

HB 1816 - SB 2533
FISCAL MEMORANDUM



Fiscal Review Committee
 Tennessee General Assembly
 April 13, 2026

Fiscal Analyst: Arielle Woodmore | Email: arielle.woodmore@capitol.tn.gov | Phone: 615-741-2564

SUMMARY OF BILL AS AMENDED (016916, 017828): Requires the Opioid Abatement Council (OAC) to allocate funds to the Bureau of TennCare and the Department of Mental Health and Substance Abuse Services (DMHSAS) from the funds in the Opioid Abatement Fund (OAF) that are not required to be disbursed to counties.

Requires 10 percent of the funds paid into the OAF on or after July 1, 2026, available to OAC after accounting for county disbursements, to be allocated to DMHSAS for crisis, residential and inpatient services for uninsured individuals with co-occurring mental health and substance use disorders. Requires disbursements to be made at the same time county disbursements are made. Establishes that these funds must supplement not supplant existing state appropriations and must not reduce or affect the distribution of proceeds to counties or municipalities.

FISCAL IMPACT OF BILL AS AMENDED:

STATE GOVERNMENT		
REVENUE	TennCare	DMHSAS
FY26-27	\$4,100,000	>\$25,340,000
FY27-28	\$4,100,000	>\$2,840,000
FY28-29	\$4,100,000	>\$2,840,000
FY29-30 & Subsequent years	-	>\$3,250,000

EXPENDITURES	TennCare	DMHSAS
FY26-27	\$4,100,000	>\$25,340,000
FY27-28	\$4,100,000	>\$2,840,000
FY28-29	\$4,100,000	>\$2,840,000
FY29-30 & Subsequent years	-	>\$3,250,000

FEDERAL GOVERNMENT	
EXPENDITURES	
FY26-27	\$7,146,700
FY27-28	\$7,146,700
FY28-29	\$7,146,700

Assumptions:

- Based on information provided in the OAC FY2025 Annual Report, the OAC manages 70 percent of the funds received from opioid settlements and bankruptcies. Of the remaining 30 percent, 15 percent is distributed to the General Fund for opioid remediation, and 15 percent is distributed to local entities.
- Pursuant to Tenn. Code Ann. § 33-11-103(p), the OAC must disburse 35 percent of proceeds to counties that join the settlement. The OAC must disburse the remaining 65 percent of such proceeds for statewide, regional, or local opioid abatement and remediation purposes.
- Funds in the OAF do not revert to the General Fund. The OAF had a balance of \$178,889,998 as of June 30, 2025.
- The proposed legislation requires \$12,300,000, split evenly over the next three fiscal years, to be disbursed to TennCare to supplement the adult mobile crisis reimbursement rates paid to nonprofit entities that provide mobile crisis services.
- It is the legislative intent that the Bureau of TennCare consult with the Tennessee Association of Mental Health Organizations on the formula to be utilized in the distribution of funding.
- This funding is required to come from amounts that are not required to be disbursed to the counties. Therefore, any impact on local revenue will be not significant. Moreover, it is assumed that these funds would have been distributed as community grant awards under current law. Therefore, the overall impact on expenditures from the OAF is assumed to be not significant.
- The proposed legislation will result in an increase in revenue of \$4,100,000 to TennCare, in each FY26-27 through FY28-29.
- There will be a corresponding increase in state expenditures of \$4,100,000 to TennCare, in each FY26-27 through FY28-29.
- Medicaid expenditures receive matching funds at a rate of 63.545 percent federal funds to 36.455 percent state funds.
- The increase in federal expenditures is estimated to be \$7,146,743, in each FY26-27 through FY28-29 [$(\$4,100,000 / 36.455\%) \times 63.545\%$].
- The proposed legislation requires \$25,000,000, to be disbursed to DMHSAS in FY26-27, for funding for crisis, residential, and inpatient treatment services for uninsured individuals. Funds must be used to expand access, capacity, and stabilization services.
- As with the TennCare funding, this funding is required to come from amounts that are not required to be disbursed to the counties. Therefore, any impact on local revenue will be not significant. It is further assumed that these funds would have been distributed as community grant awards under current law. Therefore, the overall impact on expenditures from the OAF is assumed to be not significant.
- The proposed legislation will result in an increase in revenue and expenditures of \$25,000,000, in FY26-27, to DMHSAS.
- The proposed legislation requires 10 percent of the funds paid into the OAF on or after July 1, 2026, available to OAC after accounting for county disbursements and not allocated to TennCare and DMHSAS as discussed above, to be allocated to DMHSAS. It is assumed this requirement applies to annual deposits to the OAF and not available balances of the fund.

- Deposits to the OAF vary significantly from year to year, as illustrated here:
 - FY24-25: 8 deposits totaling \$55,793,142;
 - FY23-24: 11 deposits totaling \$119,000,000;
 - FY22-23: 5 deposits totaling \$95,000,000; and
 - FY21-22: 1 deposit totaling \$13,200,000.
- It is unknown how much will be paid to the OAF in FY26-27 and subsequent years. However, based on the historical deposits above, it is assumed that the fund will receive at least \$50,000,000 in each year.
- This analysis assumes that the first payment to DMHSAS would be provided in the first quarter of 2027 along with the county disbursements.
- Therefore, there will be an increase in revenue and expenditures to DMHSAS exceeding \$340,000 $\{[\$50,000,000 \times 65\% - (\$4,100,000 - \$25,000,000)] \times 10\%\}$ in FY26-27, exceeding \$2,840,000 $[(\$50,000,000 \times 65\% - \$4,100,000) \times 10\%]$ in each FY27-28 and FY28-29, and exceeding \$3,250,000 $(\$50,000,000 \times 65\% \times 10\%)$ in FY29-30 and subsequent years.
- The total increase in revenue and expenditures to DMHSAS is estimated to exceed \$25,340,000 in FY26-27 $(\$25,000,000 + \$340,000)$, exceed \$2,840,000 in each FY27-28 and FY28-29, and exceed \$3,250,000 in FY29-30 and subsequent years.
- The OAC can disburse the funds utilizing existing resources. Any increase in administrative expenditures to TennCare or DMHSAS is assumed to be not significant.

CERTIFICATION:

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



Bojan Savic, Executive Director