

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number HB413ER

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron Marshall, R.G.

3. Committee Passed both houses.

4. Title Virginia Cord Blood Bank Initiative.

5. Summary/Purpose: Virginia Cord Blood Bank Initiative. Establishes the Virginia Cord Blood Bank Initiative as a public resource for Virginians for the treatment of patients with life-threatening illnesses or debilitating conditions, for use in advancing basic and clinical research, and, in the event of a terrorist attack, to be used in the treatment of the injured citizens of the Commonwealth. The Initiative will be established as a nonprofit legal entity to collect, screen for infectious and genetic diseases, perform tissue typing on, cryopreserve, and store umbilical cord blood and will be a collaborative consortium covering all geographical regions of Virginia. The State Health Commissioner will develop or arrange for or contract with a nonprofit entity for the development of the Initiative. The medical schools, hospitals, biotechnology companies, regional blood banks, laboratories, and others will be requested to participate and assist in the design and implementation of the Initiative. Participants will estimate the costs of implementation and the Commissioner will assist in the development of cost estimates, compare and evaluate the estimates, and negotiate with the participants. The Commissioner will also coordinate the design of the Initiative, such as appropriate contact with pregnant women, obtaining informed consent for donations, storage periods, recycling of the samples and the sale or transfer of the samples being withdrawn from storage for use in basic or clinical research, and the development of reasonable rates and fees for cord blood products. The Initiative will conduct outreach and research, particularly for ethnic and racial minorities. Information will be disseminated through health departments and Medicaid. Women will be offered the opportunity to donate umbilical cord blood; however, no woman will be required to make a cord blood donation. Health care entities must disclose financial remuneration for the collection of the cord blood prior to harvesting it. No person who objects to transfusion or transplantation of blood on the basis of bona fide religious beliefs will be required to participate in the Initiative. The Initiative will be implemented with such funds as may be appropriated or otherwise made available for its purpose. The Commissioner must, upon implementation of the Initiative, seek the development of a nonprofit entity to assume the operation and administration of it and may seek federal, state, and private grant funds for its continuation. This bill is a recommendation of the Joint Subcommittee to Study Medical, Ethical, and Scientific Issues Relating to Stem Cell Research in the Commonwealth (HJR 588 of 2005).

6. Fiscal Impact Estimates are: Final.

6a. Expenditure Impact: Fiscal year 2007 expenditures are based on equipment for six facilities. Expenditures can be scaled down according to the number of facilities funded.

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2005-06	\$0	0	N/A
2006-07	\$2,050,000	2.0	0100
2007-08	\$870,000	2.0	0100
2008-09	\$870,000	2.0	0100
2009-10	\$870,000	2.0	0100
2010-11	\$870,000	2.0	0100
2011-12	\$870,000	2.0	0100

* Two FTEs are for contract administration.

6b. Revenue Impact: None.

7. Budget amendment necessary: The provisions of this bill would not become effective unless funds are appropriated or provided. A budget amendment in the House provides \$296,000 for FY 2007 and \$210,000 for FY 2008 in general fund. A budget amendment in the Senate provides \$200,000 for FY 2007 and \$200,000 for FY 2008 in general fund.

8. Fiscal implications: There are several options for a cord blood bank:

- 1) Integrate with current cord blood facilities (the most economical option). Start up would be about \$2 million and maintenance almost \$1 million annually.
- 2) Start a brand new initiative under State supervision, this could cost up to \$20 million.
- 3) Contract with a private stem cell storage company. Probably less than \$20 million, but firm estimate unknown.

Estimates for Option 1:

Work with existing blood banking facilities: VCU, UVA, Carilion, Sentara, and Fairfax Inova.

Fiscal Year 2007:

Each Facility would need:

- 400 – 500 square feet of storage.
- 2 freezers at \$10,000 each.
- 2 vent hoods at \$ 8,000 each.
- 1 cell sorter @ \$250,000 X 3 facilities = \$750,000 (Two of the five facilities referred to above have cell sorters).
- Two lab tech personnel at each site \$50,000 plus benefits each.
- Supplement the salary of a supervisor (estimate of \$50,000).
- About \$50,000 for equipment such desks, computers, telephones, counter tops, microscopes, etc. would be needed.

Total facility Costs would be \$1,930,000 (cost dependent on number of facilities involved).

Virginia Department of Health Central Office would need:

- A program manager would be needed to coordinate the design of this initiative on behalf of the Commissioner, develop policies, and conduct outreach and research.
- A program support staff person would be need for coordination of meetings, managing contracts with facilities, searching for grants.

Total salary and benefits estimated to be approximately \$120,000.

Fiscal Years 2008 -2011:

Once start is completed, each facility would need:

- 400 – 500 square feet of storage.
- Two lab tech personnel at each site \$50,000 plus benefits each.
- Supplement the salary of a supervisor (estimate of \$50,000).

Total facility costs would be (\$150,000 X 5) \$750,000 per year plus VDH Central Office Staff Costs (\$120,000).

Federal funds may become available through the United States Department of Health and Human Services as a result of the Stem Cell Therapeutic & Research Act of 2005 signed Dec. 20, 2005.

This bill will require dissemination of information regarding the Blood Bank Initiative through local health departments and through Medicaid. The Department of Medical Assistance Services (DMAS) sends a letter to new mothers about the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program. Information about the Virginia Cord Blood Bank Initiative could be included with this letter at no extra cost.

Medicaid providers will also need to be informed about this initiative, which would occur through a Medicaid Memo. The estimated printing and postage costs of a multi-page Medicaid memorandum to all providers is approximately \$45,000 annually. Since this initiative is not a Medicaid service, DMAS cannot claim federal matching funds for the mailing cost.

9. Specific agency or political subdivisions affected: Virginia Department of Health and Department of Medical Assistance Services.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 03/20/06 reh

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cc: Secretary of Health and Human Resources