

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 966 - SB 1093

February 27, 2023

SUMMARY OF BILL: Removes the statement of public policy declaring that the establishment and modification of healthcare institutions, facilities, and services be accomplished in a manner that promotes access to necessary, high quality, and cost-effective services for the health care of the people of this state.

Removes the requirement to obtain a Certificate of Need (CON) to establish or relocate certain healthcare facilities or initiate certain healthcare services. Limits the types of activities and services that require a CON to burn units and organ transplantation. Decreases, from three years to two years, the time period that the annual reports on implementation of a CON are required for oversight by the Health Facilities Commission (HFC).

Removes the requirement that certain facilities must receive a CON to be licensed by the Department of Mental Health and Substance Abuse Services (DMHSAS).

FISCAL IMPACT:

Increase State Revenue – \$8,100/FY23-24 and Subsequent Years/General Fund

Decrease State Revenue – \$502,600/FY23-24 and Subsequent Years
Health Facilities Commission

Increase State Expenditure – \$107,900/FY23-24/General Fund
\$101,700/FY24-25 and Subsequent Years/General Fund

Decrease State Expenditures – \$99,700/FY23-24 and Subsequent Years
Health Facilities Commission

Assumptions:

Health Facilities Commission

- The HFC currently processes CON applications for 20 types of health services.
- The proposed legislation would remove the requirement to obtain a CON before establishing or initiating 18 types of services, and require CONs only for burn units and organ transplantation.
- There have been zero CON applications for organ transplantation and one CON application burn units between FY18-19 and FY21-22.

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- According to information provided by the HFC, approximately \$565,210 in revenue was generated from CON filing fees in FY21-22 from the 18 services which will be removed from the CON process.
- The total projected revenue from CON filing fees from these projects is estimated to be \$439,900 in FY22-23.
- There will be an estimated decrease in state revenue to the HFC of \$502,555 $[(\$565,210 + \$439,900) / 2]$ in FY23-24 and subsequent years.
- Due to the decrease in CON applications, the HFC will need to eliminate one full-time position. There will be a recurring decrease in state expenditures to the HFC of approximately \$96,650 (\$76,600 salary + \$20,050 benefits) in FY23-24 and subsequent years.

Department of Mental Health and Substance Abuse Services

- The proposed legislation removes the requirement that non-residential substitution-based treatment centers for opiate addiction must apply for and receive a CON.
- The DMHSAS has been designated as the State Opioid Treatment Authority under federal law and is responsible for program oversight and clinical assistance of any such opioid treatment programs. The clinics are required to be surveyed at least twice a year to maintain licensure.
- The DMHSAS currently licenses non-residential office-based opiate treatment facilities. The licensure fee for these facilities is \$810.
- This analysis assumes 10 additional non-residential office-based opiate treatment facilities will apply for licensure to operate an opioid treatment program.
- The recurring increase in state revenue to the General Fund is estimated to be \$8,100 (10 x \$810) in FY23-24 and subsequent years.
- The DMHSAS will require one additional Psychiatric Social Work position to assist with program oversight.
- The one-time increase in state expenditures to the General Fund is estimated to be \$6,200 (\$3,500 computer + \$2,700 office furniture) in FY23-24.
- The total increase in state expenditures to the General Fund is estimated to be \$107,922 (\$6,200 + \$74,604 salary + \$19,718 benefits + \$7,400 operational costs) in FY23-24 and \$101,722 (\$74,604 salary + \$19,718 benefits + \$7,400 operational costs) in FY24-25 and subsequent years.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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