

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 960 - SB 945

April 2, 2019

SUMMARY OF BILL: Creates the “Medicaid Buy-in for Working People with Disabilities Act”. Defines “Medicaid buy-in program” as a program that gives each person with disabilities the opportunity to buy into Medicaid, if the person meets the specified eligibility criteria.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$9,801,500

Increase Federal Expenditures - \$18,506,000

Assumptions:

- The proposed legislation states the Department of Health is to implement the program; however, it is assumed the Division of TennCare will implement the program.
- Based on six other states in the region, it is estimated Tennessee would have an average enrollment of 2,527 individuals. These individuals would fall under the same capitation rates of those who are disabled and over 21 years of age. The current capitation rate for such category is \$1,005 per member per month or \$12,060 (\$1,005 x 12 months) annually.
- The total increase in expenditures for enrollment in the program is estimated to be \$30,475,620 (\$12,060 x 2,527 enrollees).
- The proposed legislation requires each enrollee to be charged a premium based on a sliding-fee scale that is based on a percentage of the individual’s income adjusted for family size and on any impairment-related work expenses.
- Based on information provided by the Division, these premiums are generally limited to 7.5 percent of the individual’s income.
- The national average earnings for individuals in this group are estimated to be \$11,446. The maximum allowed premium for each enrollee is estimated to be \$858 (\$11,446 x 7.5%).
- The total increase in cost for participants paying a share of premiums is estimated to be \$2,168,166 (\$858 x 2,527 enrollees).
- The net increase in expenditures is estimated to be \$28,307,454 (\$30,475,620 - \$2,168,166).

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- Medicaid expenditures receive matching funds at a rate of 65.375 percent federal funds to 34.625 percent state funds. Of this amount \$9,801,456 ($\$28,307,454 \times 34.625\%$) will be in state funds and \$18,505,998 ($\$28,307,454 \times 65.375\%$) will be in federal funds.

IMPACT TO COMMERCE:

Increase Business Revenue - \$28,307,500

Increase Business Expenditures – Less than \$28,307,500

Assumptions:

- Healthcare providers will experience an increase in business revenue for providing services.
- The increase in business revenue is estimated to be \$28,307,500.
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the increase in business expenditures is estimated to be less than \$28,307,500.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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