

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 27, 2011
POSITION: Oppose
SPONSOR: March of Dimes

BILL NUMBER: AB 395
AUTHOR: R. Pan

BILL SUMMARY: Newborn Screening Program

This bill would expand the newborn screening (NBS) program to include testing for severe combined immunodeficiency (SCID). The bill also would require testing for T-cell lymphopenias that are detectable as a result of screening for SCID provided it does not require additional resources.

FISCAL SUMMARY

The Department of Public Health (DPH) estimates that the cost to add SCID to the NBS panel would be approximately \$6.8 million in the first year, and \$5.3 million ongoing. One-time costs of \$1.5 million in the first year include the purchase of equipment necessary for the additional testing. The remaining funding would support expenditures associated with the ongoing workload of processing blood specimens, laboratory staff, testing chemicals, equipment and supplies used to determine results, follow-up costs for positive test results, and data storage.

As a result of these additional costs, a fee increase of \$9.95 would be needed to ensure sufficient resources are available to support the costs of the program expansion. Because approximately 45 percent of all newborns are covered by Medi-Cal, the Department of Health Care Services would be required to cover a significant portion of these increased costs. Further, because approximately half the cost of newborns covered by Medi-Cal would be from the General Fund, this would result in a General Fund cost to DHCS of about \$1.2 million.

While the state may see a reduction in costs to treat newborns with SCID, it likely would not offset the increased General Fund costs as a result of this program expansion. For instance, in 2009-10, 25 children were treated with SCID for a total cost of \$1.7 million (\$630,000 General Fund).

COMMENTS

The Department of Finance is opposed to this bill as it would result in a fee increase to rate payers, resulting in a General Fund increase to the Medi-Cal program that would likely not be sufficiently offset by program savings achieved from the early detection and treatment of SCID.

Existing law requires DPH to establish a genetic disease unit to coordinate programs in the area of genetic disease testing and evaluate and prepare recommendations on the implementation of tests for the detection of certain hereditary and congenital diseases. It also requires the DPH to establish a fee for NBS tests and requires the amount of the fee to be periodically adjusted pursuant to regulation.

This bill would expand prenatal screening to include SCID and other T-cell lymphopenias that are detectable as a result of screening for SCID.

Through the Genetic Disease Screening Program, the DPH has recently undertaken a collaborative effort with the National Institutes of Health and other private foundations to determine the feasibility and success of screening for SCID in California. This effort is ongoing and preliminary results indicate that the incidence

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Governor's Office: By: Date: Position Approved
Position Disapproved

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of SCID is approximately 1 in 31,000 births. Prior to this study, data indicated the rate was 1 in 100,000 births.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO	PROP								
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014		
4260/Hlth Care	LA	No	C	\$600	C	\$1,200	C	\$1,200		0890
4260/Hlth Care	LA	No	C	\$600	C	\$1,200	C	\$1,200		0001
4265/PublicHealth	SO	No	C	\$4,200	C	\$5,300	C	\$5,300		0203
1211/Genetic Dis	RV	No	U	\$4,200	U	\$5,300	U	\$5,300		0203
<u>Fund Code</u>	<u>Title</u>									
0001	General Fund									
0203	Genetic Disease Testing Fund									
0890	Trust Fund, Federal									