

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0508-02
Bill No.: SCS for HB 274
Subject: Children and Minors; Health Care
Type: Original
Date: April 30, 2013

Bill Summary: This proposal establishes Chloe’s Law requiring newborn screenings for congenital heart disease and provides for meningococcal disease information.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$44,200)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$44,200)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Insurance Dedicated	Up to \$5,000	\$0	\$0
Other State	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

- 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§ 167.638 - Meningococcal Brochure:

Officials from **Missouri State University (MSU)** assume there would be considerable costs incurred if the University were to provide a copy of the brochure to every student. The cost would involve 23,000 + students X the cost of brochure (Unknown cost depending on number of pages, etc.), plus postage to non-campus based students, the required parental notification and other distribution strategies. MSU currently complies with RSMo 174.335 for which all residential students either provide proof of meningitis vaccination or receiving detailed written information regarding risks associated with meningococcal disease and availability, effectiveness of vaccine, etc.

Officials at the **Metropolitan Community College** assume an impact of \$10,000 to \$20,000 per year for distribution of information to the students.

Officials from the **Department of Higher Education (DHE)** assume no impact to the DHE. They defer to the colleges and universities for impact in distributing the required information.

Officials from **Linn State Technical College, Northwest Missouri State University** and the **University of Central Missouri** each assume the proposal would not fiscally impact their respective agencies.

Oversight assumes an unknown cost for colleges and universities to print, mail, notify parents and otherwise provide copies of the brochure to all college students.

In response to a previous version of this proposal, **Department of Health and Senior Services** staff assume, without official departmental approval and an adequate amount of time to review this proposal, that the development of an online brochure providing information on meningococcal disease can be completed within existing resource levels.

Officials at the **Department of Social Services** assume there is no fiscal impact from this proposal.

§ 191.334 - Chloe's Law:

Due to the time constraints for completion of the fiscal note, **Department of Health and Senior Services (DHSS)** staff provide, without departmental approval, the following assumptions for this fiscal note:

HWC:LR:OD

ASSUMPTION (continued)

Office of Administration, Information Technology Services Division (ITSD):

ITSD will need to make changes to the existing data system that captures newborn screening information to expand the newborn screening requirements to include pulse oximetry screening results. IT Consultants would be needed to provide high-level database and programming skills for the application (520 hours x \$85.00 per hour, which is consistent with existing statewide IT Consulting contract). This results in an estimated \$44,200 cost for the first year. No costs are anticipated for succeeding years.

Funding for the Program:

Section 191.331, RSMo, requires the newborn screening fee only to support the testing that is performed in any of the DHSS laboratories. The test in this legislation will be performed by the hospital staff, and therefore, is unable to be supported by the newborn screening fee. Currently, DHSS charges a fee to hospitals for specimen collection forms to recoup costs for testing and administering the Newborn Screening Program. However, due to the fact that screening for critical congenital heart defects is not a disorder that can be screened for via bloodspot, the fee cannot be raised to accommodate for this type of screening. All funds for the screening of critical congenital heart defects must come from General Revenue.

The DHSS, therefore, assumes FY 14 costs to the General Revenue Fund of \$44,200.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state if the Department of Health and Senior Services (DHSS) designates pulse oximetry screenings to be added to the list of mandatory screenings for newborns, there would be no fiscal impact to the MCHCP as a pulse oximetry screening is routinely performed prior to a newborn's discharge from the hospital and is included as part of the reimbursement paid to the provider.

However, if the DHSS designates the standard tool for diagnosing congenital heart disease in a newborn to be an echocardiography, the fiscal impact to the MCHCP would be approximately \$461,450 annually. The average allowable charge for this procedure in the Missouri marketplace is \$550, but prices could vary depending on the provider and the contracted rates. Over a three-year period, the MCHCP subscribers delivered an average of 839 newborns per year (839 X \$550 = \$461,450).

