

OFFICE OF FISCAL ANALYSIS

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HB-5201

AN ACT CONCERNING NEWBORN SCREENING AND MEDICALLY NECESSARY NUTRITIONAL FORMULA FOR CYSTIC FIBROSIS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Public Health, Dept.	GF - Cost	224,760	233,015
Public Health, Dept.	GF - Revenue Gain	Potential	Potential
UConn Health Ctr.	SF - Savings	Potential Significant	Potential Significant
UConn Health Ctr.	SF - Revenue Loss	Potential Significant	Potential Significant
Social Services, Dept.	GF - Savings	Potential	Potential
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	18,365	49,035
Comptroller Misc. Accounts (Fringe Benefits)	Various - Cost	None	Minimal

Note: GF=General Fund; SF=Special Fund (Non-appropriated)

Municipal Impact:

Municipalities	Effect	FY 05 \$	FY 06 \$
Various Municipalities	STATE MANDATE - Cost	Potential Minimal	Potential Minimal
Various Municipalities	Savings	Potential	Potential

Explanation

Passage of this bill will result in a significant cost and a potential revenue gain to the Department of Public Health (DPH), and a potential significant savings and revenue loss to the University of Connecticut Health Center (UCHC). It could also affect state and municipally funded health insurance and other programs. Specific impacts are as follows:

Addition of Cystic Fibrosis to Newborn Screening:

The state will incur an FY 05 cost of approximately \$243,125 to initiate DPH screening of 43,000 newborns for cystic fibrosis annually and perform tracking and follow-up services for families with infants identified with this inherited disorder. An estimated 860 newborns each year will have presumptive positive screens, requiring notification and follow-up. ¹

In order to process tests for cystic fibrosis, the Connecticut State Laboratory will have to purchase equipment costing approximately \$24,000. Other laboratory costs will include \$42,000 to support the salary of one Chemist, \$105,000 in related laboratory supplies (chemical reagents, testing kits) and \$8,500 for associated fringe benefits. ²

Additional FY 05 costs of \$48,760 will be incurred to support the three-quarter year salary of one Nurse Consultant (at an annual salary of \$65,015) required to engage in follow-up activities involving families of newborns with positive screens. \$9,865 in additional fringe benefits costs will result. Finally, \$5,000 in one-time data processing charges will also be incurred to modify the agency's computer tracking system.

In FY 06 and subsequent fiscal years, an ongoing cost of approximately \$282,050 will be incurred to support the continuing costs of the two employees as well as recurring laboratory supply needs.

Presently cystic fibrosis testing is performed at the UCHC and Yale University's School of Medicine on a voluntary basis. The UCHC performs in excess of 20,000 screens annually. This testing would be assumed in whole by the DPH's State Laboratory, thus resulting in potentially significant savings for the Health Center. A corresponding revenue loss to the UCHC Clinical Services Fund would be expected to the extent that it would cease to bill patients for this service.

It is uncertain at this time whether any offsetting revenue will be generated due to passage of this bill. The DPH is currently authorized to collect a fee of at least \$28 per child from hospitals submitting samples for newborn testing. The exact fee is set at the discretion of the commissioner. If the agency elects to increase the fee to cover the costs of cystic fibrosis testing, a corresponding General Fund revenue gain will occur. It should be noted that the number of births at Dempsey Hospital is relatively low (approximately 600 annually). Consequently, it is not anticipated that the UCHC will experience a significant fiscal impact from any resulting increase in the State Laboratory fee - any additional costs would likely be partially recouped via patient billings.

The expanded testing program may enhance the early identification and treatment of certain children, and thus reduce the frequency of some medical complications. To the extent that any resulting health care savings are passed on to the state through future contracts negotiated for Medicaid managed care services, a future indeterminate savings to the Department of Social Services will result. Any such savings would be partially offset by reduced federal financial participation. A potential savings may result for municipal

employee health insurance plans should health care costs be reduced due to enhanced early identification and treatment.

Health Insurance Mandates:

The state employee health plans currently cover the formula with the same co-payments as prescription drugs, so there is no fiscal impact from the co-payment requirement in the bill. The Office of the State Comptroller has indicated that there would be a minimal cost from the cystic fibrosis screening. It is anticipated that this cost would be incurred in FY 06 when the state is expected to enter into new health insurance contracts.

The bill's impact on municipal health insurance costs will vary by municipality depending on the current coverage. To the extent that cystic fibrosis screening is not covered under a municipality's employee health insurance policy, there would be increased municipal costs to provide it that are anticipated to be minimal.

¹ Confirmation testing and final diagnosis of these disorders, as well as ensuing family counseling and treatment, will likely occur at one of two genetic disease treatment centers in Connecticut (Yale-New Haven Hospital, Connecticut Children's Medical Center).

² The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The total fringe benefit reimbursement rate as a percentage of payroll is 45.82%, effective July 1, 2003. However, first year fringe benefit costs for new positions do not include pension costs - lowering the rate to 20.23% in FY 05. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System.