

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2047 - HB 2432

February 18, 2020

SUMMARY OF BILL: Requires the Division of TennCare (Division) to establish an alternative benefit plan that would cover individuals ages 19 through 64 whose incomes are at or below 133 percent of the federal poverty level, who are not eligible for Medicare and are not otherwise eligible for TennCare as of June 30, 2020. Requires copayments under this new benefit plan to be the same as benefits provided to current TennCare enrollees.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$167,947,500/FY20-21 and Subsequent Years

Increase Federal Expenditures – \$1,511,527,700/FY20-21 and Subsequent Years

Assumptions:

- The Division's contracted actuaries estimated the proposed benefit plan would result in an average increase of 335,844 members at a per member per month (PMPM) cost of \$416.73 for an annual increase in expenditures estimated to be \$1,679,475,241 [335,844 members x (\$416.73 x 12 months)].
- Section 1905(y) of the Social Security Act provides for a 90 percent federal match for this particular population.
- Of the \$1,679,475,241 increase in expenditures, \$167,947,524 (\$1,679,475,241 x 10.0%) will be in state funds and \$1,511,527,717 (\$1,679,475,241 x 90.0%) will be in federal funds.

IMPACT TO COMMERCE:

Increase Business Revenue – \$1,679,475,200/FY20-21 and Subsequent Years

**Increase Business Expenditures –
Less than \$1,679,475,200/FY20-21 and Subsequent Years**

Assumptions:

- Individuals who provide healthcare services will experience an increase in business revenue for providing services estimated to be \$1,679,475,241.
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the increase in business expenditures is estimated to be less than \$1,679,475,241.
- There could be varying degrees of economic impact to the health care industry as a whole in the state of Tennessee including but not limited to health insurance companies, hospitals, clinics, individual health care providers, and pharmacists; however, an exact impact to jobs cannot be determined.

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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