

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 130 - SB 114

March 19, 2021

SUMMARY OF BILL: Requires the Department of Intellectual and Developmental Disabilities (DIDD) to increase the hourly wage over a three-year period, for direct care professionals employed at contracted agencies of DIDD for the home and community-based waiver programs, to \$15.00 per hour by July 1, 2024. Requires every July 1 thereafter, annual hourly wage increases by the larger of the increase: (1) given to public school teachers; (2) given to state employees; or (3) in the most recently published Medicare geographic practice cost index.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$3,894,600/FY21-22

\$38,945,800/FY22-23

\$97,364,500/FY23-24

Exceeds \$97,364,500/FY24-25 and Subsequent Years

Increase Federal Expenditures – \$7,660,300/FY21-22

\$76,603,200/FY22-23

\$191,508,000/FY23-24

Exceeds \$191,508,000/FY24-25 and Subsequent Years

Assumptions:

- Based on information by the Department of Finance and Administration (F&A), the Department submitted a cost increase request to increase the direct service provider (DSP) rate from \$10.00 per hour to \$10.20 per hour in FY21-22.
- The total increase in expenditures for such increase is estimated to be \$11,554,900. Medicaid expenditures receive matching funds at a rate of 66.295 percent federal funds to 33.705 percent state funds. Of this amount \$3,894,579 (\$11,554,900 x 33.705%) will be in state funds and \$7,660,321 (\$11,554,900 x 66.295%) will be in federal funds in FY21-22.
- The proposed legislation does not specify a rate of increase per year. For purposes of this analysis, it is assumed the hourly rate will increase from \$10.20 to \$12 per hour in FY22-23 and from \$12 to \$15 per hour in FY23-24.
- The total increase in expenditures in FY22-23 is estimated to be \$115,549,000. Of this amount \$38,945,790 (\$115,549,000 x 33.705%) will be in state funds and \$76,603,210 (\$115,549,000 x 66.295%) will be in federal funds

- The total recurring increase in expenditures in FY23-24 is estimated to be \$288,872,500. Of this amount, \$97,364,476 ($\$288,872,500 \times 33.705\%$) will be in state funds and \$191,508,024 ($\$288,872,500 \times 66.295\%$) will be in federal funds.
- The recurring increase in expenditures for hourly wage increases beginning July 1, 2024 is unknown as it is dependent upon the greater of the increase given to public school teachers, given to state employees, or the most recently published Medicare geographic practice cost index. Therefore, the increase in state expenditures is estimated to exceed \$97,364,476 in FY24-25 and subsequent years. The increase in federal expenditures is estimated to exceed \$191,508,024 in FY24-25 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, flowing style.

Krista Lee Carsner, Executive Director

/vh