

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2230 - HB 2545

February 19, 2024

SUMMARY OF BILL: Establishes that a hospital-based laboratory is not required to obtain a separate license from the Medical Laboratory Board (MLB) for each location it maintains as long as the off-site laboratory maintains either an active Clinical Laboratory Improvement Amendment (CLIA) license, an active certificate of registration, an active certificate of compliance, or a certificate of accreditation.

Establishes that a hospital-based laboratory may be inspected by the Health Facilities Commission (HFC), the Joint Commission on Accreditation of Health Care Organizations, Det Norske Veritas, or another organization that is authorized to inspect laboratories for Medicare enrollment purposes by the United States Department of Health and Human Services.

Authorizes a hospital-based laboratory supervisor to supervise up to four separate rural hospital laboratories.

FISCAL IMPACT:

**Decrease State Revenue – Up to \$114,000/FY24-25 and Subsequent Years/
Medical Laboratory Board**

Pursuant to Tenn. Code Ann. § 4-29-121, all health-related boards are required to be self-supporting over a two-year period. The Medical Laboratory Board had an annual surplus of \$93,900 in FY21-22, an annual surplus of \$115,143 in FY22-23, and a cumulative reserve balance of \$2,054,489 on June 30, 2023.

Assumptions:

- Pursuant to Tenn. Code Ann. § 68-29-111, no person is allowed to operate a medical laboratory in the state unless a license has been obtained from the MLB and a separate license is required for each location.
- The proposed legislation would create a new category of laboratory, known as a hospital-based laboratory, which is authorized to operate satellite locations without an additional license for each location.
- Based on information provided by the Department of Health, there are approximately 112 off-site laboratory locations that could no longer be required to obtain a license as a result of the legislation.

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- The annual license renewal fee for laboratories is \$1,005 per location; therefore, the MLB will experience a decrease in state revenue of \$112,560 (112 x \$1,005) if all of these satellite locations no longer require an annual license renewal.
- The proposed legislation also authorizes a hospital-based laboratory supervisor to supervise up to four separate rural hospital laboratories. It is assumed that all laboratory locations currently employ separate laboratory supervisors.
- The biannual license renewal fee for laboratory supervisors is \$100. It is assumed the average impact of laboratory supervisor renewals to the MLB is \$50 per year (\$100 / 2 years).
- It is unknown how many laboratory supervisors will not renew their license as a result of the legislation, but if one-fourth of the 112 off-site laboratory supervisors are no longer licensed, then the MLB will experience an additional decrease in revenue of \$1,400 [(112 / 4) x \$50] per year.
- The total decrease in revenue to the MLB will be up to \$113,960 (\$112,560 + \$1,400) in FY24-25 and subsequent years.
- The MLB is likely to experience a significant decrease in administrative duties due the proposed legislation, which may result in a decrease in personnel costs. The timing and extent of such decreases is unknown.
- Any impact to the operations of the HFC is estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 4-29-121, all health-related boards are required to be self-supporting over a two-year period. The MLB had an annual surplus of \$93,900 in FY21-22, an annual surplus of \$115,143 in FY22-23, and a cumulative reserve balance of \$2,054,489 on June 30, 2023.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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