

Attachment 3
Department of Health Services
Public Health Division - Public Health Laboratory Fees
March 24, 2020

Public Health Division – Public Health Laboratory Fees

The Public Health Laboratory provides clinical, environmental, and rabies testing. These fee-based testing services aid doctors, hospitals, acute care facilities, environmental health agencies, and Sonoma County Animal Services in diagnosing and performing enforcement duties. The Laboratory also serves a regional role, providing the same services to Mendocino County through a flat-fee contract that is adjusted annually.

Revised fees are requested to recover increased labor costs that have increased approximately 4.25%. The Department is proposing increases to all Public Health Laboratory fees of approximately 4.25%.

Public Health Laboratory fees are set at below full-cost recovery amounts and subsidized with 1991 Realignment funding. Providing market-rate subsidized services to the public and non-government organizations allows the Department to recover a portion of the cost of operating the laboratory by performing tests that meet a public benefit or would otherwise be taken to private labs.

The 1991 Realignment funding was established in 1991 when state and county program realignment transferred from the state to the counties responsibility for specific mental health, social services, and health programs, and provided counties with dedicated revenues from sales tax and vehicle license fees to fund the realigned programs. Counties determine the local health programs and service levels to be funded with 1991 Realignment funding.

In recent years, the Department has subsidized the Public Health Lab fees with 1991 Health Realignment funding of between \$800,000 and \$1.1 million annually. While maintaining this level of subsidy in recent years, the Public Health Division had to make spending reductions in Health programs to fund the on-going cost of doing business in an environment of no revenue growth in 1991 Realignment, primarily due to the In-Home Support Services redirection.

The Public Health Laboratory 1991 Health Realignment subsidy could continue to fund the Public Health Laboratory or be redirected to other health programs such as homelessness, communicable disease control (sexually transmitted diseases, flu, outbreaks), and public health disaster preparedness, which are all Board priorities. Further analysis is needed to determine the impact of Public Health Laboratory fees based on rates set at full-cost recovery amounts.

Proposed Additions to the Public Health Laboratory fee schedule:

Microbial Disease Laboratory; Blood Smear for Parasites. Currently provided at no cost when a *Babesia duncani* or *B. microti* serology test is requested. The test must now be specifically requested and is added to the fee schedule at \$90. With a preliminary estimate of 20% of Babesia requests also requesting a blood smear, \$7,830 additional revenue is anticipated.

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Changes to Existing Public Health Laboratory Fees:

Environmental Laboratory

All existing test fees are increased by approximately 4.25% due to increased labor costs, resulting in an estimated \$11,166 additional revenue.

Gene Sequencing

Existing test fee is increased by approximately 4.25% due to increased labor costs, resulting in an estimated \$12 additional revenue.

Microbial Disease Laboratory

All existing test fees (with the exception of the QuantiFERON (TB screening) fee) are increased by approximately 4.25% due to increased labor costs, resulting in an estimated \$8,008 additional revenue.

Microbial Disease Laboratory: QuantiFERON (TB screening): This tuberculosis screening assay was added to the test menu to support County Disease Control activities and potentially provide the service to local hospitals. The introductory 2019 fee of \$35 has been increased to \$75 (114.3%) based on a cost analysis. Estimated additional revenue for this test is \$1,600.

Molecular Laboratory

All existing test fees are increased by approximately 4.25% due to increased labor costs, resulting in an estimated \$1,704 additional revenue.

Virus Laboratory

All existing test fees are increased by approximately 4.25% due to increased labor costs, resulting in an estimated \$1,488 additional revenue.

The overall increase in revenue for FY 20-21 Public Health Laboratory services is estimated at \$31,858.