State of Minnesota
Department of Finance

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May 29, 2007

To: Representative Lenczewski, Chair
Representative Simpson
Senator Bakk, Chair
Senator Ortman

From: James Schowalter
Assistant Commissioner

Re: Local Impact Note – **SF 1015/HF 695**
Lead Reporting and Risk Assessment Requirements

On April 13, 2007 the Department of Finance received a request to prepare a local impact note on S.F. 1015, a bill that changes the lead reporting and risk assessment requirement for environmental intervention by redefining the "elevated blood lead" (EBL) thresholds.[1] This bill also adds filter paper tests to the venous and capillary methods for testing blood lead levels in children and pregnant women. We have completed our analysis and a copy of the note is attached.

Local impact notes are similar to the fiscal notes that you are familiar with, but they focus on the fiscal impact of proposed legislation on local governments rather than the State. This process is described in Minnesota Statutes 3.987 and 3.988. This statute requires the Department of Finance to gather and analyze information on local costs of legislation when requested by the chair or ranking minority member of either tax committee.

This local impact analysis is based on S.F. 1015 as introduced and as it was included Health and Human Services Omnibus bill. It analyzes the potential costs or benefits to local governments at the intervention levels of 5 μg/dl and 10 μg/dl.

To complete this local impact note, we contacted the Local Public Health Association of Minnesota, the Metropolitan Inter-County Association, and the Minnesota Department of Health. We were able to obtain data from three cities and five counties to assess the potential local fiscal impact of this bill.
If you or your staff has any questions regarding this local impact analysis, please contact Alexandra Broat, Executive Budget Officer at 651-201-8026.

Attachments

cc: Senator Sieben
Representative Clark
Legislative Staff (email)

[1] Local impact note was mistakenly requested for SF 1013 on March 23, 2007. This request was retracted and a new one was made for SF 1015.

State of Minnesota - Local Impact Note
Department of Finance with the
Local Mandates Advisory Committee

May 29, 2007
Lead Poisoning Prevention Act

S.F. 1015 (Sieben)
H.F. 695 (Clark)

Local Fiscal Impact
Net Expenditure Increase/Revenue Loss or
(Expenditure Decrease/Revenue Gain)
Dollars in Thousands, State Fiscal Years

	FY 2008	FY 2009	FY 2010	FY 2011
Statewide:	7,740	7,740	7,740	7,740
County	3,972	3,972	3,972	3,972
City	3,768	3,768	3,768	3,768

Breakdown of County Direct Costs by Category	FY 2008	FY 2009	FY 2010	FY 2011
FTE	64.75	64.75	64.75	64.75
Salaries	4,406	4,406	4,406	4,406

Local Governments Contributing*:

Counties: Dakota, Hennepin, Ramsey, St. Louis, and Stearns

Cities: Bloomington, Minneapolis, and Richfield

***City and county data were received from the Local Public Health Association of Minnesota, the Minnesota Department of Health, and the city of Bloomington.

EXPLANATION OF BILL

The first engrossment of this bill (S.F. 1015) adds filter paper tests to the venous and capillary methods for testing blood lead levels in children and pregnant women. It also changes the reporting and risk assessment requirement for environmental intervention by redefining the "elevated blood lead" (EBL) threshold from 15 µg/dl[1] for a single venous test result to 5 µg/dl with a single venous test result or two elevated capillary tests results.

In addition, this bill allows partial medical assistance reimbursement to local governments for lead risk assessment costs for those clients who are eligible for medical assistance. These provisions would assist with some of the costs to local governments for lead risk assessment activities.

LOCAL IMPACT ANALSYIS SUMMARY

This analysis investigates the potential costs of S.F. 1015 on local units of government in Minnesota that currently do not provide reporting and risk assessments for pregnant women and children with blood lead level test results greater than 5µg/dl. Currently, 5 counties and 3 cities

[1] Micrograms per deciliter

have the authority to conduct enforceable lead risk assessments on elevated blood lead cases (see Table 1). The MN Department of Health (MDH) conducts lead risk assessments in 82 counties that do not have lead programs at the local government level.

Due to several changes in the bill language, this analysis also includes informational cost estimates for the lower intervention level of 10 μg/dl for both confirmatory tests.

Table 1. Cities And Counties that Offer Lead Risk Assessment

MDH (82 counties)	City of Bloomington[2]	Dakota County
City of Minneapolis	St. Paul-Ramsey County	St. Louis County
City of Richfield	Hennepin County	Stearns County

LOCAL IMPACT ANALYSIS DETAIL

Minnesota cities and counties will face added costs as a result of a change in the environmental intervention level from15 μg/dl to 5 μg/dl. These costs reflect a larger number of cases requiring management, additional staffing, and increased laboratory sampling to analyze and assess each case.

Methodology

To determine the local statewide fiscal impact of lowered blood lead levels, the Local Public Health Association of Minnesota collected data from four counties and one city. In addition, data was provided from MDH to estimate some county level costs and the city of Bloomington, who contracts with the city of Richfield.[3] Table 2 provides a breakdown of the estimated fiscal impact of S.F. 1015 as determined by five counties and three cities.

To estimate additional staffing when the information was not available, it is assumed that each FTE would manage 113 cases. This is an average ratio of FTEs to caseloads. Staff estimates were conducted for Dakota and Stearns County and the city of Minneapolis. In addition, the city of Minneapolis estimates that the cost per case is $2,196, which includes all staff and lab costs.

