

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 2184 - SB 2434

April 4, 2014

SUMMARY OF BILL: States that a medical laboratory located in another state, which provides services to patients in this state, is prohibited from soliciting referrals and providing rebates. Further provides that the Board of Pharmacy may subject any such laboratories to any other requirements as the Board deems necessary to protect the health and safety of patients in this state.

ESTIMATED FISCAL IMPACT:

On March 6, 2014, a fiscal note was issued estimated a fiscal impact as follows:

Decrease State Revenue - \$24,700/Board of Pharmacy

Other Fiscal Impact - According to the Board of Pharmacy, as of June 30, 2013, the Board had \$1,222,220 in its reserve account.

Upon further review, this note was determined to be in error. Based on such review, the fiscal impact is:

(CORRECTED)

NOT SIGNIFICANT

Assumptions:

- According to the Department of Health, there are currently 35 collection stations in Tennessee which collect samples from Tennessee residents.
- Many of these stations are owned by out-of-state labs.
- Such stations are not bound by the same restrictions as Tennessee labs, and may solicit the referral of specimens and offer rebates.
- The stations currently each pay a \$705 annual licensing or renewal fee to the Medical Laboratory Board to operate in the state.
- Prohibiting out-of-state stations from soliciting referrals and providing rebates to customers will likely result in a loss of revenue to such stations, but will have no significant impact on current licensees; as such stations will continue to operate in this state.
- Pursuant to Tenn. Code Ann. § 4-29-121, all health related boards are required to be self-supporting over a two-year period. The Medical Laboratory Board had closing

HB 2184 - SB 2434 (CORRECTED)

balances of \$80,355 in FY11-12, \$132,152 in FY12-13, and a closing reserve balance of \$1,247,980 on June 30, 2013.

CERTIFICATION:

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

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with a large initial "L" and "G".

Lucian D. Geise, Executive Director

/jdb