



Legislative
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**REVISED
FISCAL NOTE**

(replaces fiscal note dated January 29, 2018)

Drafting Number:	LLS 18-0435	Date:	April 2, 2018
Prime Sponsors:	Rep. Hamner; Liston Sen. Gardner; Moreno	Bill Status:	House Appropriations Bill Zepernick 303-866-4777 Bill.Zepernick@state.co.us
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Bill Topic: INFANT NEWBORN SCREENING

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill expands newborn screening for genetic and metabolic diseases, increases access to follow-up services, and creates a funding source for newborn hearing loss screening. This bill increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$1,951,722 to the Colorado Department of Public Health and Environment.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the House Public Health Care and Human Services Committee.

**Table 1
State Fiscal Impacts Under HB 18-1006**

		FY 2018-19	FY 2019-20	FY 2020-21
Revenue	Cash Funds	\$1,541,000	\$1,541,000	\$1,541,000
	Total	\$1,541,000	\$1,541,000	\$1,541,000
Expenditures	General Fund	\$700,000	-	-
	Cash Funds	\$1,251,722	\$1,205,876	\$1,306,220
	Centrally Appropriated	\$170,536	\$308,372	\$391,335
	Total	\$2,122,258	\$1,514,248	\$1,697,555
	Total FTE	1.0 FTE	4.0 FTE	4.0 FTE
Transfers		-	-	-

Summary of Legislation

The bill makes several changes to newborn screening for genetic and metabolic diseases and hearing loss conducted and monitored by the Colorado Department of Public Health and Environment (CDPHE).

Among the various changes for **newborn disease screening**, the bill:

- specifies that the CDPHE may, as it deems appropriate, add newborn screening for new conditions listed on the recommended uniform screening panel created by the federal Department of Health and Human Services;
- requires that screening laboratories be open at least six days per week; and
- expands the authority of the CDPHE to set fees to cover the direct and indirect costs of newborn screening, including follow-up services.

For **newborn hearing loss screening**, the bill:

- allows the CDPHE to charge a fee for hearing loss screening;
- specifies that the hearing loss screening fee must be set to cover the direct and indirect costs of the program, as well as follow-up services and supports;
- creates a new cash fund for this hearing loss screening fee revenue;
- requires the CDPHE to procure a new information technology system to support the newborn hearing loss screening;
- requires the CDPHE to establish rules on reporting hearing screening results by birthing facilities and other types of facilities and providers, the input of hearing screening results into electronic medical records, and the delivery of follow-up services for newborns that fail or miss a hearing screening;
- specifies additional requirements for, and adds two members to, the existing Hearing in Newborn Infants Advisory Committee; and
- updates terminology and removes several obsolete provisions.

Background

Approximately 67,000 infants are born in Colorado each year. The CDPHE conducts laboratory testing for rare diseases and maintains a database of hearing loss screening results. Additional background on current programs is provided below.

Newborn disease screening. When an infant is born in Colorado, the two blood samples are collected and forwarded to the CDPHE, which tests for 37 rare genetic and metabolic conditions. The first sample is taken by the hospital, birthing facility, or midwife within 48 hours of birth; the second sample is collected by the infant's pediatrician approximately 8 to 14 days after birth. In the event of a positive result, a specialist on the condition reaches out to the family of the infant to arrange for follow-up services and/or additional testing. The newborn screening program currently charges a \$92 fee for blood sample screening and processes approximately 600 samples per day. Current revenue to the Newborn Genetics Cash Fund is \$6.3 million per year.

Hearing loss screening. Shortly after birth, the health care provider will conduct a hearing loss screening, after which the results of the screen are entered into the infant's medical record. The results of the hearing screen are then transmitted to the Electronic Birth Registry System, which is maintained by the CDPHE. Staff in the Birth Defects Monitoring and Prevention Program monitors for failed or missed hearing screenings and will send a letter to the parents advising them of available diagnostic or treatment services. Approximately \$150,000 in federal grant funds and

0.6 FTE support the newborn hearing screening program; the broader Birth Defects Monitoring and Prevention Program receives \$1.4 million in funding and has 12.6 FTE, with this funding primarily from federal grants (\$1.1 million), with the remainder split between General Fund and birth certificate fees.

State Revenue

The bill increases cash fund revenue by approximately \$1.5 million per year starting in FY 2018-19. This revenue is based on the CDPHE increasing the newborn screening fee to cover the direct and indirect costs of this bill and establishing a new hearing loss screening fee to cover the costs of that program. These fees will generate \$1.3 million to the Newborn Genetics Cash Fund and \$268,000 to the newly created Newborn Hearing Screening Cash Fund each year.

Fee impact for newborn screening. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only; actual fee amounts will be set administratively by the CDPHE based on cash fund balance, estimated program costs, and the estimated number of screenings conducted. It is assumed these fees are paid by the health care provider or facility submitting the blood sample or hearing loss screening results. It is assumed that ultimately these fees will be passed on to insurers and consumers through the billing process. Table 2 below identifies the fee impact of this bill.

**Table 2
Annual Fee Revenue Under HB 18-1006**

	Current	Proposed	Fee	Number	Total Fee
Disease Screening Fee	\$92	\$111	\$19	67,000	\$1,273,000
Hearing Loss Screening Fee	-	\$4	\$4	67,000	\$268,000
Total Per Year					\$1,541,000

TABOR Refund

The bill increases state revenue subject to TABOR by \$1.5 million per year starting in FY 2018-19. State revenue is not currently expected to exceed the TABOR limit in the upcoming two fiscal years and no refund is required. Therefore, the bill is not expected to impact TABOR refunds in FY 2018-19 or FY 2019-20. However, refunds in future years when the state next collects a TABOR surplus will be increased.

