

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 118 – HB 69

March 28, 2017

SUMMARY OF ORIGINAL BILL: Directs the Commissioner of the Department of Finance and Administration to submit a waiver amendment to the existing TennCare II waiver or to submit a new waiver in order to provide medical assistance to the TennCare II waiver population and expand medical assistance eligibility to persons with income of less than 138 percent of the federal poverty level by means of a block grant within 120 days of the bill becoming law.

Requires the block grant to convert the federal share of all medical assistance funding for the state into an allotment tailored to meet the needs of the state and be indexed for inflation and population growth.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Not Significant

Other Fiscal Impact – If approved by the federal government, the block grant received will be at the current federal funding level of \$7,163,104,200 for FY17-18. Additional state funds will be needed to cover the expanded population of 280,000 enrollees or the TennCare benefit structure will need to be amended so that benefits can be provided to the entire population at the current funding level.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Business Impact – Due to a number of unknown factors, the exact impact to commerce cannot be reasonably determined.

SUMMARY OF AMENDMENT (006270): Deletes all language after the enacting clause. Directs the Commissioner of the Department of Finance and Administration (F&A), within 60 days of the effective date, to assess whether submitting a waiver amendment to the existing TennCare II waiver or a new waiver that would satisfy the requirements of this subsection (b) to the federal Centers for Medicare and Medicaid Services (CMS) is in the best interest of the state. Requires the Commissioner of F&A, if it is determined that a waiver satisfying the requirements of this subsection (b) is in the best interest of the state, within 120 days of making the determination, to submit an amendment to the existing TennCare II waiver or a new waiver that satisfies the requirements of this subsection (b) to the federal CMS. Requires

the amendment or waiver to provide medical assistance to the TennCare II waiver population and secure medical assistance eligibility to persons in this state who meet federal eligibility guidelines; and serve eligible persons pursuant to a block or per capita grant, either by utilizing a change in applicable federal law or by other approach utilizing regulatory flexibility provided by the federal government that is tailored to meet the needs of this state. Requires the Commissioner of F&A, if the amendment or waiver is submitted pursuant to subdivision (b)(1) and is subsequently approved by the federal CMS to proceed pursuant to subsection (a).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact- Due to multiple unknown factors, such as the type of grant, either block or per capita, the amount of such grant, and the federal share of any such grant, the fiscal impact on state and federal funds cannot be determined.

Assumptions for the bill as amended:

- The Bureau of TennCare will not incur a significant increase in expenditures to submit a waiver amendment to the federal Centers for Medicare and Medicaid Services (CMS).
- Should CMS approve the waiver amendment, it is unknown what amount the block grant or per capita grant will be and how the waiver will alter benefit structures.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

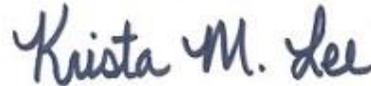
Unchanged from the original fiscal note.

Assumption for the bill as amended:

- It is unknown what impact an altered benefit structure will have on capitation and payment rates and covered services to the MCOs and various health care providers. Due to these unknowns, the exact impact to commerce and Tennessee jobs cannot be quantified.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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