

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 125 - HB 151

February 17, 2015

SUMMARY OF BILL: Enacts the Annual Coverage Assessment Act of 2015, which establishes an annual coverage assessment on hospitals of 4.52 percent of a covered hospital's annual coverage assessment base.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$449,800,000/FY15-16/

Maintenance of Coverage Trust Fund

Increase State Expenditures - \$449,800,000/FY15-16/

Maintenance of Coverage Trust Fund

Increase Federal Expenditures - \$825,469,300/FY15-16/

Maintenance of Coverage Trust Fund

Revenue recognition in the amount of \$449,800,000 is included in the Governor's proposed FY15-16 budget. Corresponding non-recurring appropriations in the amount of \$1,275,269,300 (\$449,800,000 in state funds and \$825,469,300 in federal matching funds) are also included.

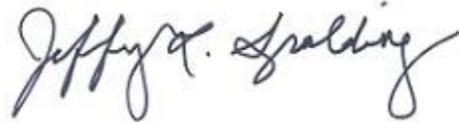
Assumptions:

- Based on information provided by the Bureau of TennCare, the 4.52 percent annual coverage assessment on hospital net revenues (as reported to CMS) will result in an increase in revenue to the Maintenance of Coverage Trust Fund (MCTF) of \$449,800,000.
- A total of \$16,000,000 will be provided to the critical access hospitals. Of this amount, \$6,000,000 will be 100 percent state funds and will not receive a federal match because it is above the limit within the federal waiver.
- According to the Bureau, \$443,800,000 (\$449,800,000 - \$6,000,000) will be expended at a state rate of approximately 34.965 percent and will receive federal matching funds at a rate estimated at 65.035 percent. The resulting increase in federal funds will be approximately \$825,469,300.
- The total increase to the MCTF is approximately \$1,275,269,300 (\$443,800,000 + \$6,000,000 + \$825,469,300).

- According to the Governor's FY15-16 proposed budget, approximately \$731,748,900 (\$255,856,000 state + \$475,892,900 federal) of the \$1,275,269,300 in the MCTF will be expended towards restoring budget reductions and \$543,520,400 (\$193,944,000 state + \$349,576,400 federal) will be expended towards hospitals for unreimbursed costs of providing services to TennCare enrollees.

CERTIFICATION:

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



Jeffrey L. Spalding, Executive Director

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