State Expenditures

The bill increases expenditures in the CDPHE by \$2.1 million and 1.0 FTE in FY 2018-19, \$1.5 million and 4.0 FTE in FY 2019-20, and \$1.7 million and 4.0 FTE in FY 2020-21 and future years. All costs are paid using cash funds, with the exception of \$700,000 General Fund in the first year to cover information technology implementation costs. Costs of the bill are summarized in Table 3 and discussed below.

**Table 3
 Expenditures Under HB 18-1006**

Cost Components	FY 2018-19	FY 2019-20	FY 2020-21
CDPHE - Newborn Disease Screening			
Personal Services	-	\$130,439	\$130,439
Operating Expenses and Capital Outlay Costs	-	\$11,306	\$1,900
Laboratory Capital Construction	\$642,500	-	-
Laboratory Equipment Purchase and Maintenance	\$520,000	\$30,000	\$30,000
Information Technology Costs	-	\$225,000	\$60,000
Testing Supplies and Reagents	-	\$487,500	\$614,250
Contracted Disease Specialists	-	\$162,000	\$170,000
Centrally Appropriated Costs*	\$132,600	\$237,295	\$284,558
FTE – Personal Services	-	2.0 FTE	2.0 FTE
Subtotal	\$1,295,100	\$1,283,540	\$1,291,147
CDPHE - Hearing Loss Screening			
Personal Services	78,866	157,731	157,731
Operating Expenses and Capital Outlay Costs	10,356	1,900	1,900
Information Technology Costs	700,000	-	140,000
Centrally Appropriated Costs*	37,936	71,077	106,777
FTE – Personal Services	1.0 FTE	2.0 FTE	2.0 FTE
Dept (Subtotal)	\$827,158	\$230,708	\$406,408
Total	\$2,122,258	\$1,514,248	\$1,697,555
Total FTE	1.0 FTE	4.0 FTE	4.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Newborn disease screening. Costs for newborn disease screening in the CDPHE will increase by \$1.3 million per year starting in FY 2018-19, paid from the Newborn Genetics Cash Fund. Under the bill, the CDPHE is assumed to conduct screening for three additional diseases that are included on the recommended uniform screening panel but for which screening is not currently conducted. To accomplish this work, the CDPHE will require additional laboratory space, equipment and staff, as described below. It is assumed that expanded disease screening will begin in September 2019.

Personal services. Once expanded testing begins, the CDPHE will require an additional 2.0 FTE for laboratory staff starting in FY 2019-20. Salary, operating, and capital outlay costs for this staff are shown in Table 3 above.

Laboratory construction and equipment. In FY 2018-19, the CDPHE will have capital construction costs of \$642,500 to build out an additional 1,250 square feet of laboratory space at an estimated cost of \$514 per square foot. Specialized laboratory equipment including a mass spectrometer are estimated to cost \$520,000. Ongoing maintenance and operating costs for the laboratory equipment is estimated at \$30,000 per year beginning in FY 2019-20.

Testing supplies and reagents. For each sample tested, the CDPHE is estimated to have costs of \$9.00 per sample for reagents and other supplies. Prorated for 10 months of operations in FY 2019-20, the CDPHE will have costs of \$487,500 in FY 2019-20. Accounting for inflation (\$9.45 per test) and full-year operations, costs for testing supplies will increase to \$614,250 in FY 2020-21.

Contracted disease specialists. The CDPHE will contract with specialists in the additional diseases included in the screening panel at a estimated cost of \$162,000 in FY 2019-20 and \$170,000 in FY 2020-21. In the event of a positive test, these specialists will counsel families on follow-up services and treatment for their infant.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance, supplemental employee retirement payments, and indirect cost assessment, are estimated to be \$132,600 in FY 2018-19, \$237,295 in FY 2019-20, and \$284,558 in FY 2020-21

Hearing loss screening. Costs for the hearing loss screening program in the CDPHE will increase by \$827,158 and 1.0 FTE in FY 2018-19, \$230,708 and 2.0 FTE in FY 2019-20, and \$406,408 and 2.0 FTE in FY 2020-21. With the exception of \$700,000 General Fund in the first year, these costs are paid from the newly created Newborn Hearing Screening Cash Fund. These costs are discussed below.

Personal services. The CDPHE will require an additional 2.0 FTE to oversee the development of the new information technology system, work with providers and facilities on its ongoing utilization, conduct data analyses, and contact families concerning follow-up services and missed screenings. It is assumed these staff will begin in January 2019; thus, personal service costs in FY 2018-19 are prorated to reflect this start data. Salary, operating, and capital outlay costs for these staff are shown in Table 3 above.

Information technology costs. The bill requires the CDPHE to upgrade its information technology system for hearing loss screening. Based on the costs of similar systems, it is estimated that the CDPHE will have costs of \$700,000 to procure a new system. The new system will be accessible online to health care providers and facilitate better tracking of infants requiring follow-up screening or services.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance, supplemental employee retirement payments, and indirect cost assessment, are estimated to be \$37,936 in FY 2018-19, \$71,077 in FY 2019-20, and \$106,777 in FY 2020-21.

Effective Date

The bill takes effect July 1, 2018.

State Appropriations

For FY 2018-19, the bill requires appropriations totaling \$1,951,722 to the Colorado Department of Public Health and Environment as follow:

- \$1,162,500 from the Newborn Genetics Cash Fund for the Newborn Screening Program; and
- \$789,222, of which \$700,000 is General Fund and \$89,222 is from the Newborn Hearing Screening Cash Fund, for hearing screening, and an allocation of 1.0 FTE.

State and Local Government Contacts

Counties	Health Care Policy and Financing	Higher Education
Human Services	Information Technology	Law
Personnel	Public Health and Environment	Treasury