

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 597 - HB 968

February 26, 2017

SUMMARY OF BILL: Authorizes a competent adult with a functional disability living in the adult's own home or a caregiver acting on behalf of a minor child or incompetent adult living in the minor child's or the incompetent adult's own home to choose to direct and supervise a paid personal aide in the performance of a health maintenance task subject to the aide having been taught, evaluated, and supervised. Requires the Tennessee Commission on Aging and Disabilities (TCAD) to promulgate rules to implement the proposed legislation after consultation with the Bureau of TennCare (Bureau), the Board of Nursing, the Department of Intellectual and Developmental Disabilities (DIDD), and stakeholder groups representing older persons and people with disabilities.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures – Exceeds \$906,200/FY17-18
Exceeds \$1,812,400/FY18-19 and Subsequent
Years

Decrease Federal Expenditures – Exceeds \$1,728,400/FY17-18
Exceeds \$3,456,900/FY18-19 and Subsequent
Years

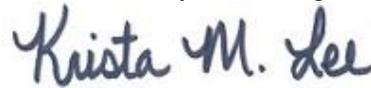
Assumptions:

- Based on information provided by the Bureau of TennCare, Home Health will spend approximately \$43,608,300 in calendar year 2017.
- Assuming a 10 percent savings from the delegation of health maintenance tasks, it is estimated the Bureau will reduce expenditures at least \$4,360,830 ($\$43,608,300 \times 0.10$) in calendar year 2018.
- Medicaid expenditures receive matching funds at a rate of 65.605 percent federal funds to 34.395 percent state funds. The recurring decrease in state expenditures is estimated to be \$1,499,907 ($\$4,360,830 \times 0.34395$); and the recurring decrease in federal expenditures is estimated to be \$2,860,923 ($\$4,360,830 \times 0.65605$).
- Due to the effective date of January 1, 2018, the decrease in state expenditures for FY17-18 is estimated to be \$749,954 ($\$1,499,907 \times 0.50$); and the decrease in federal expenditures for FY17-18 is estimated to be \$1,430,461 ($\$2,860,923 \times 0.50$).

- Based on information provided by the Department of Intellectual and Developmental Disabilities, it is estimated the Department will reduce recurring expenditures at least \$908,400 in calendar year 2018.
- Medicaid expenditures receive matching funds at a rate of 65.605 percent federal funds to 34.395 percent state funds. The recurring decrease in state expenditures is estimated to be \$312,444 ($\$908,400 \times 0.34395$); and the recurring decrease in federal expenditures is estimated to be \$595,956 ($\$908,400 \times 0.65605$).
- Due to the effective date provision, the decrease in state expenditures for FY17-18 is estimated to be \$156,222 ($\$312,444 \times 0.50$); and the decrease in federal expenditures for FY17-18 is estimated to be \$297,978 ($\$595,956 \times 0.50$).
- The total decrease in state expenditures in FY17-18 is estimated to be \$906,176 ($\$749,954 + \$156,222$); and the recurring decrease in state expenditures is estimated to be \$1,812,351 ($\$1,499,907 + \$312,444$) in FY18-19 and subsequent years.
- The total decrease in federal expenditures in FY17-18 is estimated to be \$1,728,439 ($\$1,430,461 + \$297,978$); and the recurring decrease in federal expenditures is estimated to be \$3,456,878 ($\$2,860,923 + \$595,956$) in FY18-19 and subsequent years.
- The TCAD will be required to promulgate rules, but this can be accomplished within existing resources; any fiscal impact to the Commission would be not significant.
- The Bureau and the DIDD will consult with the TCAD on the rules to implement the provisions of the bill within existing resources without an increased appropriation or a reduced reversion.
- The Board of Nursing will consult with the TCAD on the rules to implement the provisions of the bill during the normal course of Board business; 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 Nursing had an annual surplus of \$1,363,944 in FY14-15, an annual surplus of \$1,408,207 in FY15-16, and a cumulative reserve balance of \$8,690,087 on June 30, 2016.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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