



February 16, 2024

**SUMMARY OF BILL:** Requires the Division of TennCare to reimburse an ambulance provider for providing a covered *urban* ambulance service to a TennCare recipient at a rate not less than 67.5 percent of the federal Medicare program's allowable charge for participating providers, and an ambulance provider providing a covered *rural* ambulance service at rate not less than 100 percent of the federal Medicare program's allowable charge.

Establishes that for-profit ambulance service providers providing rural ambulance services are eligible to receive emergency medical services equipment grants.

**FISCAL IMPACT:**

**Increase State Expenditures – \$4,025,900/FY24-25 and Subsequent Years**

**Increase Federal Expenditures – \$7,453,100/FY24-25 and Subsequent Years**

Assumptions:

- Under current law, pursuant to Tenn. Code Ann. § 71-5-165(a), all ground-based ambulance services are required to be reimbursed by the Division at a rate not less than 67.5 percent of the federal Medicare rate.
- The proposed legislation will require ambulance services providing covered TennCare services with a point of pickup in a rural area to be reimbursed at 100 percent of the federal Medicare rate.
- Based on information provided by TennCare's MCOs, the total impact to the Division of raising the reimbursement rate for nonemergency services is estimated to be \$11,479,070 in FY24-25 and subsequent years.
- Medicaid expenditures receive matching funds at a rate of 64.928 federal to 35.072 percent state. Of this amount, \$4,025,939 ( $\$11,479,070 \times 35.072\%$ ) will be in state expenditures and \$7,453,131 ( $\$11,479,070 \times 64.928\%$ ) will be in federal expenditures in FY24-25 and subsequent years.

**IMPACT TO COMMERCE:**

**Increase Business Revenue – \$11,479,100/FY24-25 and Subsequent Years**

Assumptions:

- Ambulance service providers will experience a recurring increase in business revenue of \$11,479,100 in FY24-25 and subsequent years.
- The proposed legislation will not increase the number of ambulance service providers; therefore, any impact to jobs in Tennessee is estimated to be not significant.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

/ch