.

The total number of live births in Missouri during calendar year 2000 was 76,329. The only public cord blood bank in Missouri currently services an area 150 miles from St. Louis, which constitutes 34.7%, or approximately 26,486 of the total number of live births. They collected an estimated 3,000 specimens from their service area. By applying this methodology statewide, the DOH estimates an anticipated 8,400 specimens to be donated statewide. $3,000/26,486 = 11\%$ (rounded to the nearest percent). Therefore, $76,329 \text{ live births} \times 11\% = 8,400$, rounded to the nearest hundred. This is the number the DOH used to calculate the estimated total cost associated to this bill. Several costs associated to courier issues (time restriction of 24 hours from collection to point of preservation and transportation of untested biohazards material) and the number of hospitals to be serviced, inspection, certification and licensing were not factored into the total cost.

Additional costs may be incurred due to concerns centering on transportation involved in a single state cord blood bank. Two issues arise from the transportation of specimens: 1) the transports require special containers and vehicles to ensure specimens remain viable and uncontaminated during transportation; 2) the time frame (24 hours) from collection to testing and successful storage of specimen is limited.

Based on the above information, the DOH estimates a requirement of over \$10,000,000 to be appropriated in FY 04 for the grant award.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE			
<u>Costs - Department of Health and Senior Services</u>			
Grant award costs for establishment of an umbilical cord blood bank	\$0	(\$10,937,773)	(\$10,076,874)
Total <u>Cost</u> - Department of Health and Senior Services	\$0	(\$10,937,773)	(\$10,076,874)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$10,937,773)</u>	<u>(\$10,076,874)</u>

- SUBJECT TO APPROPRIATIONS -

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Subject to appropriations, the Department of Health and Senior Services must establish a grant program for the establishment of an umbilical cord blood bank for recipients of blood and blood components who are unrelated to the blood donor. The Director of the Department must establish grant eligibility criteria by rule. In awarding the grant, the Department must consider the ability and experience of the applicant and the applicant's commitment to continue the bank upon expiration of the grant/contract. Upon the award of a grant, the recipient must agree to: (1) Operate an unrelated bank at least until the 8th anniversary of the grant; (2) Gather, collect, and preserve umbilical cord blood only from live births; and (3) Comply with financial and reporting requirements. (Sections 192.730 and 192.731).

The authorized grant will be awarded for the fiscal year beginning July 1, 2003, and may be awarded in subsequent years if funds are specifically appropriated for that purpose (Sections 192.732 and 192.733).

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Office of the Secretary of State
Department of Health and Senior Services



Mickey Wilson, CPA
Acting Director
February 18, 2002