

FISCAL NOTE

SB 725 - HB 1356

March 22, 2005

SUMMARY OF BILL: Enacts the *Small Employer Health Insurance Pool Act* by requiring group insurers doing business in Tennessee to maintain an open pool in which small employers shall be able to purchase health insurance at group policy premium rates under certain circumstances.

ESTIMATED FISCAL IMPACT:

Increase State Revenues – Less than \$100,000 Recurring
Increase State Expenditures – \$65,000 Recurring
\$3,500 One-Time

Assumptions:

- Small employers would be able to purchase health insurance at group policy premium rates. Group insurers would pay the premium tax on the premiums collected. Since group insurers pay into the guaranty fund they would be eligible for a corresponding reduction in their premium tax. It cannot be determined how many small businesses would purchase the group insurance available under the provisions of this bill. Further, it cannot be determined if an employee receiving the insurance would be someone who previously did not have health insurance, someone who is buying additional health insurance or someone who is shifting their health insurance policy from one provider to another. However, it is estimated that requiring group insurers to offer such health insurance will result in an increase in policies being written and an increase in the collection of the premium tax.
- An increase in state expenditures for one position and related operational expenses to implement and monitor the provisions of this bill.

CERTIFICATION:

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



James W. White, Executive Director

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