

**Conference Committee Report on
House Bill No. 1280 / Senate Bill No. 1428**

The House and Senate Conference Committee appointed pursuant to motions to resolve the differences between the two houses on House Bill No. 1280 (Senate Bill No. 1428) has met and recommends that all amendments be deleted.

The Committee further recommends that the following amendment be adopted:

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 71, Chapter 5, Part 1, is amended by adding the following as a new section:

(a) The governor, acting through the commissioner of finance and administration, is directed to submit to the federal centers for medicare and medicaid services a waiver amendment to the existing TennCare II waiver, or to submit a new waiver, in order to provide medical assistance to the TennCare II waiver population by means of a block grant in accordance with this section no later than one hundred eighty (180) days after the effective date of this act. The block grant authorized by this section may convert the federal share of all medical assistance funding for this state into an allotment that is tailored to meet the needs of this state and that:

(1) When determining the base amount for the block grant, factors the current inaccurate reflection of the state's labor costs in the state's Medicare Wage Index and the index's negative impact on healthcare delivery in this state;

(2) Is indexed for population growth;

(3) Is indexed for inflation and other costs;

(4) Excludes from the block grant financing amount any expenses that are not included in the state's existing 1115 demonstration waiver;

(5) Excludes administrative costs from the block grant financing amount and permits the state to continue to draw federal matching funds for administrative costs;

(6) Provides the state with maximum flexibility with regard to existing federal mandates and regulations and with implementing cost controls as determined appropriate by the state, and either exempts the state from the requirements of any new mandates, regulations, or federal court orders during the period of block grant financing or increases the amount of block grant financing to offset any cost increases to the state from such mandates, regulations, or federal court orders;

(7) Provides the state with maximum flexibility regarding pharmacy benefits including fluctuation of prescription drug costs, diabetic testing supplies, and over-the-counter medications;

(8) Provides the state with maximum flexibility to serve other needy populations with distinct financial or healthcare needs; and

(9) Remains at the level set according to the block grant without any decrease in the federal share of all medical assistance funding for this state based on deflation or a reduction in population.

(b) A waiver amendment to the existing TennCare II waiver requested pursuant to subsection (a), if approved by the federal government and the commissioner of finance and administration, does not take effect unless subsequently authorized by joint resolution of the general assembly.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

Senator Paul Bailey

Representative Timothy Hill

Senator Mike Bell

Representative Jason Zachary

Senator Katrina Robinson

Representative Dan Howell

Senator Bo Watson

Senator Jeff Yarbro