



March 11, 2024

SUMMARY OF BILL AS AMENDED (015114): Establishes that, in addition to a license issued by the Medical Laboratory Board (MLB), a rural hospital-based laboratory must also hold either an active Clinical Laboratory Improvement Amendment (CLIA) license, an active certificate of registration, an active certificate of compliance, or a certificate of hospital accreditation.

Establishes that a hospital accreditation may be obtained from the Health Facilities Commission (HFC), the Department of Health (DOH), the Joint Commission on Accreditation of Health Care Organizations, DNV Healthcare, or another organization that is authorized to survey hospitals for Medicare enrollment purposes by the United States Department of Health and Human Services.

Authorizes a medical laboratory director to direct up to five rural hospital-based laboratories. Authorizes a medical laboratory supervisor to supervise up to five separate rural hospital-based medical laboratories.

FISCAL IMPACT OF BILL AS AMENDED:

**Decrease State Revenue – Up to \$1,300/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 for the bill as amended:

- 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. An individual is not permitted to direct more than one medical laboratory.
- The proposed legislation authorizes a medical laboratory director to direct up to five rural hospital-based laboratories and a hospital-based laboratory supervisor to supervise up to five separate rural hospital-based medical laboratories. It is assumed that all laboratory locations currently employ separate laboratory supervisors.

- There are approximately 65 rural hospitals in the state.
- The biannual license renewal fee for laboratory directors and supervisors is \$100. It is assumed the average impact of laboratory director and supervisor renewals to the MLB is \$50 per year ($\$100 / 2$ years).
- It is unknown how many laboratory directors and supervisors will not renew their license as a result of the legislation, but if one-fifth of the 65 rural hospital laboratory supervisors are no longer licensed, then the MLB will experience a decrease in revenue of \$650 $[(65 / 5) \times \$50]$ per year.
- If one-fifth of medical laboratory directors do not renew their license as a result of the legislation there will be an additional decrease in revenue of up to \$650 $[(65 / 5) \times \$50]$ per year.
- The total decrease in revenue to the MLB will be up to \$1,300 ($\$650 + \650) 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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