

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number SB218

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron Ticer

3. Committee Health, Welfare and Institutions

4. Title Newborn testing

5. Summary/Purpose: This bill would add MCAD or medium chain Acyl-CoA dehydrogenase deficiency, to the eight newborn screening tests that are required for every infant who is born in the Commonwealth to prevent mental retardation, permanent disability, or death. As amended, the provisions of this bill shall only become effective one year after the date that sufficient funds are appropriated or otherwise secured to (i) support the Virginia Department of Health's costs for start-up professional and family education and (ii) the purchase of the necessary equipment for implementation of the testing program in the Division of Consolidated Laboratories.

6. Fiscal impact estimates are preliminary

6a. Expenditure Impact:

Fiscal Year	Dollars	Positions	Fund
2002-03	-	-	-
2003-04	\$301,000*	2.0	NGF
2004-05	\$451,000*	3.0	NGF

6b. Revenue Impact:

Fiscal Year	Dollars	Positions	Fund
2001-02	-	-	-
2002-03	\$301,000*	-	NGF
2003-04	\$451,000*	-	NGF

*Note: If the March of Dimes (see item 8) fails to purchase the initial tandem mass spectrometer then this amount will increase by \$55,000 (the estimated cost associated with purchasing the first tandem mass spectrometer via the Master Equipment Lease Program.) In addition, the bill has been amended such that its provisions shall only become effective one year after the date that sufficient funds are appropriated or otherwise secured to (i) support the Virginia Department of Health's costs for start-up professional and family education and (ii) the purchase of the necessary equipment for implementation of the testing program in the Division of Consolidated Laboratories.

7. Budget amendment necessary: No. The agency can request that its appropriation to be administratively increased to address any initial expenditures in FY2004. Additional appropriation for FY2005 can be provided in the 2004-06 biennial budget to account for actual expenditures.

8. Fiscal implications: The Division of Consolidated Laboratory Services (DCLS) has indicated that there is a national trend to perform this newborn test. Out of the 40 other states that perform newborn screening, about eight have already required the MCAD test. In addition, a

tandem mass spectrometer (required to perform MCAD testing) can be used for other newborn screening tests. DCL estimates the cost of a tandem mass spectrometer to be about \$250,000, which includes setup expenses. The agency maintains it would require one tandem mass spectrometer for the program's first year (FY 2004) and an additional unit for subsequent years (FY 2005 and beyond) to ensure continuity of service. However, Virginia Department of Health (VDH) has reported that the March of Dimes may provide the first tandem mass spectrometer, thus reducing the FY 2004 fiscal impact. In addition, DCL will enter into a master equipment lease to purchase the second tandem mass spectrometer over a five-year period (\$55,000 per year).

In addition to equipment, DCL indicated that it would require two positions (an analytical chemist and scientist) in the first year (FY 2004) to set up the equipment and perform the necessary tests. It is estimated that these positions would cost about \$167,000 for salary and benefits for FY 2004 (assuming 14 pay periods based on January 1 effective date) and \$286,000 in the subsequent years. DCL will require an additional scientist position (about \$104,000) in FY 2005 to handle the anticipated increase in testing and operation of the second tandem mass spectrometer. DCL indicated that its cost for supplies would increase by about \$110,000 each year (\$55,000 for FY 2004).

The Health Department maintains that it would require a wage employee in FY 2004 to assist in the development of educational material, train healthcare providers, and write follow-up procedures. Based on number of follow-up tests, current staff would assume this responsibility in the second year. The cost of a wage registered nurse position is estimated at \$40,000. The current brochures would have to be re-written incorporating this new test. A physician will also be necessary to ensure medical accuracy of the brochure and other educational material. Existing VDH medical staff would meet this requirement. The brochure will need to be translated in Spanish. The cost of brochure development and printing in two languages is estimated at \$39,000. Once this program is implemented, current staff would assume these responsibilities.

Currently DCL charges hospitals for newborn testing kits. The agency anticipates that it will increase the fee associated with these kits to fund the increased costs of education, equipment, and personnel related to MCAD testing.

9. Specific agency or political subdivisions affected:

Virginia Department of Health
Division of Consolidated Laboratory Services

10. Technical amendment necessary: No

11. Other comments: None

Date: 02/19/02/kwm

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cc: Secretary of Health and Human Resources