

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 704 – HB 879

March 14, 2017

SUMMARY OF ORIGINAL BILL: Enacts the *Ground Ambulance Service Provider Assessment Act*. Requires an ambulance service to pay a quarterly assessment to the Bureau of TennCare (Bureau). Requires the Bureau to determine, by rule the standards and procedures used to implement and enforce the assessment, collect the assessment, and transfer the assessment proceeds to the State Treasurer for deposit into a newly-created Ambulance Service Assessment Revenue Fund (ASARF). Requires the Bureau to calculate a uniform assessment per ground transport using data from the Emergency Medical Services (EMS) Division of the Department of Health (DOH). Requires the Bureau to reimburse each ambulance service that provided qualifying ground ambulance service transports during the relevant assessment period in an amount not to exceed the EMS ambulance rates adopted annually by the DOH.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$10,305,700/Ambulance Service Assessment Revenue Fund

Increase State Expenditures –
\$10,305,700/Ambulance Service Assessment Revenue Fund

Increase Federal Expenditures –
\$19,694,300/Ambulance Service Assessment Revenue Fund

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Revenue - \$29,925,500

Increase Business Expenditures – \$10,305,700

Jobs Impact – Not Significant

SUMMARY OF AMENDMENT (004880): Deletes language that limits the assessment to an annual amount of \$20,000 to offset Medicaid administration expenses and replaces it with \$75,000. Corrects references pertaining to the “division” administering, disbursing, and refunding funds and replaces such references with references to the “bureau”. Terminates the ground ambulance service provider assessment on June 30, 2018.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Revenue –
\$10,305,700/One-Time/Ambulance Service Assessment Revenue Fund**

**Increase State Expenditures –
\$10,305,700/One-Time/Ambulance Service Assessment Revenue Fund**

**Increase Federal Expenditures –
\$19,694,300/One-Time/Ambulance Service Assessment Revenue Fund**

Assumptions for the bill as amended:

- To administer the proposed assessment on ambulance service providers, the Bureau will require one full-time equivalent employee for FY17-18. The one-time increase in expenditures associated with the additional employee is estimated to be \$74,450. These expenditures will receive an administrative match of 50 percent in federal funds.
- The one-time increase in state expenditures associated with the one full-time equivalent employee is estimated to be \$37,225 ($\$74,450 \times 0.50$); the one-time increase in federal expenditures is estimated to be \$37,225 ($\$74,450 \times 0.50$).
- Based on information provided by the Bureau, the proposed assessment on ambulance service providers will result in a one-time increase in revenue to the ASARF estimated to be \$10,305,696.
- This amount will be expended at a state rate of approximately 34.395 percent and will receive federal matching funds at a rate estimated to be 65.605 percent. The resulting increase in federal funds is estimated to be approximately \$19,657,078 [$(\$10,305,696 / 34.395\%) \times 65.605\%$]. The total increase in federal expenditures, including the federal funding for the one full-time equivalent employee, is estimated to be \$19,694,304 ($\$19,657,078 + \$37,225$).

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Increase Business Revenue - \$29,925,500/One-Time

Increase Business Expenditures – \$10,305,700/One-Time

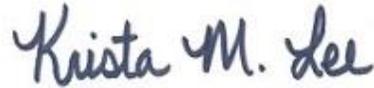
Jobs Impact – Not Significant

Assumptions for the bill as amended:

- Ambulance service providers will incur a one-time increase in federal revenue to cover the recurring costs of ground ambulance transport.
- Ambulance service providers will incur a one-time increase in expenditures for funding the state portion of the Act.
- The proposed legislation will not increase the number of ambulance service providers. It just changes the way the providers will be reimbursed for Medicaid ground ambulance transports; therefore, any impact to jobs in Tennessee is estimated to be not significant.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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