

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 564 - SB 1205**

April 20, 2015

**SUMMARY OF BILL:** Requires the Comptroller of the Treasury, in conjunction with any TennCare drug utilization review committee, to annually report on the use of prescription drugs and the costs of those prescription drugs in nursing homes by examining prescription use overall and focusing on any practices that would improve the quality of resident care while reducing costs to the TennCare program. The report is to be submitted to the Speaker of the Senate and the Speaker of the House of Representatives by January 1 each year.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$177,700**

Assumptions:

- Based on information provided by the Office of the Comptroller of the Treasury (COT), the increase in audit hours needed to perform the annual drug utilization reviews cannot be performed within existing resources. The COT will use a combination of existing audit staff and new hires to sufficiently perform these audits at the proper skill level; outside expertise is assumed to not be needed.
- Auditors will need access to prescription drug data housed at the Bureau of TennCare, in the TennCare Management Information System (TCMIS), at approximately 300 nursing homes in the state, and the home offices of those nursing homes. The initial COT estimate of audit effort hours required to complete the annual reports is 3,500 to 4,000 hours.
- Two additional Legislative Auditor 3 positions will be hired resulting in recurring state expenditures of \$177,670 [2 positions x (\$63,180 salary + \$20,655 benefits + \$5,000 travel, annual training, and equipment)].

**IMPACT TO COMMERCE:**

**NOT SIGNIFICANT**

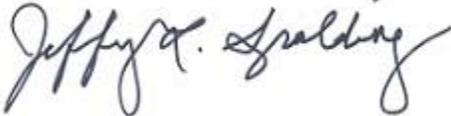
Assumption:

- The 300 nursing homes statewide will incur additional expenditures and use of resources to provide the necessary access and assistance to the COT staff performing the audits required to complete the report. It is assumed that annually, for each individual nursing home, the increase will not be significant.

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**CERTIFICATION:**

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



Jeffrey L. Spalding, Executive Director

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