



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

TESTIMONY PRESENTED BEFORE THE PUBLIC HEALTH COMMITTEE March 14, 2007

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House Bill 7158 - An Act Concerning the Establishment of an Umbilical Cord Blood Bank for Connecticut Residents

The Department of Public Health provides the following information concerning House Bill 7158.

The bill implements the findings and recommendations of the ad hoc umbilical cord blood bank feasibility committee (the Committee) established pursuant to Public Act 06-77. The Committee was convened to examine and evaluate the feasibility of (1) establishing a public umbilical cord blood bank for the purpose of collecting and storing umbilical cord blood and placental tissue donated by maternity patients at hospitals licensed in this state, (2) entering into a multistate public umbilical cord collaboration, and (3) developing a public-private partnership with existing umbilical cord blood banks.

In its January 5, 2007 report to the General Assembly, the Committee found that the most advantageous approach for collection of cord blood units (CBUs) within the state is through a public-private partnership between the state and an existing public cord blood bank. The chief advantage of this approach is that it provides a mechanism that will encourage collections within the state at the earliest possible time frame while avoiding the need to invest significantly in the development of the infrastructure to create a new banking facility.

A partnership analysis conducted by a member of the Committee identified potential costs associated with Connecticut entering into a partnership with an existing private or public umbilical cord blood bank. The analysis indicated that start up costs associated with partnering with an existing bank at a rate of collection of 2000 CBUs/year and a cost of \$1,000/CBU collected would likely require a state investment of \$2.5 million in the first two years, with a potential break even point in year eight. The partnership model fails to reflect any additional costs associated with storing or maintaining cord blood units. Reportedly, these costs could range as high as \$120/unit per year, and as the number of samples collected grows, these associated costs could grow to a million dollars or more annually. In addition, the model reflects a flat \$1,000 cost per unit banked throughout the cycle of the program, a figure likely to increase over time according to some cost growth factor of medical inflation.

Nothing in Section 1(c) of House Bill 7158 prevents the contracting bank from requesting an investment from the state to support collection, transporting, processing and banking of cord blood units, provided a provision is included in the contract requiring the public umbilical cord blood bank to distribute to the state a proportionate amount of funds generated from the sale of cord blood units, either from the public umbilical cord blood bank's general inventory or from the inventory of cord blood units collected within the state.

Given the estimated start up costs and the unknown nature of return on investment, actual state costs associated with HB 7158 are difficult to accurately assess until existing banks respond to a request for proposals. Additional funding would be required to carry out this initiative in the out years and currently there is no funding included in the Governor's recommended budget.

Thank you for your consideration of the Department's views on this bill.



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