

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 643 - SB 579**

April 15, 2019

**SUMMARY OF ORIGINAL BILL:** Removes law enforcement as a transportation option for individuals with developmental disabilities, mental illnesses, and serious emotional disturbances.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (007528):** Deletes all language after the enacting clause. Requires the Department of Mental Health and Substance Abuse (DMHSAS) to, by July 1, 2020, identify five counties with the greatest number of emergency mental health transports and mental health transports by law enforcement during the most recent twelve-month period and enter into agreement with one or more transport agents to provide such transports in the five identified counties for persons who are not under arrest or in the custody of law enforcement.

Exempts law enforcement, on and after July 1, 2021, from having to provide an emergency mental health transport or mental health transport for a person who is not under arrest or in the custody of law enforcement or a court. Authorizes law enforcement agencies to voluntarily perform an emergency mental health transport or mental health transport at the discretion of the chief law enforcement officer of that agency.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures – Exceeds \$3,859,300/FY20-21**  
**Exceeds \$9,753,600/FY21-22 and Subsequent Years**

**Increase Federal Expenditures – Exceeds \$213,600/FY20-21**  
**Exceeds \$1,026,000/FY21-22 and Subsequent Years**

**Decrease Local Expenditures – Exceeds \$741,800/FY20-21**  
**Exceeds \$3,602,100/FY21-22 and Subsequent Years**

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Assumptions for the bill as amended:

- The Department of Mental Health and Substance Abuse (DMHSAS) will be responsible for transports, on or after July 1, 2020 but before July 1, 2021, in the five counties with the greatest number that local law enforcement will no longer perform and will contract for such transportation services beginning in FY20-21. On or after July 1, 2021 law enforcement will no longer be required to provide a mental health transport for a person who is not under arrest or in custody.
- This analysis only includes numbers to state Regional Mental Health Institutes (RMHIs); therefore, the impact to the state will be in excess of the estimate below.
- Currently, sheriffs provide these transportation services to RMHIs and private facilities and do not receive any reimbursement for such services.
- Based on information provided by the Tennessee Sheriffs' Association (TSA) that included 46 counties, sheriffs had at least 14,314 transports for a total cost of \$1,744,171 in 2018 that includes the cost for transport, personnel, and vehicle cost. Of the 14,314 total transports, 2,249 of these transports were to a state facility and 12,065 were to private facilities.
- It is estimated each TSA transport costs approximately \$122 ( $\$1,744,171 / 14,314$  transports).
- Based on information provided by the TSA, the five counties with the largest number of transports are Maury, Montgomery, Rutherford, Sullivan, and Sumner. The total number of transports for the five counties was 6,080.
- The recurring decrease in local expenditures is estimated to exceed \$741,760 ( $\$122 \times 6,080$  transports) beginning in FY20-21.
- Assuming each of the 6,080 transports was to the closest Regional Medical Health Institute (RMHI), the total estimated miles traveled is 282,946 miles.
- Based on Medicare Healthcare Common Procedure Coding System (HCPCS) code A0425, that applies to all ambulance service transports including volunteer, municipal, private, independent, and institutional providers, hospitals, critical access hospitals, and skilled nursing facilities; the transportation cost for all transports is estimated to exceed \$2,136,242 ( $\$7.55$  per mile  $\times$  282,946 miles).
- HCPCS code A0428 is for ambulance service, basic life support, non-emergency transports at \$220.40 per trip. The increase in expenditures for the 6,080 transports is estimated to exceed \$1,340,032 ( $\$220.40 \times 6,080$  transports).
- The increase in expenditures for waiting for the completion of the certificate of need (CON) evaluation, assuming the rate of \$25 per hour at a wait time of one hour and 45 minutes, is estimated to exceed \$532,000 [ $\$25$  per person per hour  $\times$  2 people  $\times$  1 hour 45 minute wait time (1.75 hours)  $\times$  6,080 transports]. The cost of waiting for a CON evaluation is not a reimbursable expense.
- It is estimated the DMHSAS would be responsible for reimbursing the transportation agent for the wait time at the facility. The DMHSAS would incur expenditures estimated to exceed \$532,000 [ $\$25 \times 2$  people  $\times$  1 hour 45 minute wait time (1.75 hours)  $\times$  6,080 transports] for such transportation wait times. It is assumed wait times are not a reimbursable service.

