

My name is Jack Casey and I am the Administrator of Shodair Children's Hospital here in Helena. I am here to support SB 275. The current Medical Genetics Program located at Shodair Hospital began in the late 60's and early 70's at Boulder River School and Hospital. From day one the program consisted of both a clinical and a laboratory component, in addition to a fetal pathology program. In 1976 the State of Montana approached Shodair and asked them to take over the program because Dr. Phil Pallister was retiring and without a home the Genetics Program would cease to exist. Shodair has operated the program under a contract with the Department of Public Health and Human Services for the last 29 years.

Shodair took over the program and Dr. Pallister relocated to Shodair Hospital to transition the program and recruit a new director. In 1979 Dr. John Opitz who had consulted with the program since its beginning became the new director. From 1976 until 1985 Shodair secured funds from various sources including a Federal Grant, the State and its own Foundation to fund the program. The Federal Grant expired and Shodair's Foundation funds were being depleted so Shodair approached the legislature for funding. In 1985 the 49th legislature passed H.B. 430, which provided for the funding of the program by a fee collected for each Montana resident insured under any individual or group disability or health insurance policy on February 1 of each year. This fee is deposited to the general fund and is set aside for the voluntary genetics program. Currently this fee is .70 cents a year. For example an insured family of 4 would pay, 4 X .70 or \$2.80 per year. The .70 cent fee was established in 1991. We

1988, to the Department which clearly shows that laboratory services are part of the program. In the early 90's the department fiscal analyst asked if we would only bill the clinical portion of our program so that his accounting could be simplified. The available funds at that time were not enough to cover any other portion of the program, so we agreed. That did not mean that the laboratory services or fetal pathology services were not part of the genetics program.

As I said the increased funding will enable us to expand the program so we can do more cancer genetics. By making it clear in the law that the laboratory is an integral part of the program not only allows for funding of those services, but it increases our chances to secure federal funding to help pay for some very costly laboratory equipment.

Cytogenetics equipment cost = \$512,325.

Molecular Equipment cost = \$ 457,272.

Shodair will lease the equipment if we are unsuccessful in obtaining a federal grant.

The last sentence in the Bill reads as follows:

“When the department contracts for genetic services, it shall preferably contract with a single entity that is able to provide the combined, comprehensive program.”

have not asked an increase since then. S.B. 275 would increase the fee to \$1.00 per year. This is a .30 cent a year increase, just 2.5 cents per month per insured. Seventy cents in 1991 adjusted for medical inflation equals \$1.27. The same seventy cents adjusted for general inflation is \$1.00, and that is amount reflected in the bill.

The first purpose of the bill is to increase the fee which will enable us to expand the program so we can do more cancer genetics and help cover our ever increasing costs. The second purpose is to clarify the statute. In recent years Shodair has received less than the amount generated by the fee. Shodair's funding has decrease 10% since 1994. When inflation is taken into consideration the decrease in state funding from 1992 to 2005 is a decrease of 101.69%. For this current Fiscal Year Shodair went through the State of Montana Procurement Process and contracted to provide genetic services for \$500,000. This is \$82,956 less than the fee collected. Because of the shortfall of funding Shodair was not able to include any overhead for the program. Funds from the collection of the fee were used to fund portions of three staff salaries within DPHHS and to develop limited birth defects registry system needed to track referrals and monitoring. In my recollection, this clearly was not the intent of the legislature in 1991.

As I stated before, the Genetics Program has always included the following divisions of a comprehensive program, clinical genetics, laboratory services and fetal pathology. S.B. 275 will more clearly spell that out. In your packet is a copy of a letter, dated April 21,

We are asking for this language because at one time the department was talking about contracting with more than one provider for this service. If this were to happen the program as it exists today would have to close. Shodair has provided over \$1,777,000 of private funds into this program since 1986. To maintain these services is a delicate balance. If some out of State provider were allowed to bid on the more lucrative parts of the program and leave the high cost low reimbursement parts for someone else to bid on we would be forced to close the program. There is a synergy created by having all parts of the program together. This synergy is not only for the financial aspects of the program, but also for the high quality of patient care.

Shodair has no problem with going through the State of Montana Procurement Process, but we ask that the program, consisting of the components spelled out in the Bill, be preferentially provided by one entity.

I want to thank you for your time and ask for your support of S.B. 275.

I'll be available for any questions.