

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1977 - SB 1952

February 13, 2020

SUMMARY OF BILL: Effective July 1, 2021, enacts the *Stopping Addiction and Fostering Excellence (SAFE) Act*.

Requires the Department of Mental Health and Substance Abuse Services (DMHSAS) to establish and maintain a list of approved recovery residence organizations on its website. Requires recovery residences that are not recognized or certified by an organization or funded by the DMHSAS to display in a prominent place within the recovery residence, a sign stating certain disclaimers and information.

Requires the Department of Correction (DOC) to recognize the approved recovery residences as approved placements for those persons with substance use disorder to community supervision; indicate which placements on any list of placements for community supervision are approved recovery residences; and establish a preference for approved recovery residences by encouraging placements in the residences.

Prohibits licensed or certified service providers, judges, or magistrates from referring an individual, who is appropriate for housing in a recovery residence to support the individual's recovery from a substance use disorder, to a recovery residence, including a recovery residence owned or operated by the referent, that is not recognized or certified by an organization, or funded by the DMHSAS. Further requires certain criteria to be considered in making such referrals. Any violation by a licensed or certified provider is subject to the suspension or revocation of the provider's license or certificate by the appropriate licensing or certification board and the imposition of civil penalties as authorized under the appropriate title. Any violation by a judge or magistrate is subject to disciplinary action by the Board of Judicial Conduct.

Prohibits state funds from being used to support a recovery residence that is not recognized or certified by an organization. Exempts a recovery residence that is already receiving state funds through a grant process administered by a state department or agency.

Prohibits a recovery residence from engaging in certain marketing practices. Any person or entity that violates this section is subject to suspension or revocation of the recovery residence's status as an approved recovery residence for purposes of the list maintained by the DMHSAS and action by the Attorney General and Reporter or a person described in Tenn. Code Ann. § 47-18-109(a)(1) under the Tennessee *Consumer Protection Act of 1977*.

Prohibits healthcare providers and healthcare facilities, with respect to alcohol and drug services, from knowingly offering, paying, soliciting, or receiving a commission, benefit,

rebate, kickback, or bribe, directly or indirectly, in cash or in kind, or engaging in any split-fee arrangement, in any form whatsoever, to induce the referral of a patient or patronage or in return for referring a patient or patronage to or from a recovery residence, an employee of a recovery residence, a nationally recognized recovery residence standards organization or its affiliate, or an employee of a nationally recognized recovery residence standards organization or an employee of its affiliate.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- This analysis assumes recovery residences do not provide treatment services and would not qualify as a half-way house; therefore, they would not be licensed by the DMHSAS.
- The DMHSAS can prepare and maintain the required list on its website utilizing existing resources; therefore, any fiscal impact is estimated to be not significant.
- The Department of Correction can accommodate the proposed legislation utilizing existing resources; therefore, any fiscal impact is estimated to be not significant.
- The Division of Health Licensure and Regulation can accommodate the proposed legislation utilizing existing resources; 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 Boards had an annual surplus of \$3,621,024 in FY17-18, an annual surplus of \$2,524,075 in FY18-19, and a cumulative reserve balance of \$36,189,376 on June 30, 2019.
- Based on information provided by the Administrative Office of the Courts, the proposed legislation can be accommodated utilizing existing resources; therefore, any fiscal impact is estimated to be not significant.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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