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Report finds federal funding opportunities for indigent health care in Tennessee

NASHVILLE, Tenn. – Several state health care initiatives might qualify for federal matching funds, according to a new report from the Comptroller's Office titled "Financing Health Care for the Uninsured: Who Bears the Burden in Tennessee?"

Last year the General Assembly asked the Comptroller's Office to identify sources of federal matching funds to help defray uncompensated health care costs.

The report estimates that indigent health care costs in Tennessee likely exceed \$600 million. State and local government expenditures for indigent care likely exceed \$300 million.

"The bottom line is that federal matching funds are available for programs the state is now pursuing," said Eric Harkness, associate legislative research analyst and co-author of the report. "Taking advantage of these funds could accomplish a variety of goals, from insuring more people to improving benefits."

The Comptroller's Office finds that state expenditures on the Safety Net, Cover Tennessee and some county health department programs could likely draw federal matching funds to Tennessee. CoverKids, a children's health insurance plan, is the only Cover Tennessee program that currently receives federal matching funds.

The Safety Net was established after TennCare Reform in 2005 to help those who were disenrolled transition to other sources of care. In 2006 the state established Cover Tennessee, a series of initiatives intended to help uninsured working Tennesseans.

Some state officials have expressed concern over possible strings attached to federal matching funds. To remain eligible for federal funds, the state would have to fund its share of any federally-matched program and meet other conditions the state and federal government would negotiate.

The Comptroller's report also addresses limitations of calculating health care costs in general, much less for the uninsured.

There is no standard framework for calculating health care costs—providers often negotiate very different prices with different payers for the same procedure. The report recommends that Tennessee needs a more comprehensive data gathering system to accurately measure indigent health care costs.

Despite these limitations, the Comptroller's Office finds strong evidence suggesting that health care for the uninsured drives up costs for insured patients, providers and the government.

“When someone can’t afford health care, someone else has to pay the bill, or the person forgoes care and waits until the problem becomes more expensive to treat,” said Erin Do, senior legislative research analyst and co-author of the report.

Many states are using federal matching funds to help cover the uninsured and thus reduce uncompensated health care costs.

Arkansas, for example, uses Medicaid to draw a federal match for the Safety Net Benefit Program, also called ARHealthNet, a small business insurance plan similar to CoverTN, a Cover Tennessee initiative.

The report also recommends improving cost reporting for hospitals, including more public access to hospital cost information, and that the state establish a comprehensive health planning process.

An electronic copy of the report is available at the Comptroller’s Office of Research website: <http://comptroller.state.tn.us/cpdivorea.htm>.

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