TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

SB 570 - HB 980

March 29, 2021

SUMMARY OF ORIGINAL BILL: Increases, from 30 to 40 days, the time in which a committing court is required to hold a hearing to review the decision of a mental health professional that determines a person is required to continue to participate in mandatory outpatient treatment if such person files a hearing request.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005886): Deletes and rewrites all language after the enacting clause. Exempts a mental health hospital or other healthcare institution that operates primarily to provide mental health and substance abuse treatment services from the certificate of need (CON) requirement if the hospital or institution is: (1) licensed under Title 33; and (2) is located in a county that is, at the time the action is initiated, designated as a Tier 3 or Tier 4 enhancement county by the Department of Economic and Community Development or is designated as a rural county by the United Stated Census Bureau.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – $37,300/FY21-22 and Subsequent Years

Increase State Expenditures – $165,000/FY21-22 and Subsequent Years

Other Fiscal Impact – Passage of the proposed legislation will result in a decrease in certificate of need revenue to the Health Services and Development Agency (HSDA) in an unknown amount. The extent and timing of such decrease in revenue cannot be reasonably determined. The HSDA may increase fees for other certificate of need applicants in the future, if necessary, to remain self-sufficient

Pursuant to Tenn. Code Ann. § 68-11-1623(b), the Health Services Development Agency (HSDA) is required to be self-sufficient. As of June 30, 2020, the HSDA's reserve fund balance was $2,459,400.

Assumptions for the bill as amended:

Department of Mental Health and Substance Abuse Services:

- The proposed legislation allows any hospital licensed under Title 33 or 68 to operate a non-residential substitution-based opioid treatment center if the program is certified by the DMHSAS and the federal Department of Health and Human Services (DHHS). The DMHSAS does not certify opioid treatment programs. They license the programs once they have received a CON from the HSDA and have been certified by the federal DHHS.
- The DMHSAS has been designated as the State Opioid Treatment Authority (SOTA) 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 19 mental health hospitals and the DOH licenses 147.
- The DMHSAS currently licenses 14 non-residential office-based opiate treatment facilities. The licensure fee for these facilities is $810.
- This analysis assumes a total of 152 [(19 mental health hospitals - 14 non-residential office-based opiate treatment facilities) + 147 DOH hospitals] facilities would be eligible to apply for licensure in order to operate an opioid treatment program.
- Assuming 30 percent or 46 (152 x 30.0%) hospitals will apply for licensure with DMHSAS to establish an opioid treatment program, the recurring increase in state revenue to the General Fund is estimated to be $37,260 (46 hospitals x $810).
- The DMHSAS will require two additional clinical positions to maintain the current 20 facilities to one position.
- The recurring increase in state expenditures is estimated to be $165,045 {[($47,616 salary + $14,655 benefits) x 2 positions] + $40,503 travel, supplies, computer, etc.} in FY21-22 and subsequent years.

Health Services and Development Agency:

- Based on information provided by the Health Services and Development Agency (HSDA), passage of the proposed legislation will result in a decrease in CON application revenue to the HSDA.
- The extent and timing of such decrease in revenue is unknown and cannot be reasonably determined. The HSDA may increase fees for other certificate of need applicants in the future, if necessary, to remain self-sufficient.
- Pursuant to Tenn. Code Ann. § 68-11-1623(b), the Health Services Development Agency (HSDA) is required to be self-sufficient. As of June 30, 2020, the HSDA's reserve fund balance was $2,459,400.

CERTIFICATION:

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

Krista Lee Carsner

Krista Lee Carsner, Executive Director

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