

SUPPORT TENNESSEE HOSPITALS

HOSPITAL ASSESSMENT TO FUND TENNCARE BUDGET

SB576 by Sen. Ferrell Haile (R-Gallatin) | HB829 by Rep. Gary Hicks (R-Rogersville)

- Hospitals continue to face extreme financial challenges. Medicaid reimbursement fails to cover costs, thereby contributing in a significant way to those challenges.
- The voluntary hospital assessment provides the state match to fund critical supplemental pool payments that help offset unreimbursed care costs incurred by hospitals when caring for TennCare enrollees and uninsured patients.
- This year's bill continues the rate for the assessment at 6 percent, which generates \$1.6 billion in state funds, and prevents the following reductions from taking effect:
 - 7 percent reduction in reimbursement for services provided by health facilities and professionals.
 - Elimination of funding for graduate medical education.
 - Elimination of essential access hospital payments.
 - Limits on patient hospitalizations, outpatient visits, and physician office procedures.
 - Limits on patient lab and x-ray procedures.
 - Elimination of disproportionate share payments to hospitals.
 - Total elimination of reimbursement for physical therapy, occupational therapy, and speech therapy.
 - Reduction in reimbursement for non-emergent services for children aged 12 to 24 months.

REINVEST IN TENNCARE

- First passed in 2010, the hospital assessment prevented major cuts to the TennCare program that would have been necessary due to state budget shortfalls during the Great Recession.
- Although intended to provide a temporary fix, fifteen years later, \$253 million from the hospital assessment continues to fund core components of the TennCare program, rather than being available to provide much needed support to hospitals.
- In 2023 and 2024, the legislature made significant one-time appropriations to TennCare that allowed an equivalent amount of hospital assessment dollars to be matched with federal dollars and redirected to support hospitals.
- THA and its members greatly appreciate these appropriations; however, these non-recurring funds provided temporary relief for an ongoing problem. We request that \$97.7 million be made recurring, and a plan developed for the state to eventually resume full responsibility for funding the TennCare program.

EXPANDING HEALTHCARE WORKFORCE EMPLOYMENT FLEXIBILITY

SB764 by Sen. Paul Bailey (R-Sparta) | HB979 by Rep. Ryan Williams (R-Cookeville)

- THA has long expressed concerns and opposition to a state law that prohibits hospital employment of anesthesiologists, emergency physicians, pathologists, and radiologists.
- All physicians – including those subject to Tennessee's restrictive corporate practice of medicine law – should have the freedom to establish employment relationships that best suit their professional goals and align with the evolving needs of patient care, while retaining independent medical judgment.
- THA supports reforming this outdated law that is burdensome for hospitals with negative effects especially pronounced among rural and children's hospitals. The current law limits certain physicians' employment options, creating confusion for patients and unnecessary challenges for hospitals striving to ensure the consistent availability of these vital services.
- Repealing the employment prohibition would not require employment of these specialists by hospitals, but it would make such action possible for those facilities and providers that choose to establish employment relationships.
- Healthcare operates in a rapidly changing environment and recent years have demonstrated the need for hospitals to be positioned to respond quickly in situations that hold the potential to compromise patient care.
- Expanding options for a hospital to recruit, retain, and employ its healthcare workforce will be key to addressing such situations in the future.



STRONG HOSPITALS. STRONG COMMUNITIES.