MCHCP cannot estimate the fiscal impact for other tests that may be designated by the DHSS for diagnosing congenital heart disease in a newborn as there is insufficient information regarding what other potential tests may be available for this purpose.

Therefore, MCHCP is ranging the annual fiscal impact of this proposal from \$0 to unknown, exceeding \$100,000.

ASSUMPTION (continued)

Oversight notes in DHSS' response, its plan to designate the pulse oximetry screening test as the mandatory test to screen newborns for congenital heart disease. Therefore, Oversight will not range MCHCP's costs and assumes the proposal will have no fiscal impact on the MCHCP.

In response to a previous version of this proposal, officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** stated insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** stated this legislation requires the Department of Health and Senior Services (DHSS) to add critical congenital heart disease screening to the current newborn screening requirements.

DSS-MHD officials contacted DHSS and were informed the newborn screening test that would be selected to fulfill the requirements of this proposal would be the pulse oximetry test. MHD's response is based on pulse oximetry being the test selected by the DHSS to screen newborns for congenital heart disease.

Pulse oximetry is a non-invasive test that monitors the oxygenation levels in a patient's hemoglobin. For infants, the test is usually done by placing a sensor on the infant's foot. This is a test that is routinely given prior to discharge from the hospital. The cost for the test is part of the per diem paid to the hospital. Therefore, there will be no fiscal impact to the Hospital or Physician programs due to this provision.

Normally, the MHD is billed by the state lab for the laboratory portion of newborn screenings and pays the federal portion of the cost while the DHSS pays for the general revenue portion.

While the DHSS will increase the cost of the newborn screening by \$1.50 to cover the cost of the pulse oximetry, the pulse oximetry is not considered part of the laboratory portion of the screening; therefore, the state lab will not bill MHD for it.

There will not be a fiscal impact to the MHD for this legislation.

HWC:LR:OD

ASSUMPTION (continued)

In response to a previous version of this proposal, officials from the **Missouri Department of Transportation**, the **Missouri Department of Conservation** and **Barton County Memorial Hospital** assumed the proposal would not fiscally impact their agency.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation Employee Benefits Section for response regarding the potential fiscal impact of this proposal on their organization.

Bill as a Whole:

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state 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 fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Cost - DHSS (§ 191.334)</u>			
Programming expenses	<u>(\$44,200)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$44,200)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
OTHER STATE FUNDS			
<u>Costs - Colleges and Universities</u>			
Copy, distribution, mailing and notification costs of meningococcal disease brochure (§ 167.638)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
COMMUNITY COLLEGES			
<u>Costs - Community Colleges</u>			
Copy, distribution, mailing and notification costs of meningococcal disease brochure (§ 167.638)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON COMMUNITY COLLEGES	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Small Business</u>			

If birthing hospitals and birthing centers are small businesses, the legislation will require them to have a pulse oximeter to screen infants for low oxygen levels.

FISCAL DESCRIPTION

This proposal requires the Department of Health and Senior Services to develop an informational brochure relating to meningococcal disease. The brochure will be made available on the department's website and will notify every public institution of higher education of the availability of the brochure. Each public university and college is required to provide a copy of the brochure to all students and parents or guardians, if the student is under age 18.

This proposal establishes Chloe's Law. The proposal requires the Department of Health and Senior Services to expand, by January 1, 2014, the newborn screening requirements to include a critical congenital heart disease screening, using a test approved by the department, prior to the newborn being discharged from a health care facility.

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 Higher Education
Department of Insurance, Financial Institutions,
and Professional Registration
Department of Health and Senior Services
Department of Social Services -
MO HealthNet Division
Missouri Department of Transportation
Department of Public Safety -
Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Joint Committee on Administrative Rules
Missouri Department of Conservation
Office of Secretary of State
Barton County Memorial Hospital
Linn State Technical College
Metropolitan Community College
Missouri State University
Northwest Missouri State University
University of Central Missouri



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