



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 397 of the 132nd G.A.

Status: As Introduced

Sponsor: Reps. Boggs and Butler

Local Impact Statement Procedure Required: Yes

Subject: Adds spinal muscular atrophy to the newborn screening panel

State Fiscal Highlights

- **Ohio Department of Health (ODH).** The bill adds spinal muscular atrophy (SMA) as a disorder for which newborns are to be screened. ODH will realize an increase in costs to screen for SMA. However, if the newborn screening fee is increased as a result of this addition, ODH will experience a gain in fee revenue.

Local Fiscal Highlights

- **Public hospitals.** If the newborn screening fee is increased, public hospitals will realize an increase in costs for purchasing the newborn screening test kits from ODH and also for any administrative duties associated with this addition.

Detailed Fiscal Analysis

The bill requires the Director of the Ohio Department of Health (ODH), in adopting rules, to specify spinal muscular atrophy (SMA) as a disorder for which a newborn child who is born on or after the effective date of the bill must be screened. Currently, if a newborn is born in a hospital or birthing center, a few drops of blood are taken from the baby's heel prior to the baby leaving the hospital. Hospitals and birthing centers order newborn screening blood collection cards (newborn kits) from ODH at a cost of \$74.61.¹ The cards with the blood samples are returned to ODH's public health laboratory for testing.

Ohio Department of Health costs

ODH would realize an increase in costs to add SMA to the screening panel. The costs would depend on whether the tests were conducted by the ODH public health laboratory or sent to an outside laboratory. Due to planned upgrades to the public health laboratory, ODH stated that it may use an outside laboratory to conduct the testing, at least until this work is completed. According to ODH, tests for cystic fibrosis

¹ The laboratory fee for newborn screening is \$48.30. There is an additional fee of \$26.31 for performing genetic, endocrine, and metabolic disorder screenings.

were conducted by an outside laboratory at a cost of \$35 per test this past summer.² ODH stated that SMA screening costs could be similar for each test³ conducted at the outside laboratory. On the other hand, ODH could realize a gain in newborn screening revenue if it increases the cost of the newborn screening kit as a result of adding SMA to the panel.

Missouri recently required that newborns be screened for SMA. As a result, LSC staff contacted a representative at the Missouri State Public Health Laboratory to obtain their cost estimates to conduct testing for SMA. While their program is in its beginning stages (testing has not started yet), Missouri is anticipating the following costs: the purchase of new equipment (\$111,000 one-time cost) and laboratory supplies (\$20,000-\$30,000 per year), the addition of a staff member, and equipment maintenance once the warranty expires. If testing could be done at ODH's public health laboratory and the experience was similar to Missouri's, costs for each test could be much lower. However, each state's public health laboratory differs in the type of laboratory equipment currently in use, as well as the disorders for which they screen. In addition, the staffing and laboratory equipment capacity also differs for each state.

Public hospitals

Public hospitals could realize an increase in costs for purchasing the kits, assuming the newborn testing kit fee is increased, and for any administrative duties associated with this addition. According to the Ohio Hospital Association (OHA), hospitals receive a bundled payment for care provided to newborns after a delivery from insurance companies and from Medicaid. If the bundled payment is not updated to adjust for an increase in costs of the newborn kits, then public hospitals would absorb the costs. If this bundled payment is updated and increased, then some costs for public hospitals could be offset. However, if the payment is updated and increased, the Medicaid Program might realize an increase in expenditures for Medicaid-enrolled newborns that are screened.

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² Testing was provided by an outside laboratory for cystic fibrosis during a recent test system recall.

³ There are approximately 140,000 babies born each year in Ohio. However, it is unclear how long the testing would be conducted by an outside laboratory; thus, it is unknown how many babies would be tested at this cost.