



## SUMMARY REPORT

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**Agenda Date:** 7/13/2021

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**To:** Board of Supervisors of Sonoma County  
**Department or Agency Name(s):** Department of Health Services  
**Staff Name and Phone Number:** Emilia Gabriele, 565-4774  
**Vote Requirement:** Majority  
**Supervisory District(s):** Countywide

**Title:**

8:35 A.M. - Health Services Fees - Public Health Laboratory

**Recommended Action:**

Conduct a public hearing to consider and adopt a resolution establishing new and amended fees to recover the reasonable cost of providing services associated with the Public Health Laboratory for the Department of Health Services effective August 1, 2021.

**Executive Summary:**

The Department of Health Services is proposing new and amended fees effective August 1, 2021 for services associated with the Public Health Laboratory. Fees are imposed for a specific benefit conferred or service provided directly to the payer that is not provided to those not charged, and which do not exceed the reasonable costs to provide the benefit or service. Fees are also imposed for reasonable regulatory costs including enforcement inspections, investigations, and audits. It is the Department's practice to conduct outreach and communicate with those impacted by a proposed fee increase.

Overall, proposed fee adjustment percentages are mostly between 2 to 4 percent and are intended mainly to recover increased labor costs expected to adjust up by 3 percent. The proposed fee schedule includes the addition of SARS-CoV-2 (COVID-19) services in anticipation of state/federal funds expiring.

**Discussion:**

The Public Health Laboratory provides clinical, environmental, and rabies testing services as mandated by Health and Safety Code 101150. These fee-based testing services aid doctors, hospitals, acute care facilities, and environmental health agencies in diagnosing and performing enforcement duties.

Public Health Laboratory fees are subsidized with 1991 Health 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 Health Realignment funding was established in 1991 when state and county program realignment transferred from the state to the county's 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 Health Realignment funding based on programs realigned to local government.

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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 Health Realignment.

Revised fees are requested to recover increased labor costs that have increased 3.0 percent. The Department is proposing approximately 3.0 percent increases to most Public Health Laboratory fees.

**Proposed Additions to the Public Health Laboratory fee schedule:**Molecular Biology Lab; Real Time PCR Chain Reaction tests for: SARS-CoV-2 (COVID-19)

Currently, due to State and Federal funding of COVID-19 response, specifically Epidemiology and Laboratory Capacity Payment Protection Program and Expansion funds, the lab has received substantial funding to provide salaries and benefits for many of the lab employees, funding for additional extra help lab employees, lab equipment, data management system, and a substantial supply of lab related supplies and consumables. As an offset to this support, the lab provides COVID-19 testing at no cost for pandemic response.

The Department would like to establish a fee for use in the future in the event that COVID-19 funding is no longer available to cover the cost of providing the testing service. The fee will be added to the fee schedule at \$100, equivalent to the current Center for Medicare & Medicaid (CMS) reimbursement rate.

**Summary of calendar year 2020 COVID testing:**

6160	COVID-19 SENDOUT (CDC & UCSF)	10,984
6170	Real-Time RT-PCR 2019 nCoV* (PerkinElmer)	40,700
6190	SARS-CoV-2 IgG (DiaSorin antibody)	6,538
6200	SARS-CoV-2 (GeneXpert)	1,772
6260	Covid19 RT-PCR (CDC assay)	55,535
	TOTAL	<u>115,529</u>

Virus Laboratory; GeneXpert FluA/FluB/RSV/COVID19

As with the COVID-19 tests, the lab provides this test at no cost for pandemic response due to funding received covering the cost of the test. Manufacturers have discontinued stand-alone COVID-19 and flu formats. The Department would like to establish a fee for use in the future in the event that COVID-19 funding is no longer available to cover the cost of providing the testing service.

Virus Laboratory; QIAstatDX respiratory panel with COVID-19

Added to the fee schedule at \$150. The Department would like to establish a fee for use in the future in the event that COVID-19 funding is no longer available to cover the cost of providing the testing service.

The Department will continue to offer these three services to the public for free as long as the County continues to receive funding to cover the cost of providing these services. These fees are being included in the fee schedule to ensure the County is able to cost to provide these services in the future if the County no longer receives COVID-19 funding.

**Changes to Existing Public Health Laboratory Fees:**Environmental Laboratory

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All existing test fees are increased by approximately 3.0 percent due to increased labor costs, resulting in an estimated \$8,516 additional revenue.

Microbial Disease Laboratory

All existing test fees are increased by approximately 3.0 percent due to increased labor costs, resulting in an estimated \$5,420 additional revenue.

Virus Laboratory

All existing test fees are increased by approximately 3.0 percent due to increased labor costs, resulting in an estimated \$4,700 additional revenue.

Molecular Laboratory

All existing test fees are increased by approximately 2.0 percent due to increased labor costs, resulting in an estimated \$5,515 additional revenue.

The overall increase in revenue for fiscal year 2021-2022 Public Health Laboratory services is estimated at \$24,151.

**Prior Board Actions:**

On March 24, 2020 the Board adopted a resolution establishing new and amended fees to recover the reasonable cost of providing services including fees associated with Environmental Health and Safety, Public Health Laboratory, and Tobacco Retailer Licensing for the Department of Health Services effective July 1, 2020.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 20-21 Adopted</b>	<b>FY 21-22 Projected</b>	<b>FY 22-23 Projected</b>
Budgeted Expenses		24,151	
Additional Appropriation Requested			
<b>Total Expenditures</b>	<b>0</b>	24,151	
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other		24,151	
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>0</b>	24,151	

**Narrative Explanation of Fiscal Impacts:**

The FY 2021-2022 recommended budget anticipates additional revenue from the proposed fee adjustments. Additional FY 2021-2022 revenue may be less than indicated in the table above due to an effective date of August 1, 2021 for the proposed fee adjustment and the impact is unknown at this time.

<b>Staffing Impacts:</b>
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<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Attachment 1 - Resolution

Attachment 2 - Fee Chart - Public Health Lab

Attachment 3 - Public Hearing Notice

**Related Items “On File” with the Clerk of the Board:**

None