The total budget increase was provided for all cities and counties except Stearns County. To calculate the local fiscal impact in Stearns County, the average cost per case ($866) was calculated by multiplying the number of new cases to obtain the total budget increase.

Number Of Cases

Decreasing the environmental intervention level for state and local assessment staff significantly increases the number of cases that need to be evaluated. According to county level data, changing the definition of EBL to 5 μg/dl will create reporting and follow-up assessment for approximately 6,102 children. To implement a lower intervention level, it is estimated that local

[2] The city of Bloomington conducts lead testing and assessment for the city of Richfield.

[3] The city of Bloomington reported that costs would be minimal in both Bloomington and Richfield due to low numbers of cases that meet the intervention level. Currently the city averages 2-3 cases per year and anticipates that case numbers would not increase beyond 10 new cases.

government units will need to spend approximately $7.74 million annually or $866[4] per case, which includes additional staff for case management and laboratory testing. Local units of government will need to investigate approximately two-thirds of all new cases statewide, while one-third of these cases will be managed by MDH.

Staff Costs

Medical case management of EBL levels is performed by all local public health agencies in the state for children with an initial elevated venous or capillary blood test. Case management for children with EBL levels involves confirmation testing, addressing exposure issues (i.e. removing lead paint in the home), inspections, health education, and targeted outreach opportunities.

If the level of concern became 5 μg/dl rather than 15 μg/dl, all local public health agencies would face a significant increase in the annual number of children requiring case management of some kind. These low level lead cases would also likely require more time to investigate because it is more difficult to identify and confirm lead exposure routes for children with lower lead levels. To estimate staff costs, the ratio of FTEs to new cases was calculated by averaging caseloads at the county level. It was determined that approximately one FTE to every 113 cases would be needed to implement the program on average at the local government level. Using the average of 113 cases and the information provided by local governments, approximately 64.75 FTEs would be needed to assess new cases with EBL levels greater than 5 μg/dl.

[4] $866 is the average amount spent per case based on 2005 county level data collected from St. Louis County, Hennepin County, and Ramsey County.

Table 2. Direct Cost to Local Units of Government
Selected local government costs based on 2005 data from the Local Public Health Association of Minnesota.

Local Government	Number of Cases	Additional Staffing Required	Staff Costs	Cost of Lab Sampling	Total Budget Increase (>5μg/dl)
Duluth/ St. Louis County	311-358	2.9 FTE	$283,000	$4,240	$287,240
Hennepin County	1,526	10 FTE	$832,000	$215,424	$1,047,424
St. Paul/ Ramsey County	1,976	32 FTE	$1,920,000	$277,056	$2,197,056
Dakota County	328	2.9 FTE*	$213,200	$49,200	$262,400
Stearns County	198	1.75 FTE*	N/A	N/A	$171,468
City of Minneapolis	1,716	15.2 FTE*	N/A	N/A	$3,768,336
Cities of Bloomington and Richfield	10	N/A∞	$4,800	$1,500	$6,300

*FTE data was not available for these local government units and the ratio of 1:113 cases was used to estimate additional staff.
∞ Existing staff would be used to implement the program but the additional hours are calculated to reflect increased costs.

OTHER CONSIDERATIONS

Medical Assistance Reimbursement
The bill provides for Medicaid reimbursements to local governments for lead risk assessment services. National studies have shown that Medicaid-enrolled children are three times more likely to have EBL levels than non-enrolled children. According to state-by-state data, national research shows the same is true for Medicaid-enrolled children in Minnesota. The reimbursements would cover a portion of the cost associated with the lead risk assessments for all Medical Assistance eligible cases but not the total cost for lead risk services. The MDH estimated of all children screened for lead in 2004, about 32% were Medicaid eligible. The savings to local units of government are unknown at this time.

Additional Issues Raised by Local Governments
Local governments have expressed concern about the validity of using two capillary tests as confirmation. There is no scientific evidence to support this approach and there is some concern about expending local resources based on these tests.

Table 3. If Intervention Level Was lowered To 10 μg/dl

The current engrossment of the bill (S.F. 1015) proposes a study to investigate the intervention level of 10 μg/dl for children six years and under. To evaluate the costs of both possible lead risk tests at the 10 μg/dl intervention level, the Local Public Health Association gathered data from 4

counties and 3 cities to estimate costs for the single venous test and the two elevated capillary tests. To estimate new lead cases in Stearns County, MDH data was used. Moreover, an average cost per case was calculated in Stearns and St. Louis County to obtain the total for each test when this data was unavailable.[5] The total cost to local units of government would be approximately $940,090 for the venous single test and $1.95 million for the two elevated capillary tests if the intervention level were lowered to 10 μg/dl.

Local Government	Number of Cases	Total Budget Increase with a venous test (>10μg/dl)	Total Budget Increase with two capillary tests (>10μg/dl)
Duluth/ St. Louis County	46	$30,360	$54,700
Hennepin County	307	$196,000	$392,256
St. Paul/ Ramsey County	231	$171,250	$397,615
Dakota County	25	$4,000	$18,400
Stearns County	14	$9,240	$20,104
City of Minneapolis	N/A	$527,040	$1,065,060
Cities of Bloomington and Richfield	3	$2,200	$4,400

[5] Average cost per test is $660 with a venous test and $1,436 with two capillary tests.