



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3036 Amended by House Medical, Military, Public, and Municipal Affairs Health and Environmental Affairs Subcommittee on March 27, 2019

**Author:** McCravy

**Subject:** Dylan's Law

**Requestor:** House Medical, Military, Public, and Municipal Affairs

**RFA Analyst(s):** Shuford

**Impact Date:** March 28, 2019

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### **Fiscal Impact Summary**

This bill will increase Department of Health and Environmental Control (DHEC) General Fund expenditures by \$537,017 in FY 2019-20 due to the additional neonatal screenings for lysosomal storage disorders. Of this total, recurring General Fund expenditures for salaries and fringe benefits will increase by \$247,146 and 3.00 FTEs, and other operating expenditures will increase by \$289,871.

While DHEC bills hospitals and physicians to fund a portion of the existing newborn screening program, they indicate that increased reimbursements may not be available since the additional screenings are not included on the recommended uniform screening panel of disorders specified by the U.S. Secretary of the Department of Health and Human Services. As such, these additional tests may not be reimbursed by health plans. Additionally, DHEC indicates that they work with hospitals in advance of adding new tests to determine fee increases and current agreements may preclude a fee increase until 2020. Therefore, additional reimbursements may not be available to offset the additional expenditures.

### **Explanation of Fiscal Impact**

#### **Amended by House Medical, Military, Public, and Municipal Affairs Health and Environmental Affairs Subcommittee on March 27, 2019**

#### **State Expenditure**

This amendment requires DHEC to add tests for 3 neonatal genetic disorders and diseases to the existing newborn screening program. These additional tests for lysosomal storage disorders will be conducted in accordance with the existing newborn screening program statutes and regulations. Expenditures for the existing newborn screening program totaled \$8,100,000 in FY 2017-18, while reimbursements from hospitals and physicians totaled \$6,944,000. This resulted in General Fund appropriations offsetting the deficit of \$1,156,000 in FY 2017-18.

DHEC indicates that the additional neonatal testing for Krabbe disease, Pompe disease, and Hurler syndrome will require additional General Fund expenditures for salaries and fringe benefits of \$247,146 and 3.00 FTEs for the Newborn Screening Program to provide the following services:

- 1.00 FTE for a Program Coordinator II to collaborate with the state laboratory, primary care providers, hospitals, and medical geneticists regarding newborn screening policies and procedures with emphasis on protocols related to lysosomal storage disorders, and to notify hospital neonatal intensive care units and physician offices regarding patients with abnormal lab results.
- 1.00 FTEs for a Laboratory Technologist II position to perform newborn screening tests for lysosomal storage disorders using tandem mass spectrometry and other ancillary equipment.
- 1.00 FTE for a Laboratory Technologist III position to supervise and train the other technologists on the lysosomal storage disorder testing methodology.

Additional recurring General Fund operating expenditures of \$289,871 in FY 2019-20 include testing reagents, other testing supplies, confirmatory testing, and a medical consultant. Total recurring General Fund expenditures in FY 2019-20 for salaries, fringe benefits, and other operating expenses will total \$537,017.

### **State Revenue**

While DHEC bills hospitals and physicians to fund a portion of the existing newborn screening program, they indicate that increased reimbursements may not be available since the additional screenings are not included on the recommended uniform screening panel of disorders specified by the U.S. Secretary of the Department of Health and Human Services. As such, these additional tests may not be reimbursed by health plans. Additionally, DHEC indicates that they work with hospitals in advance of adding new tests to determine fee increases, and current agreements may preclude a fee increase until 2020. Since additional reimbursements from hospitals and physicians may not be available to offset the additional expenditures, DHEC indicates that the department will require additional General Fund resources of \$537,017 to administer the additional tests.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A

### **Introduced on January 8, 2019**

#### **State Expenditure**

This bill requires DHEC to add tests for six neonatal genetic disorders and diseases to the existing newborn screening program. These additional tests for lysosomal storage disorders will be conducted in accordance with the existing newborn screening program statutes and regulations. Expenditures for the newborn screening program totaled \$8,100,000 in FY 2017-18 while reimbursements from hospitals and physicians totaled \$6,944,000. This resulted in General Fund appropriations offsetting the deficit of \$1,156,000 in FY 2017-18.

DHEC indicates that the specified neonatal testing will require additional General Fund expenditures for salaries and fringe benefits of \$361,094 and 5.00 FTEs for the Newborn Screening Program to provide the following services.

- 1.00 FTE for a Program Coordinator II to collaborate with the state laboratory, primary care providers, hospitals, and medical geneticist regarding newborn screening policies and procedures with emphasis on protocols related to lysosomal storage disorders. Notifies hospital neonatal intensive care units and physician offices regarding patients with abnormal lab results.
- 3.00 FTEs for Laboratory Technologist II positions to perform newborn screening tests for lysosomal storage disorders using tandem mass spectrometry, and other ancillary equipment.
- 1.00 FTE for a Laboratory Technologist III position to supervise and train the other technologists on the lysosomal storage disorder testing methodology.

Additional recurring General Fund other operating expenditures of \$627,646 in FY 2019-20 include testing reagents, other testing supplies, confirmatory testing, and a medical consultant. Total recurring General Fund expenditures in FY 2019-20 for salaries, fringe benefits, and other operating expenses will total \$988,740.

DHEC indicates that non-recurring General Fund expenditures will increase by \$112,836 in FY 2019-20 for general office supplies, office equipment, and renovation of office space. Total additional recurring and non-recurring General Fund expenditures will total \$1,101,576 in FY 2019-20. As discussed below, DHEC indicates that the department will require additional General Fund resources as additional reimbursements from hospital and physicians may not be available.

### **State Revenue**

While DHEC bills hospitals and physicians to fund a portion of the existing newborn screening program, they indicate that increased reimbursements may not be available since the additional screenings are not included on the recommended uniform screening panel of disorders specified by the U.S. Secretary of the Department of Health and Human Services. As such, these additional tests may not be reimbursed by health plans. Additionally, DHEC indicates that they work with hospitals in advance of adding new tests to determine fee increases and current agreements may preclude a fee increase until 2020. Therefore, additional reimbursements may not be available to offset the additional expenditures.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A



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Frank A. Rainwater, Executive Director