

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 283** HLS 16RS 368
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 12, 2016 4:34 PM	Author: EMERSON
Dept./Agy.: Health & Hospitals	Analyst: Patrice Thomas
Subject: Krabbe Disease Newborn Genetic Screening	

CHILDREN/NEWBORNS OR +\$798,907 GF EX See Note Page 1 of 2
 Requires screening of newborns for Krabbe disease

Proposed law adds Krabbe disease (global cell leukodystrophy or or galactosylceramide lipidosis) to the list of required screening for newborns. Proposed law retains present law that provides no testing to any newborn whose parents object.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$798,907	\$187,816	\$189,997	\$192,251	\$194,581	\$1,563,552
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$798,907	\$187,816	\$189,997	\$192,251	\$194,581	\$1,563,552

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$40,560	\$40,560	\$40,560	\$40,560	\$40,560	\$202,800
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$40,560	\$40,560	\$40,560	\$40,560	\$40,560	\$202,800

EXPENDITURE EXPLANATION

By adding Krabbe disease to the newborn screening panel, this proposed legislation will increase expenditures in the Office of Public Health (OPH) and Medicaid program by \$798,907 (\$783,600 in OPH and \$15,307 in Medicaid). The Office of Public Health's Genetic Disease program and laboratory services would implement the screening, follow up and surveillance activities to add Krabbe disease to the screening panel in FY 17. Krabbe disease affects 1 in 100,000 births the United States. In LA, there are approximately 60,000 annual births. Based on these statistics, the OPH estimates that one newborn would test positive biannually for Krabbe disease.

Office of Public Health

The proposed legislation is anticipated to increase expenditures in OPH by \$783,600 in FY 17 as a result of adding Krabbe testing to the newborn screening panel. The costs include the purchase of lab equipment and computer hardware (\$721,200) as well as associated maintenance costs (\$108,000) in future fiscal years, and lab supplies need to collect testing samples (\$62,400). These costs are reflected in the expenditure table below for FY 17 and future years, which includes annual medical inflation.

	FY 17	FY 18	FY 19	FY 20	FY 21
Equipment & Maintenance	\$721,200	\$108,000	\$108,000	\$108,000	\$108,000
Lab supplies*	<u>\$62,400</u>	<u>\$64,509</u>	<u>\$66,690</u>	<u>\$68,944</u>	<u>\$71,274</u>
Total	\$783,600	\$172,509	\$174,690	\$176,944	\$179,274

*Lab supplies include annual 3.38% medical inflation

Continue on Page 2

REVENUE EXPLANATION

The proposed legislation adds Krabbe disease to the newborn screening panel, which results in an increase Medicaid IAT to the OPH. Medicaid collections would come from the amount that Medicaid reimburses under the CPT code for performing lab tests for Krabbe screening. For FY 17 and beyond, the Office of Public Health estimates generating \$40,560 in Medicaid IAT revenues.

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|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

(Continued Expenditure Explanation from Page 1)

Note: The department indicated the need for an additional two positions, a lab scientist to perform the newborn screening panels and a program monitor to follow-up with physicians and families to ensure reporting and treatment of newborns that test positive as well as contracts with metabolic specialist to hold clinics in regional health units regarding Krabbe disease. According to OPH, only one newborn every two years will test positive for Krabbe disease. Presently, OPH screens approximately 52,000 newborns for 29 genetic disease. Therefore, the LFO believes that existing staff within OPH can handle any workload increase associated with adding Krabbe to newborn genetic screenings.

Medicaid

The proposed legislation is anticipated to increase expenditures in the Medicaid program for Krabbe testing by \$40,560 in FY 17 as a result of reimbursing OPH for lab testing. The total reimbursement is estimated by multiplying the Medicaid payment for this test (\$1.20) by the projected number of Medicaid eligible specimens (33,800 Medicaid babies x \$1.20) in OPH's system. The total reimbursement would represent an approximate 38% cost to DHH in state matching funds of \$15,307 and \$25,253 of Federal funds.

NOTE: The fiscal note does not anticipate any treatment cost associated with newborns that test positive for Krabbe disease.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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