- The total increase in expenditures for the 282,946 transport miles is estimated to exceed \$4,008,274 (\$2,136,242 + \$1,340,032 + \$532,000). The total possible reimbursable cost is estimated to exceed \$3,476,274 (\$2,136,242 + \$1,340,032).
- Based on the average reimbursement of 9.4 percent for RMHIs in this area; the potential reimbursement to the DMHSAS if all the transportation agents are in the TennCare managed care organization network, is estimated to be \$326,770 (\$3,476,274 x 9.4%).
- Medicaid expenditures receive matching funds at a rate of 65.375 percent federal funds to 34.625 percent state funds. Of this amount, \$113,144 (\$326,770 x 34.625%) will be in state funds and \$213,626 (\$326,770 x 65.375%) will be in federal funds.
- It is estimated 1.03 percent of the involuntary emergency admissions have private insurance; therefore, the potential reimbursement to the DMHSAS is estimated to be \$35,806 (\$3,476,274 x 1.03%).
- The total increase in state expenditures to the DMHSAS is estimated to exceed \$3,859,324 (\$4,008,274 – \$113,144 - \$35,806) in FY20-21.
- Based on information provided by the DMHSAS, there was an average of 11,545 individuals who were transported to RMHIs by law enforcement for emergency involuntary admission over the past two years. Of this number, 8,288 were admitted and 3,257 did not meet the admission criteria for a second certification. Those who were admitted were transported over 377,200 one-way miles to the RMHI. Those who were not admitted traveled over 235,600 round-trip miles to and from the RMHI back to the county of origin.
- The DMHSAS contracts with three inpatient providers for emergency involuntary inpatient services. There was an average of 2,629 individuals who were transported to these facilities. Of the 2,629 individuals, 2,580 were admitted and 49 were evaluated and released. The total mileage for these individuals was 114,700 miles.
- Assuming standard Medicare rates for ambulance transports for both rural rates and urban rates for Tennessee, the total transportation cost by ambulance for these 14,174 (11,545 + 2,629) transports is estimated to be \$9,688,081.
- Currently, sheriffs provide these transportation services to RMHIs and private facilities and do not receive any reimbursement for such services.
- Based on information provided by the Tennessee Sheriffs' Association (TSA), that included 46 counties, sheriffs had at least 14,314 transports for a total cost of \$1,744,171 in 2018 that includes the cost for transport, personnel, and vehicle cost. Of the 14,314 total transports, 2,249 of these transports were to a state facility and 12,065 were to private facilities.
- The total number of transports statewide and associated costs incurred is unknown. However, it is reasonably estimated that the recurring decrease in local expenditures will exceed \$3,602,092 [(\$1,744,171 cost / 46 counties) x 95 counties] in FY21-22 and subsequent years.
- Pursuant to Tennessee Code Annotated § 33-6-406(3), all counties except for Davidson and Shelby, require the sheriff or transportation agent to notify the hospital or treatment resource of where the individual is and an estimate of anticipated arrival time at the hospital or treatment resource.
- If the sheriff or transportation agent has given notice and arrives at the hospital or treatment resource within the anticipated time of arrival, then the sheriff or transportation agent is required to remain at the hospital or treatment resource long

enough for the person to be evaluated for admission, but not longer than one hour and forty-five minutes. After one hour and forty-five minutes, the person is the responsibility of the evaluating hospital or treatment resource, and the sheriff or transportation agent is allowed to leave.

- It is estimated the DMHSAS would be responsible for reimbursing the transportation agent for the wait time at the facility. Assuming the rate of \$25 per hour at an average wait time of 60 minutes for all counties, the DMHSAS would incur expenditures estimated to exceed \$708,700 [ $\$25 \times 2 \text{ people} \times 14,174 \text{ transports}$ ] for such transportation wait times. It is assumed wait times are not a reimbursable service.
- It is estimated 16.2 percent of the involuntary emergency admissions have Medicaid; the potential reimbursement to the DMHSAS is estimated to exceed \$1,569,469 ( $\$9,688,081 \times 16.2\%$ ). Medicaid expenditures receive matching funds at a rate of 65.375 percent federal funds to 34.625 percent state funds. Of this amount, \$543,429 ( $\$1,569,469 \times 34.625\%$ ) will be in state funds and \$1,026,040 ( $\$1,569,469 \times 65.375\%$ ) will be in federal funds.
- It is estimated 1.03 percent of the involuntary emergency admissions have private insurance; therefore, the potential reimbursement to the DMHSAS is estimated to be \$99,787 ( $\$9,688,081 \times 1.03\%$ ).
- The total increase in state expenditures to the DMHSAS is estimated to exceed \$9,753,565 ( $\$9,688,081 + \$708,700 - \$543,429 - \$99,787$ ) in FY21-22 and subsequent years.

## **CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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