TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

SB 2712 – HB 2917

February 20, 2012

SUMMARY OF AMENDMENT (013214): Deletes all language after the enacting clause. Requires the Department of Correction (DOC) to study how to reduce the state's correctional healthcare costs, including but not limited to, capping non-contract correctional healthcare reimbursement rates at 110 percent of the Medicare reimbursement rate. Requires the Bureau of TennCare to assist the Department in its study. Requires the Department to complete its study and report to the House of Representatives and Senate State and Local Government Committees by February 1, 2013.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – It is difficult to determine to what extent the Department of Correction could reduce offender health care costs by requiring hospitals and other medical service providers to bill Medicaid for eligible offender inpatient hospital and professional services. Any current costs that the Department is incurring for hospital and medical services that will be paid through Medicaid, if approved by the federal government, will receive federal matching funds.

The current federal match rate for medical services is 66.188 percent of the total costs and the administrative match is 50 percent. Based on information provided by the Bureau of TennCare, it is reasonably estimated that cost savings in the first year of implementation could exceed $300,000 in medical services alone. Should the state receive federal matching funds for the determination of Medicaid eligibility, the savings to state funds would increase due to the shift of those expenditures being covered by federal funds. It is difficult to determine, at this time, which administrative expenditures would receive federal matching funds.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumption applied to amendment:

- Existing medical and administrative DOC staff will work together with the Bureau of TennCare to research, collect data, and prepare the required report by February 1, 2013. Any increase in the workloads of the Department and the Bureau can be accommodated within existing resources.

CERTIFICATION:

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

Lucian D. Geise, Executive Director

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