

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0223-01  
Bill No.: HB 216  
Subject: Health Care; Health Care Professionals; Medicaid Procedures and Personnel  
Type: Original  
Date: February 6, 2007

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Bill Summary: This proposal establishes the Umbilical Cord Blood Bank Program to collect and provide researchers with umbilical cord blood for scientific research on human stem cells.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$28,731,738)	(\$34,126,346)	(\$34,130,335)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$28,731,738)</b>	<b>(\$34,126,346)</b>	<b>(\$34,130,335)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
General Revenue	1.25 FTE	1.25 FTE	1.25 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1.25 FTE</b>	<b>1.25 FTE</b>	<b>1.25 FTE</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this proposal for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be requested through the budget process.

**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 **University of Missouri (UM)** state they are unable to determine the costs of this proposal. **Oversight** assumes if a fiscal impact were to result to the UM, funds to support the program would be sought through the appropriations process.

Officials from the **Department of Health and Senior Services (DHSS)** state this proposal requires the DHSS to establish the "Umbilical Cord Blood Bank Service Program" to gather, collect, and preserve umbilical cord blood from live births and provide this blood and blood components to persons and institutions conducting scientific research requiring sources of human stem cells. To accomplish this the DHSS will contract with a Cord Blood Bank that has the technical resources required to collect, process, store, test, transport and maintain cord blood for scientific/medical research. Cord blood must be frozen and stored in a liquid nitrogen freezer and registered by the Cord Blood Bank. At the present, there is only one known certified Cord Blood Program in Missouri. To implement and maintain the program the DHSS will need to hire a full time Health Program Representative III and a quarter time Medical Consultant.

This proposal requires the DHSS to develop a public awareness campaign to inform the public and prospective parents of the opportunity to donate their newborns umbilical cord blood for scientific research. The public awareness campaign would consist of: developing a radio commercial, developing pamphlets and literature, distributing printed materials, contacting hospitals that have birthing units, health care clinics, Women, Infants and Children (WIC) clinics and educating health care providers.

ASSUMPTION (continued)

Cord blood specimen storage cost estimates:

In Missouri there are approximately 77,000 births per year. According to medical literature, approximately 20% of cord blood cannot be processed. The DHSS estimates that the remaining 80% of births in Missouri (61,600) would be able to have the cord blood processed. While Missouri currently has no data from other states operating similar program to help determine the number of parents in Missouri that would request this service, we are estimating that 10% to 50% of these parents (6,160 to 30,800) would want to bank their baby's cord blood and make it available for research purposes. The DHSS is estimating that the cost to collect, process, store, test and transport each specimen would be approximately \$1,100 per year. Assuming the 6,160 to 30,800 parents choosing to bank their baby's cord blood cited above, the DHSS is estimating a range of \$6,776,000 to \$33,880,000 per year to store the estimated number of core blood specimens.

Program administration costs:

A .25 FTE Medical Consultant (salary \$22,153) will be needed to provide consultation to the DHSS and hospitals on specimen collection, develop an identification system, develop program rules on how the DHSS will release cord blood for research purposes, assist in the development of a data system, develop a contract for researchers who want to obtain cord blood and other duties as required to implement and maintain the program.

A full time Health Program Representative III (HPR III) (salary \$35,148) will be needed to monitor the program, develop contracts, develop reports, contact hospitals to inform them about the program, educate hospital staff on the program, educate health care providers on the program, develop and mail program materials (forms, literature, brochures), develop a media campaign to inform parents, maintain records and reporting requirements and other duties as required to implement and maintain the program.

Funding to develop and maintain a data system will be required (\$378,000 for the first year to develop and \$113,400 annual maintenance). Section 4(4) of the legislation requires the DHSS to "(e)stablish an identification number system for umbilical cord blood gathered, collected and preserved under this program. The DHSS shall maintain in the records of the program the donor child's name associated with each identification number." Under section 4(5) DHSS is required to "(e)stablish a system for providing the donor child with access to any identifying information, reserved umbilical cord blood, or research results based on any research conducted utilizing such child's umbilical cord blood."

ASSUMPTION (continued)

The methodology used in arriving at the state fiscal impact for brochures was based on an estimate provided by OA state printing for 100,000 tri-fold, double-sided brochures printed on 60 lb paper with two ink colors. The cost for 100,000 brochures is \$2,800. There are approximately 77,000 births per year in Missouri and 100,000 brochures will be printed each year. The DHSS will mail the brochures to hospitals, health care providers, health care clinics, Women, Infants and Children (WIC) clinics, research institutions and to the public upon request. There will be a one-time cost of \$225 to translate the brochure into Spanish.

Posters will be developed to advertise the umbilical cord blood donation program. These posters will be distributed to obstetricians, WIC clinics, prenatal clinics and hospitals. One thousand five hundred (1,500) posters will be printed on #80 gloss cover paper with four ink colors at an estimated cost of \$1,065.

Funding is also requested for postage costs to mail informational materials (letter from the department director, brochure and poster) to obstetricians (approximately 900), hospitals (90), prenatal clinics (50) and WIC clinics (200) = 1,240 mailings per year x \$1.50 = \$1,860.

A radio campaign will be used to promote the program. The DHSS will use the Missouri Broadcasters Association (MBA) to run the campaign. One month of advertising will cost \$30,000, which will include producing the radio script, voicing the radio script and overseeing the placement of the spots through a statewide contract. The campaign will be run statewide. The radio campaign will be done on an annual basis.

The telephone number the DHSS will use for the public to call to request information on donating umbilical cord blood for research will be 1-800-TEL LINK. This toll free number is staffed Monday through Friday from 8 a.m. to 5 p.m.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the DHSS positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight has, for fiscal note purposes only, assumed the maximum (\$33,880,000) cost per year to store the estimated number of core blood specimens.



### FISCAL DESCRIPTION

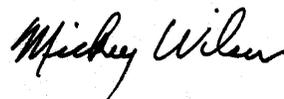
Beginning January 1, 2008, this legislation requires the Department of Health and Senior Services, subject to appropriation, to establish the Umbilical Cord Blood Bank Service Program. The program will gather, collect, and preserve umbilical cord blood and provide the blood and blood components to persons and institutions conducting scientific research on human stem cells. Whenever possible, the department will attempt to reserve 20% of any umbilical cord blood gathered, collected, and preserved for the possible use by the donor child. Researchers obtaining umbilical cord blood must agree to make research results specific to a particular donor available to the donor child upon request.

The department may contract with any public or private umbilical cord blood bank service and must develop rules for the implementation of the program including, but not limited to, a public awareness program, establishment of an identification numbering system, and establishment of record keeping and reporting requirements for umbilical cord blood banks and researchers participating in the program.

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 Health and Senior Services  
Office of the Secretary of State  
University of Missouri



Mickey Wilson, CPA  
Director  
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