

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 474 - HB 771

February 20, 2019

SUMMARY OF BILL: Enacts the Annual Coverage Assessment Act of 2019, which establishes an annual coverage assessment on hospitals of 4.52 percent of a covered hospital's annual coverage assessment base.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$446,771,000/FY19-20/

Maintenance Coverage Trust Fund

Increase State Expenditures - \$446,771,000/FY19-20/

Maintenance Coverage Trust Fund

Increase Federal Expenditures - \$843,542,400/FY19-20/

Maintenance Coverage Trust Fund

Assumptions:

- Based on information provided by the Division of TennCare (Division), the 4.52 percent annual coverage assessment on hospital net revenues (as reported to Centers for Medicaid Services) will result in an increase in revenue to the Maintenance of Coverage Trust Fund (MCTF) of \$446,771,000.
- It is estimated \$446,771,000 will be expended at a state rate of approximately 34.625 percent and will receive federal matching funds at a rate estimated to be 65.375 percent. The resulting increase in federal funds will be approximately \$843,542,357.
- The total increase to the MCTF is approximately \$1,290,313,357 (\$446,771,000 state + \$843,542,357 federal).

IMPACT TO COMMERCE:

Increase Business Revenue - \$1,290,313,400/FY19-20

Increase Business Expenditures - \$446,771,000/FY19-20

Jobs Impact – Not Significant

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Assumptions:

- Hospital providers will incur an increase in federal revenue in FY19-20 to cover costs of services provided.
- Hospital providers will incur an increase in expenditures in FY19-20 for funding the state portion of the Act.
- The proposed legislation will not increase the number of hospital providers. It merely deals with the way providers are reimbursed; therefore, any impact to jobs in Tennessee is estimated to be not significant.

CERTIFICATION:

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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