

SB 584 - HB 688

FISCAL NOTE



Fiscal Review Committee
Tennessee General Assembly

March 31, 2025

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SUMMARY OF BILL: Requires the Commissioner of the Department of Health (DOH), in consultation with the Director of the Tennessee Emergency Management Agency (TEMA) and the directors of such other emergency management and public health resources as the Commissioner deems necessary, to establish a statewide strategic essential buffer stock for emergency preparedness and drug shortage prevention to be maintained by the DOH for use in the event of a public health emergency, including natural disasters, man-made disasters, and mass casualty events at the local and state levels. Requires the Commissioner to establish guidelines for the procurement, management, and distribution of medicines, vaccines, and medical supply items in an essential buffer stock.

Requires the Commissioner, in consultation with the Director of TEMA, to conduct demand planning and essential buffer stock modeling for emergency readiness supplies to be included at the discretion of the Commissioner. Requires the Commissioner to define a list of entities to which essential buffer stock resources may be disbursed under the planning, modeling, and guidelines created by the legislation.

Requires the Commissioner, in consultation with the Director of TEMA and the Commissioner of the Department of Education, to submit an annual report on the status of the stockpile to the Clerks of the Senate and House of Representatives and the Legislative Librarian beginning on or before January 15, 2026.

FISCAL IMPACT:

STATE GOVERNMENT	
EXPENDITURES	General Fund
FY25-26	\$66,864,900
FY26-27 & Subsequent Years	\$374,900

OTHER FISCAL IMPACT
Any future additions to, or disbursements from, the strategic essential buffer stock are dependent on the decisions of the Department of Health and the timing of public health emergencies, disasters, and mass casualty events and cannot be reasonably estimated.

Assumptions:

- According to information provided by the DOH, the Department will need to purchase the following supplies to establish a statewide buffer stock for emergency preparedness and drug shortage prevention:

Product	Total Cost
Personal Protective Equipment	\$3,400,000
Antibiotics	\$13,200,000
Cyanokit	\$360,000
Antiviral Medications	\$49,530,000
Total:	\$66,490,000

- There will be a one-time increase in state expenditures of \$66,490,000 in FY25-26 to furnish the buffer stock.
- The DOH will also be required to procure warehouse space in order to house the statewide buffer stock, and a biomedical equipment ventilator to ensure proper storage of the supplies.
- It is estimated that the DOH will require 584 pallets worth of warehouse space, at a cost of \$9.26 per pallet per month.
- The cost to rent a biomedical equipment ventilator is estimated to be \$25,833 per month.
- The total recurring increase in expenditures for warehouse storage will be \$374,890 $[(584 \times \$9.26 \times 12) + (\$25,833 \times 12)]$ in FY25-26 and subsequent years.
- The total increase in state expenditures will be \$66,864,890 $(\$66,490,000 + \$374,890)$ in FY25-26.
- The Director of TEMA can assist DOH in the establishment of a statewide strategic essential buffer stock, the creation of guidelines, and the submission of annual reports utilizing existing resources, without a significant increase in expenditures.
- Any future additions to, or disbursements from, the strategic essential buffer stock are dependent on the decisions of DOH and the timing of public health emergencies, disasters, and mass casualty events, and cannot be reasonably estimated.

CERTIFICATION:

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



Bojan Savic, Executive Director