

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2360 – SB 2222

January 29, 2012

SUMMARY OF AMENDMENT (011852): Extends, from June 30 following its issuance to the anniversary date of its original issuance, the expiration date of a license to operate a health facility. Authorizes renewed licenses during the transitional period to be issued at prorated monthly renewal fee rates for terms of no less than five months and no more than eighteen months.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – \$234,900/One-Time

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions applied to amendment:

- According to the Department of Health (DOH), approximately 1,800 licensed health care facilities must renew their licenses on, or by, June 30 of each calendar year.
- Under current law, DOH estimates total licensing fee collections to be \$2,158,694 in FY12-13.
- As a result of this legislation, facilities with an anniversary date falling between July and December would initially be billed for one year plus a pro-rated monthly fee for the number of months to their anniversary date, up to six months in advance.
- Facilities with an anniversary date falling between January and June would initially be billed for the months between July and their anniversary date at a pro-rated monthly fee, and then be billed at their anniversary date for the next full year.
- DOH estimates that changing to a renewal system based on anniversary date will result in licensing fee collections of \$1,923,808 for FY12-13. This represents a decrease in licensing fee revenue of \$234,886 for FY12-13 (\$2,158,694 - \$1,923,808). This reduction is due to the majority of annual license fees being collected and deposited in the fiscal year preceding the fiscal year for which the license is issued.
- According to DOH, full revenue collections will resume in FY13-14.

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- Any rulemaking can be accomplished during regularly scheduled Board for Licensing Health Care Facilities meetings and can be accommodated within existing resources.
- Pursuant to Tenn. Code Ann. § 68-11-216, the Board is required to be self-supporting. As of June 30, 2011, the Board had a balance of \$594,768.55.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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