

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2301 - HB 2574

March 12, 2024

SUMMARY OF BILL: Creates a mental health professional loan repayment grant program to incentivize mental health professionals to practice in mental health professional shortage areas (MHSPAs). Requires the Department of Mental Health and Substance Abuse Services (DMHSAS) shall administer the grant program.

Specifies that, to qualify for a grant, a mental health professional must be providing services directly to Medicaid recipients; enrollees in TennCare or the CoverKids program; students in a school district within a MHSPA, a Title I school, or an open enrollment charter school; apply to DMHSAS for a grant; and enter into a contract with MHSAS for at least three years.

Requires grants not exceed the mental health professional's total indebtedness. Authorizes grants to be awarded up to six years. Authorizes a grant to a mental health clinical psychologist or psychiatrist to be up to \$40,000 per year, and authorizes a grant to a mental health clinical social worker, professional counselor, or psychiatric mental health nurse practitioner to be up to \$25,000 per year.

Requires DMHSAS to report each year to the Governor the chair of the House Education Administration Committee, and the chair of the Senate Education Committee on the number of professionals applying for and awarded grants.

Makes a mental health professional who breaches the contract liable for liquidated damages equal to an amount equivalent to the amount that would be owed for a default of the loan.

Prohibits retroactive award of a grant.

FISCAL IMPACT:

Increased State Expenditures –

Exceeds \$13,506,400/FY24-52

Exceeds \$13,505,200/FY25-26 and Subsequent Fiscal Years

Assumptions:

- According to DMHSAS, the National Health Services Corps (NHSC) has developed the MHPSAs. Based on data from the Health Resources and Services Administration,

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Tennessee’s 23 MHPSAs are short approximately 212 full-time employees (FTEs) from achieving the population to practitioner target ratio.

- Current mental health professionals in MHPSAs could qualify for a grant under the proposed legislation.
- Derived from information provided by TennCare, there is an estimated 14,692 contractual relationships between Managed Care Organizations individuals and behavioral health organizations. Because this figure also encompasses entire organizations, the total mental health professionals providing direct care to Medicaid, TennCare, and CoverKids patients is assumed to be much higher.
- For the purposes of this analysis, it is assumed there are approximately 20,000 mental health professionals, statewide, that provide such care.
- It is assumed that approximately five percent of mental health professionals currently work in MHPSA.
- Therefore, this legislation could impact 1,000 (20,000 x 5%) of these providers.
- It is unknown how many mental health professionals work directly with a Title I school or school district or open enrollment charter school located in a MHPSA.
- It is further unknown the ratio of clinical psychologists, psychiatrists, licensed social workers and psychiatric mental health nurse practitioners in this impacted cohort.
- Multiple studies have shown that the majority of MHPSAs do not have a single clinical psychologist or psychiatrist practicing.
- Therefore, it is estimated that the weighted average yearly grant awarded per professional will be \$26,500.
- Further, this grant program may motivate mental health professionals to transfer to HRSAs, which would increase the total grant recipients by a figure unknown.
- Assuming the DHMSAS will award half of the maximum grants, the proposed legislation will increase state expenditures by at least \$13,250,000 [(\$26,500 x 1,000) x 50%].
- DMHSAS will require two additional staff positions (one senior associate counsel and one accountant 2) to review applications, draft grant contracts, issue grant payments, and monitor compliance.
- The recurring increase in state expenditures is as follows:

Title	Salary	Benefits	Prof. Services	# Positions	Total
Senior Associate Counsel	\$127,836	\$28,816	\$9,518	1	\$166,170
Accountant 2	\$63,408	\$18,127	\$7,466	1	\$89,001
				Total:	\$255,171

- There will be a one-time increase in state expenditures in FY24-25 of \$1,200 for computers.
- The proposed legislation will increase state expenditures by at least \$13,506,371 (\$13,250,000 + \$255,171 + \$1,200) in FY24-25.
- The proposed legislation will increase state expenditures by at least \$13,505,171 (\$13,250,000 + \$255,171) in FY25-26 and subsequent years.

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 style with a large initial 'K'.

Krista Lee Carsner, Executive Director

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