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Cc: [Christopher Krause](#)
Subject: MNBB Cost Analysis for Blood Spot Fees
Date: Tuesday, October 3, 2017 12:31:00 PM

Dear Colleagues,

Carrie Langbo and I have had several conversations regarding our pricing structure for the processing of blood spots. According to Carrie, our pricing may not be competitive with other Neonatal BioBanks across the country. I contacted Gail Kusch the previous Director for the Michigan Neonatal BioBank to get input on how our pricing structure was established. According to Gail, the pricing structure was set prior to her moving into the position, and as a result could not provide me with any historical history on how our fees were initially established. As I result, I decided to complete a cost analysis to assess whether our current cost structure is appropriate, and at the very minimum be able to cover our current operational expenses. This cost analysis was conducted to determine the rate that should be charged in order for the facility to meet a break-even point. The cost analysis methodology consisted of using 3mm punches , which is the minimum punch available for a full blood spot.

Here is a summary of the operational expenses for the Michigan Neonatal BioBank for fiscal year FY17:

As of August 16, 2017, the total cost to operate the Michigan Neonatal BioBank Facility is \$259,770.24. This includes salary and fringe expenses of \$106,623.44, and other costs totaling \$93,734.80, such as telephone expenses, postage, supplies & materials, contracted services, and an indirect cost payment. There is also an annual lease cost of \$59,412.00 to rent the space in TechTown. Most of these expenses are covered by the Michigan Neonatal BioBank grant to the tune of \$140,000, and the remaining costs \$119,770.24 is included by institution support (WSU) and generated revenue.

After reviewing the facility's performance for the past six years, it was determined the facility processes, on average, 4,000 blood samples consisting of 3mm punches. Taking into consideration the average volume, total

expenses, and the subsidy received from the Michigan Neonatal BioBank grant, the calculated fee for the facility's service - "Processing of Blood Samples (3mm Punch)", was determined to be \$11.77 per punch. Our current fee structure is as follows:

\$8.10 per 3mm punch (Bio Trust Affiliates)
\$9.00 per 3mm punch (Other Universities)
\$10.00 per 3 mm punch (Companies and Others)

As you can see, we are well below the \$11.77 calculated rate determined by the cost analysis. I am planning to share this information during our joint operating meeting today, and wish to discuss more in detail with all of you during our annual meeting later on this month. Please feel free to reach out to me with any additional questions.

-Antonio

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