

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 547 - HB 672**

March 28, 2019

**SUMMARY OF BILL:** Removes home care organization or any category of service provided by a home care organization for which authorization is required under Part 2 of Title 68, Chapter 11 and a satellite emergency department facility established by a hospital at a location other than the hospital's main campus from a requirement to obtain a certificate of need (CON).

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$210,600/Recurring/General Fund**  
**Decrease State Revenue - \$165,200/Recurring/Health Services and  
Development Agency**

**Increase State Expenditures - \$78,600/One-Time/General Fund**  
**\$567,000/Recurring/General Fund**

**Other Fiscal Impact – Pursuant to Tennessee Code Annotated § 68-11-1623(b), the Health Services Development Agency (HSDA) is required to be self-sufficient. As of February 22, 2019, the HSDA's account balance is estimated to be approximately \$400,000 with an additional reserve fund balance of approximately \$1,100,000. The HSDA may increase fees for other certificate of need applicants in the future, if necessary, to remain self-sufficient.**

Assumptions:

- The Health Services and Development Agency (HSDA) has received \$346,695 in application fees for satellite emergency department applications over the past four years or \$86,674 ( $\$346,695 / 4$ ) per year. The application fees for home care organizations over the past two years averaged \$78,556 ( $\$157,111 / 2$ ) each year.
- The HSDA will experience a recurring decrease in revenue estimated to be \$165,230 ( $\$86,674 + \$78,556$ ).
- Removing the requirement to obtain a CON for a home care organization or services provided by a home care organization will result in an increase in these organizations and services. When the CON requirement for home health agencies was previously eliminated for almost a two-year period, the number of home health agencies increased from approximately 145 to over 420.

- Currently, there are approximately 160 home health agencies. It is assumed this number will increase significantly over the next several years when the CON requirement is removed.
- The Department of Health's (DOH) licensure fee for home health agencies and hospices is \$1,404 annually. Freestanding hospital emergency departments that are part of an existing hospital do not pay an additional licensure fee but are considered a part of the parent facility.
- The DOH will experience a recurring increase in fee collections from new home health agencies and hospices estimated to be \$210,600.
- The DOH cannot accommodate the proposed legislation within existing resources. The DOH will require seven additional staff positions: three Public Health Nurse Consultant 1 positions and three Fire Safety Specialist 1 positions to inspect the new facilities and conduct complaint investigations, and one Fire Safety Specialist 1 position to manage the plans review of new facilities.
- The one-time increase in state expenditures associated with the additional positions is estimated to be \$78,584 (\$13,400 computer cost + \$18,900 office furniture + \$46,284 vehicles).
- The recurring increase in state expenditures associated with the additional positions is estimated to be \$567,036 (\$382,300 salary + \$109,436 benefits + \$55,300 administrative cost + \$9,800 communications + \$ 4,200 supplies + \$6,000 vehicle gas and maintenance).

## **IMPACT TO COMMERCE:**

**Increase Business Expenditures – Net Impact - \$45,400**

Assumptions:

- The proposed legislation will result in a net recurring increase in business expenditures of \$45,370 (\$210,600 - \$165,230).
- Any impact to jobs in Tennessee is considered 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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