

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 592 (as enrolled)
Sponsor: Senator John J. H. Schwarz, M.D.
Senate Committee: Health Policy
House Committee: Appropriations

Date Completed: 7-29-99

RATIONALE

The Public Health Code requires that all newborn infants be tested for seven specific severe infant disorders and "other treatable but otherwise disabling conditions as designated by the department" (of Community Health). Testing is required because all of these conditions, which can lead to severe mental retardation and death, are treatable if identified early after birth. The laboratory work for the tests is performed by the Department, which may charge a fee for the tests (and must provide for a hardship waiver under appropriate circumstances). Public Act 81 of 1992 amended the Code to set the fee at \$25, adjusted annually for inflation. According to the Department, the current fee of \$29.38 will be insufficient to cover the costs of tests performed in fiscal year 1998-99, and another deficit is expected the following year. Further, the Department has pointed out that it needs additional revenue to use new testing methods and to provide follow-up services to infants who test positive for any of the tests. It has been suggested that the fee for the newborn screening tests be increased.

CONTENT

The bill would amend the Public Health Code to increase from \$25 to \$39 the fee that the Department of Community Health may charge for the required newborn screening tests. As under current law, the base rate would have to be adjusted each year for inflation.

MCL 333.5431

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The newborn screening program required under the Code is an important component of the State's overall public health policies. The program provides

for an easy and relatively inexpensive way to test for several serious, but highly treatable, diseases. While most of the diseases are relatively rare, if not diagnosed and treated early they can lead to death, or debilitating conditions (primarily brain damage) that require long-term special care. The Department has found that the current testing fee is insufficient to cover the costs of the program, particularly because of the State's declining birth rate; though there are fewer newborns to test, there are fewer fees to collect to cover the fixed costs of the program. In addition, the Department wants to modernize and replace certain equipment to comply with new national testing standards and contemporary testing methods, and to respond to staffing shortages and increased costs in management centers that care for infants who have tested positive. The fee increase contained in the bill would address these concerns.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would result in an increase in annual revenue from newborn screening fees of approximately \$1.2 million. The increased revenue is appropriated in FY 1999-2000 to improve laboratory testing procedures through upgraded equipment; to cover the increased costs of laboratory reagents; to provide increases for regional genetic follow-up, medical management, counseling, and education contracts; and to initiate an adult onset hereditary disorders education program. Nearly \$300,000 of the increased revenue would cover a budget deficit in the newborn screening program. As a result of a decline in the number of births in Michigan, annual revenue from the newborn screening fee has fallen below the annual budget for the Newborn Screening Program. Until FY 1999-2000, uncommitted revenue from prior years has been sufficient to cover the budget deficit. Prior-year uncommitted revenue will be exhausted in FY 1999-2000.

Fiscal Analyst: P. Graham

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