

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 657 (Senator Jacobs, *et al.*)

Education, Health, and Environmental Affairs

Public Health - Maryland Cord Blood Bank

This bill requires the Department of Health and Mental Hygiene (DHMH) to: (1) establish a Maryland Cord Blood Bank to prepare, store, and distribute human umbilical cord blood stem cells for the treatment of patients; and (2) support peer-reviewed research using human umbilical cord blood stem cells. DHMH must develop and disseminate educational materials to health care professionals and hospitals concerning the value, uses, and donation of umbilical cord blood. For fiscal 2008 and for each subsequent fiscal year, the Governor is required to include sufficient funds in the State budget to implement the bill. DHMH must maximize federal funds or matching funding programs to the extent possible and may solicit and accept grants or donations from State, local, or private entities.

Fiscal Summary

State Effect: No effect in FY 2007. General fund expenditures would increase significantly beginning in FY 2008 to establish a cord blood bank. Potential increase in general fund revenues if DHMH operates the cord blood bank and charges fees to process and store cord blood.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapters 450 and 451 of 2004 require hospitals to allow pregnant patients to arrange for the donation of the umbilical cord blood from their newborn

children to a certified public cord blood bank, unless it is medically inadvisable. A patient who agrees to donate cord blood may not be charged for the costs of collecting, storing, or transporting the blood. A hospital is not required to collect cord blood if doing so would threaten the health of the mother or child. A hospital or hospital employee may not be required to collect cord blood if collecting cord blood conflicts with bona fide religious practices and beliefs of the hospital or hospital employee. The bill does not require a hospital to arrange for cord blood donations.

Background: In 2004, there were 74,500 live births to Maryland residents.

Umbilical Cord Blood

The National Marrow Donor Program (NMDP) reports that researchers are studying umbilical cord blood as a source of blood stem cells that can be used to treat life-threatening diseases through stem cell transplants. NMDP reports that 75% of the stem cell transplants it facilitates are for patients with leukemia. Stem cells are also found in human bone marrow or blood, as well as umbilical cord blood. Umbilical cord blood is desirable for use in a stem cell transplant because it has large numbers of blood stem cells. NMDP cord blood banks collect, process, test, and store donated umbilical cord blood. Blood from each umbilical cord is frozen and made available for transplant. If the blood cannot be used for transplant, the cord blood stem cells may be used for research. Public umbilical cord blood banks pay for the processing and storing costs of the donated blood.

State Fiscal Effect: The Governor is required to include funds in the annual State budget for the umbilical cord blood bank beginning in fiscal 2008. Although it cannot be reliably estimated at this time how much it would cost to build or lease a facility that could accept, process, and store cord blood donations, the cost would be significant. DHMH currently does not have the proper facilities to process and store cord blood.

DHMH has several options to implement this bill.

- DHMH's Laboratories Administration (LA) advises that implementing the bill would cost \$18,315,498 in fiscal 2008: \$15 million in one-time costs to build a facility; \$2 million annually to maintain cord blood specimens; \$759,324 annually to hire one program administrator, two database specialists, nine laboratory scientists, two office services clerks, and one office secretary; \$500,000 for software development for the database; \$50,000 for annual database management; and the remainder for operational costs. Further, LA assumes DHMH would charge a \$1,800 processing fee per cord blood unit and a \$125 annual storage fee per cord blood unit to maintain individuals cord blood. General fund revenues would vary according to the number of cord blood units processed and stored.

- DHMH's Family Health Administration (FHA) advises that based on New Jersey's cord blood bank development costs, general fund expenditures could increase by \$5,000,000 for start-up costs and \$2,500,000 in annual operating costs.
- Alternatively, FHA advises that the State may contract with an institution that currently has the required equipment and staff to establish and maintain a cord blood bank. For example, the State may be able to contract with an academic institution that has blood banks on site, such as the University of Maryland or Johns Hopkins University, or the American Red Cross, where equipment and staff could be shared. Another possibility would be for the State to contract with the Coriell Institute and have a Maryland section of what would become a regional cord blood-banking program. According to FHA, Coriell has maintained a number of cell repositories over the years, providing cells for research. Additionally, FHA advises that Coriell has a grant from the federal National Institutes of Health to maintain cell repositories for their researchers.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene; *Maryland Vital Statistics Annual Report 2004*, Department of Health and Mental Hygiene; National Marrow Donor Program; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2006
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