

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5064-01
Bill No.: HB 1193
Subject: Health Care; Department of Health and Senior Services; St. Louis
Type: Original
Date: January 21, 2014

Bill Summary: This proposal requires the Department of Health and Senior Services to establish cord blood collection sites across the state for transportation to the Saint Louis Cord Blood Bank.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0	(\$759,357)	(\$778,341)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$759,357)	(\$778,341)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	(Less than \$300,000)	(Less than \$300,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** provide the following:

§ 191.761 - Establishment of cord blood collection sites:

The proposed legislation requires DHSS to establish three cord blood collection sites in the state. According to the St. Louis Cord Blood Bank at Cardinal Glennon Children's Medical Center, in order for cord blood to be viable for use it must arrive at the cord blood bank within 36 hours. Shipping cord blood to a collection site and then reshipping to the cord blood bank may prevent the cord blood from being delivered in time for the cord blood to be viable. Participating birthing centers would need to ensure they transported the cord blood to one of the three collection sites in a timely manner.

For purposes of this fiscal note, DHSS assumes the department would establish three sites at existing birthing centers in Springfield, Columbia, and Kansas City and contract with these centers to collect cord blood from other birthing centers and administer the collection sites. DHSS does not have experience, expertise, or current responsibilities consistent with administering collection sites or working with cord blood; however, for purposes of this fiscal note, DHSS assumes the contracts to administer the collection sites would require \$150,000 each or \$450,000 for all three sites beginning in FY16. (The amount for these contracts is estimated based on DHSS' experience of contracting for services. The true cost will be unknown until the bidding process is complete.)

DHSS further assumes the department would be responsible for the transportation cost from the collection sites to St. Louis Cord Blood Bank. DHSS assumes it would not provide transportation services from the various birthing centers to the collection sites and all participating birthing centers would be responsible for delivering cord blood to one of the three sites at their own cost. According to officials at the St. Louis Cord Blood Bank, their 2013 courier costs are approximately \$1.40 per mile. For purposes of this fiscal note, DHSS assumed the same per mile cost for courier services. The table below breaks out the anticipated transportation costs:

ASSUMPTION (continued)

City	Miles	Rate	Cost/Day	Days	Annual Cost
Springfield	210	\$1.40	\$294	364	\$107,016
Columbia	125	\$1.40	\$175	364	\$63,700
Kansas City	236	\$1.40	\$330	364	\$120,120
				Total	\$290,836

DHSS assumed the department would not be responsible for training the birthing centers staff to collect the specimen. DHSS further assumes the existing arrangement the St. Louis Cord Blood Bank at Cardinal Glennon Children's Medical Center has with surrounding birthing centers in the St. Louis region would continue and DHSS would not be responsible for courier costs to transport cord blood from those facilities.

Since the proposed legislation indicates an effective date of July 1, 2015, DHSS assumes no fiscal impact in FY 2015.

Officials from the **University of Missouri (University)** assume the cost to the University for this proposal will be less than \$100,000 annually. Costs associated with this proposal include the acquisition and maintenance of refrigerator storage and costs to train and have physicians and delivery nurses be able to extract and prepare cord blood for transfer, as well as medical technician salaries and supply costs.

Oversight notes provisions of the proposal provide for three cord blood collection sites - Columbia, Kansas City and Springfield. Oversight assumes two additional hospitals will incur costs similar to those that will be incurred by the University. Therefore, for fiscal note purposes, Oversight assumes hospitals will incur costs less than \$300,000 annually, beginning in FY 16, for establishing and maintaining cord blood collection sites.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized that many such bills may be passed by the

ASSUMPTION (continued)

General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Social Services** assume the proposal would not fiscally impact their agency.

Officials from Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital, and Washington County Memorial Hospital did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Costs - DHHS</u>			
Collection site contracts	\$0	(\$461,250)	(\$472,781)
Transportation costs	<u>\$0</u>	<u>(\$298,107)</u>	<u>(\$305,560)</u>
Total Costs - DHHS	<u>\$0</u>	<u>(\$759,357)</u>	<u>(\$778,341)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$759,357)</u>	<u>(\$778,341)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENTS - HOSPITALS			
<u>Costs - Hospitals</u>			
Expenses for cord blood collection	<u>\$0</u>	<u>(Less than \$300,000)</u>	<u>(Less than \$300,000)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - HOSPITALS			
	<u>\$0</u>	<u>(Less than \$300,000)</u>	<u>(Less than \$300,000)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

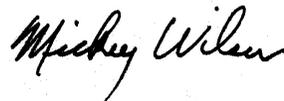
FISCAL DESCRIPTION

Beginning July 1, 2015, this proposal requires, subject to appropriations, the Department of Health and Senior Services to establish cord blood collection sites in Columbia, Kansas City, and Springfield to transport cord blood donations to the Saint Louis Cord Blood Bank at Cardinal Glennon Children's Medical Center. The department will administer the sites and be responsible for the transportation of collected cord blood. The state will cover the costs of transporting cord blood from the sites only if 90% of the cord blood collected is designated for inclusion in the National Marrow Donor Program and 10% is designated for research use.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Social Services
Joint Commission on Administrative Rules
Office of Secretary of State
University of Missouri



Mickey Wilson, CPA
Director
January 21, 2014

Ross Strobe
Assistant Director
January 21, 2014