

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**HB 2172 - SB 2147**

March 15, 2018

**SUMMARY OF BILL:** Directs the Department of Health (DOH) to establish and enforce a medical supply donation program. The proposed legislation is effective January 1, 2019.

**ESTIMATED FISCAL IMPACT:**

On March 5, 2018, a fiscal note was issued estimating a fiscal impact as follows:

*NOT SIGNIFICANT*

The Department of Health has provided additional information; based on this additional information, the estimated fiscal impact has been corrected as follows:

**(CORRECTED)**

**Increase State Expenditures - \$51,600/FY18-19**

**\$94,100/FY19-20 and Subsequent Years**

**Other Fiscal Impact - Pursuant to Tenn. Code Ann. § 4-29-121, all health related boards are required to be self-supporting over a two-year period. The Board of Pharmacy had an annual surplus of \$885,058 in FY15-16, an annual surplus of \$620,117 in FY16-17, and a cumulative reserve balance of \$2,601,038 on June 30, 2017.**

Corrected assumptions:

- Based on information provided by the DOH, the DOH cannot accommodate the proposed legislation within existing resources. The DOH will need one Public Health Nurse Consultant 1 position to work with the entities that will donate and distribute the medical supplies as well as inspect the supplies to ensure they are in the appropriate form to be used.
- The one-time increase in state expenditures associated with the additional position is estimated to be \$4,600 (\$1,900 computer cost + \$2,700 office furniture).
- The recurring increase in state expenditures associated with the additional position is estimated to be \$94,080 (\$67,008 salary + \$18,372 benefits + \$7,900 administrative cost + \$200 network cost + \$600 supplies). Due to the January 1, 2019 effective date, the

**HB 2172 - SB 2147 (CORRECTED)**

first year (FY18-19) increase in state expenditures for the additional position is estimated to be \$47,040 (\$94,080 x 50.0%).

- The total increase in state expenditures in FY18-19 is estimated to be \$51,640 (\$4,600 + \$47,040).
- The total recurring increase in state expenditures in FY19-20 and subsequent years is estimated to be \$94,080.
- The proposed legislation allows the donation of medical supplies.
- Supplies mean any medical supplies other than prescription drugs.
- Prescription drug means a drug that under federal or state law is required to be dispensed only pursuant to a prescription order or is restricted to use by prescribers and that under federal law must be properly labeled with certain specified designations.
- There will be no impact on the Board of Pharmacy; therefore, any fiscal impact is estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 4-29-121, all health related boards are required to be self-supporting over a two-year period. The Board of Pharmacy had an annual surplus of \$885,058 in FY15-16, an annual surplus of \$620,117 in FY16-17, and a cumulative reserve balance of \$2,601,038 on June 30, 2017.

## **IMPACT TO COMMERCE:**

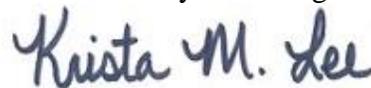
### **NOT SIGNIFICANT**

#### Assumptions:

- The proposed legislation is meant to provide donated supplies to individuals who are indigent or uninsured.
- It is assumed that indigent or uninsured individuals currently work with patient assistance companies to realize savings or go without supplies; therefore, it is estimated supply companies will not experience a significant decrease in revenue or increase in expenditures.
- The impact on jobs in Tennessee is estimated to be not significant because staff at the administering entities will handle the supply donations.

## **CERTIFICATION:**

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



Krista M. Lee, Executive Director

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