

FISCAL NOTE
HB 118 - SB 672

March 13, 2001

SUMMARY OF BILL: (1) Requires any behavioral health organization (BHO) or health maintenance organization (HMO) to designate a licensed physician to serve as medical director. The medical director would be responsible for all treatment decisions and policies, protocols, quality assurance programs, and utilization review decisions of a BHO or HMO; (2) Requires any BHO or HMO to exercise ordinary and reasonable care when making treatment decisions and applying treatment policies; and (3) Makes the BHO or HMO liable for damages for harm from treatment decisions. This bill would not apply to the TennCare program or the state employee health insurance program.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Not Significant
Increase Local Govt. Expenditures* - Exceeds \$100,000

Estimate assumes:

- Any increase in state expenditures to enforce the bill will be not significant.
- The bill does not apply to the TennCare Program or to the state employee health insurance plan.
- Local government health care plans may experience an increase in cost as the result of HMO's and BHO's greater exposure to liability. The amount of such increase cannot be determined but can be reasonably estimated to exceed \$100,000.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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