



# OPTIONS FOR STATE LABORATORY TO SERVE MORE GOVERNMENT ENTITIES

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
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ISSUE BRIEF

## **SUMMARY**

The Department of Health estimates that state agencies spent \$3.7 million on laboratory services outside of the Utah Public Health Laboratory in FY 2015. The Department identified five barriers to serving some of these needs from other agencies and has plans to address each barrier. This brief is for informational purposes only and requires no Legislative action.

## **DISCUSSION AND ANALYSIS**

### ***Background***

The report from the Department of Health (<http://le.utah.gov/interim/2015/pdf/00003919.pdf>) is in response to the following intent language passed by the Legislature in S.B. 7, *Social Services Base Budget*, item 12 from the 2015 General Session:

*The Legislature intends that the Department of Health research and report government entities paying for services that could be provided by the State Laboratory and give this information to the Office of the Legislative Fiscal Analyst by September 1, 2015. The report shall include: (1) the name of the government entity, (2) amount paid for the service, (3) what the cost would be if the service was provided by the State Laboratory, and (4) any potential barriers to the State Laboratory for bidding on those services. The Department of Health shall also detail its assumptions for its costs on all laboratory services that government entities are purchasing in the private sector.*

### ***Spending on Laboratory Services***

The Department of Health estimates that state agencies spent \$3.7 million on laboratory services outside of the Utah Public Health Laboratory in FY 2015. These expenditures can be placed into three categories of services provided by the Utah Public Health Laboratory:

1. Environmental – \$2.5 million
2. Clinical – \$1.1 million
3. Toxicological (law enforcement) - \$40,000

### ***Could the State Laboratory Serve Any of These Needs?***

Below is a list of some of the highest spending on outside laboratory services by state agencies and the provider.

1. Health - \$698,000 sent to ARUP testing services for newborns.
  - a. The state laboratory may be able to provide these services beginning July 2016.
2. Environmental Quality - \$523,400 sent to Environmental Protection Agency
3. Transportation - \$522,500 sent to Access Environmental Services
4. Building Board Construction - \$478,900 sent to R&R Environmental
5. Environmental Quality - \$279,700 sent to IHI Environmental
6. Health - \$171,600 sent to National Medical Services for postmortem sample testing for drugs/medications for the Medical Examiner.

- a. The state laboratory may be able to provide these services with enough time to develop and learn new procedures.

The Department of Health described the following barriers in three areas for the Utah Public Health Laboratory providing more services to more government entities and what could be done to address each one:

1. Clinical – when the barriers below are addressed, the Utah Public Health Laboratory might be able to take on HIV and syphilis testing for the Health Clinics of Utah as well as the tuberculosis testing for the Refugee Program.
  - a. **Barrier** – inability to bill Medicaid and private insurance.
    - i. **Solution** – Laboratory became a Medicaid provider in August 2015.
  - b. **Barrier** – HIPAA compliance and billing
    - i. **Solution** – the Utah Public Health Laboratory is currently building the necessary infrastructure and anticipates being ready by November 2015.
2. Environmental
  - a. **Barrier** – older equipment and information management system.
    - i. **Solution** – The Utah Public Health Laboratory recommends updating its equipment at a cost of \$1 million. These upgrades could potentially triple throughput by three times and expand testing capabilities.
  - b. **Barrier** – need additional accreditation from third parties to bid on certain services.
    - i. **Solution** - The Utah Public Health Laboratory does intend to investigate additional accreditation because it would allow the laboratory to bid on more requests for proposals.
3. Toxicological (law enforcement)
  - a. **Barrier** – State laboratory does not have the required medical review officer for drug testing.
    - i. **Solution** – The Utah Public Health Laboratory does intend to obtain services from a medical review officer because it will allow the lab to serve more state agencies.