

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1837 - SB 2019**

February 20, 2014

**SUMMARY OF BILL:** Requires Tennessee to join a health care compact with other states to retain regulatory authority over health care in member states. Requires member states to seek the consent of Congress to this compact. Consent would authorize states to enact laws that supersede all federal laws regarding health care within member states. Permits member states to receive federal funding for health care, unconditioned on any action or policy by the member states. The funding would be based on the actual federal spending on health care in the member state during federal fiscal year 2010, adjusted for population changes in the state and inflation. Creates an Interstate Advisory Health Care Commission empowered to study health care regulatory issues and to make nonbinding recommendations to the legislatures of the member states. Prohibits the Commission from taking any actions within a member state that contravene any laws of that state. Requires the Commission to be funded by the member states, as agreed to by the member states.

Prohibits: any state or federal funds from being expended to participate in the Commission; any federal funds from being expended pursuant to this part; federal administration and regulation of health care in Tennessee to cease; and any liability for administrative and operational costs of the compact or Commission to accrue from the effective date of this act until the following conditions are satisfied: Congress consents to state regulatory autonomy over health care; the General Assembly enacts by law a sufficient administrative framework to provide effective and efficient state administration and regulation over health care; and a specific appropriation for participation in the Commission, including, but not limited to, any administrative or operational costs of the compact or the Commission, and recognition of any federal funding is included in the annual appropriations act for any fiscal year beginning on July 1 subsequent to the above conditions being satisfied.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- The effective date of the Compact is the latter of the date it is adopted by the member state or the date the Compact receives the consent of Congress after at least two states have adopted the Compact.

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- The bill requires federal and state law regarding health care to remain in effect unless a member state expressly invokes its authority under the compact. Member states would receive federal funds at a level adequate to cover the current federal expenditures on health care in each state, adjusted for population growth and inflation.
- No state or federal funds will be expended as a result of this bill until the conditions of this bill are met, including a subsequent legislative action by the General Assembly to enact, by law, a sufficient administrative framework to provide effective and efficient state administration and regulation over health care; a specific appropriation for participation in the Commission, including but not limited to any administrative or operational costs of the compact or the Commission; and recognition of any federal funding is included in the annual appropriations act for any fiscal year beginning on July 1 subsequent to the conditions of this bill being satisfied.
- Any fiscal impact associated with the compact or the Commission will begin after the passage of subsequent legislation and will be attributable to such legislation.
- Any member state may withdraw from the health care compact by adopting a law to that effect, provided that six months has passed after the Governor of the withdrawing member state has given notice of the withdrawal to the other member states.
- A withdrawing member state will be held liable for any obligations incurred prior to the effective date of the withdrawal.

## **IMPACT TO COMMERCE:**

**Other Impact to Commerce – There could be a significant impact to commerce in the state if the state were to administer all health care that is currently administered either in full or in part by the federal government. The exact impact cannot be reasonably determined.**

Assumption:

- Due to several unknown factors including, but not limited to, whether or not Congress will consent to the requirements of the Compact and when the consent will occur; when the state would begin administering all governmental health care programs; what type of networks and services would be provided in the state only health care programs; and the rates that would be paid to health care providers, facilities, institutions, etc. in the newly administered programs, the exact impact and timing of the impact cannot be reasonably determined.

**CERTIFICATION:**

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



Lucian D. Geise, Executive Director

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