

FISCAL NOTE
Requested by Legislative Council
01/07/2011

Bill/Resolution No.: SB 2153

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$79,391		\$210,762	
Appropriations			\$79,391		\$210,762	

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill allows the department to provide medical food and low-protein modified food products for individuals with metabolic diseases for which the department determines the provision of these food items will lead to a significant reduction in mortality, morbidity, and associated disabilities.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

SB 2153 addresses the state Department of Health's food program for individuals with metabolic diseases. Currently, medical food and low-protein modified food products are provided without regard to income to individuals with phenylketonuria and maple syrup urine disease. Section 3, a new section to chapter 25-17, allows the department to administer a program to provide medical food and low-protein modified food products for individuals with metabolic diseases for which the department determines the provision of these food items will lead to a significant reduction in mortality, morbidity, and associated disabilities. The health council is to adopt rules specifying which metabolic diseases are to be covered.

Cost figures were determined based on the following:

- An incidence of inborn errors of metabolism requiring metabolic food of 1/1,500 births - 6 new clients per year based on 8,974 resident births in 2009.
- Formula cost estimates were derived by averaging company costs for one low-priced and one high-priced formula used for two different metabolic disorders.
- Formula cost estimates were based on amounts needed for clients with ages ranging from infancy through 18 years (adulthood).
- A 7% increase in formula costs per year was included based on average cost increases for nine types of formula purchased by CSHS for the metabolic food program during the 2007-2009 biennium.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

For the 2011-2013 biennium, expenditures are projected at \$79,391 with an increase to \$210,762 for the 2013-2015 biennium.

The original cost of \$25,283 for State Fiscal Year 2011 was obtained by adding the average company cost per year of two different metabolic formulas - one for LCHAD, a low-priced formula (\$9,238) and one for OTC, a high-priced formula (\$41,327) and dividing by 2 to get a yearly average.

The estimated number of new clients per year is 6, one for each age range identified below. The amount of formula required varies by age. Projections assume the incidence of inborn errors of metabolism requiring metabolic food is 1/1,500 births. North Dakota 2009 resident births were 8,974. The number of clients for each new fiscal year increases by 6 -- the original number from the previous fiscal year plus an additional 6 clients for the next year and each subsequent year thereafter.

Infancy
1-3 Years
4-8 Years
9-13 Years
14-18 Years - Female
14-18 Years - Male

2011-13 Biennium:

Beginning cost for SFY 2011 is \$25,283.

The cost per child for SFY 2011 is \$4,214 ($\$25,283/6$).

The percentage of price increase for formula was derived by averaging costs for 9 types of formula currently purchased by CSHS for the metabolic food program, which was 7% for the 2007-2009 biennium.

A 7% increase in the cost of formula for SFY 2012 would be \$1,770 ($\$25,283 \times 7\%$)

$\$25,283 + 1,770 = \$27,053$

The cost per child for SFY 2012 is \$4,509 ($\$27,053/6$).

SFY 2012 adds another 6 children for a total of 12 children served.

SFY 2012 budget would be \$54,108 ($\$4,509 \times 12$).

Total for 2011-13 Biennium is \$79,391 ($\$25,283 + \$54,108$).

2013-15 Biennium:

A 7% increase in the cost of formula for SFY 2013 would be \$3,788 ($\$54,108 \times 7\%$)

$\$54,108 + \$3,788 = \$57,896$.

The cost per child for SFY 2013 is \$4,825 ($\$57,896/12$).

SFY 2013 adds another 6 children for a total of 18 children served.

SFY 2013 budget would be \$86,850 ($\$4,825 \times 18$).

A 7% increase in the cost of formula for SFY 2014 would be \$6,080 ($\$86,850 \times 7\%$)

$\$86,850 + \$6,080 = \$92,930$.

The cost per child for SFY 2014 is \$5,163 ($\$92,930/18$).

SFY 2014 adds another 6 children for a total of 24 children served.

SFY 2014 budget would be \$123,912 ($\$5,163 \times 24$).

Total for 2013-15 Biennium is \$210,762 ($\$86,850 + \$123,912$).

Above costs do not include prescribed low protein food of \$1,200 - \$3,500 per year beginning in the toddler years.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Funding for this project is not included in the Department's appropriaiton bill (HB 1004). The Department will need an appropriation for thses funds to carry out this project.

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